

ROUTING SLIP

DATE: 12/22/95

FROM: STEPHEN B. SILVERMAN
Deputy Assistant to the President and
Deputy Secretary to the Cabinet

SUBJECT: Heads Up - FAA Story

John Angell	178 oeob	_____	Lorrie McHugh	166 oeob	_____
Don Baer	g fl / ww	_____	Janet Murguia	112 ew	_____
Jeremy Ben-Ami	218A oeob	_____	Jennifer O'Connor	111 oeob	<u>X</u>
Erskine Bowles	1 fl / ww	_____	Tom O'Donnell	320 oeob	_____
Susan Brophy	2 fl / ww	_____	Leon Panetta	1 fl / ww	_____
Gabrielle Bushman	197 oeob	_____	Ron Klain	276 oeob	_____
Barbara Chow	107 ew	_____	Nancy Soderberg	g fl / ww	_____
Michael Deich	233 oeob	<u>X</u>	Patti Solis	185.5 oeob	_____
Rahm Emmanuel	1 fl / ww	_____	Doug Sosnik	g fl / ww	_____
Janice Enright	1 fl / ww	_____	Gene Sperling	2 fl / ww	_____
Jason Goldberg	2 fl / ww	_____	George Stephanopoulos	1 fl / ww	_____
Pat Griffin	2 fl / ww	_____	Todd Stern/Phil Caplan	g fl / ww	_____
Marcia Hale	2 fl / ww	_____	Stephanie Streett	g fl / ww	_____
Karen Hancox	g fl / ww	_____	Ginny Terzano	g fl / ww	<u>X</u>
Nancy Heinrich	1 fl / ww	_____	Kim Tilley	287 oeob	_____
Alexis Herman	2 fl / ww	_____	Melanne Verveer	100 oeob	_____
Kitty Higgins	160 oeob	<u>X</u>	Michael Waldman	214 oeob	_____
Harold Ickes	1 fl / ww	_____	Ann Walley	g fl / ww	_____
Tim Keating	2 fl / ww	_____	Dan Wexler	117 oeob	_____
			Berry Toliv		<u>X</u>

Comments:

FAA

Filename: timesatc.doc
Public Affairs contact: Jeffrey Thal, APA-300
December 8, 1995

APA BRIEFING PAPER

News Organization: New York Times
Subject: Air Traffic Control Modernization Program
Reporter(s): Matt Wald
Scheduled to Run: Expected Sunday, December 24
FAA Official(s) Interviewed: David Hinson, George Donohue

Background: Matt Wald of the New York Times is preparing a large piece for the Sunday Times describing the history of the FAA's effort to modernize the air traffic control system. He is expected to retell the story of "what went wrong" with the Advanced Automation System (AAS) program, going back to the Request-for-Proposal for the design competition in 1984. He has been provided with copies of the Center for Naval Analysis and Carnegie-Mellon studies conducted in 1993, as well as all the news releases we put out concerning AAS development. He says the thrust of his piece is to identify where we are now, describe how we got here, how confident we are that we are finally on the right track, and where we expect to be in the next 18 months to two years.

Key Questions:

Q: To what do you attribute the problems encountered during AAS development?

A: The Advanced Automation System (AAS) program was an ambitious and technologically complex endeavor designed to enhance Air Traffic Control services through each phase of aircraft flight. In late 1993 and early 1994 several studies and review efforts were commissioned by Administrator Hinson. These reviews determined that the following factors contributed to the problems with the AAS:

- Inadequate requirements management,
- Complex architecture, and
- Insufficient and inadequate program and contract management systems to track cost, schedule and technical performance.

Q: How can we be sure that the program won't drift out of control again, that you have gotten it under control this time?

A: The FAA has implemented several new approaches to address the concerns and recommendations of the AAS study and review groups. These approaches are designed to assure the success of programs by providing the ability to identify issues early and implementing timely and effective program controls.

- Tight baseline controls for requirements, cost and schedule have been implemented. Strong contract performance measurement and planning tools in the areas of cost, schedule, and

technical progress have been established and implemented. These methods allow for a total view of the health of the programs by integrating cost, schedule and technical progress. A rigorous requirements management process, stressing requirements traceability, has also been established.

- New management was introduced and integrated product teams have been established along domain lines, i.e., en route, terminal, oceanic. Several management review vehicles have been instituted including monthly integrated product team lead (IPTL) reviews with the Director for Air Traffic Systems Development and periodic program Major Acquisition Reviews (MAR) with senior FAA management. These reviews provide for regular program status reviews against baseline program cost, schedule and technical performance.
- The Advanced Automation System program has been restructured providing for incremental development approaches, consistent with study results and recommendations.

Q: What is the schedule for placing the Display System Replacement (DSR) in the air traffic control centers, and why do we hear that it will be 2000 before the entire system is operational?

A: Please refer to the attached DSR delivery "waterfall" diagram. As can be seen on the diagram, DSR will be completed sequentially at the sites between 1998 and 2000. The first site, Seattle, becomes operational in October of 1998 and the last site, Boston, in May of 2000.

Q: We keep hearing that the software was the problem with the Initial Sector Suite System (ISSS) system, and yet we are told that most of the ISSS software is being integrated into the DSR system. If that's the case, how is the DSR different from ISSS?

A: The FAA has taken several steps towards improving the quality of DSR software:

- Aggressively recruiting a high-caliber software acquisition management team.
- Invoking critical software development processes and industry standards aimed at increasing the quality.
- Committing the resources necessary to upgrade the quality of the existing code to industry standards.
- Implementing an aggressive code reinspection process and Independent Verification and Validation (IV&V) code quality audits.
- Retesting ISSS legacy software to ensure that it meets the basic measures of software quality.

The FAA continues to monitor Loral's compliance with development standards and inspects software regularly. A data point in verifying that the measures taken have been effective was recently obtained when the FAA IV&V agent performed a code quality audit on the improved DSR software, finding "statistically significant improvements" in code quality.

Q: We are told that one of the problems with AAS was that it was too complex, trying to integrate en route and terminal systems into a common system. Now we read of problems with the terminal program, Standard Terminal Automation Replacement System (STARS)? Are the problems with STARS related in any way to development of the DSR system. How are these systems related-how are they similar and how are they different?

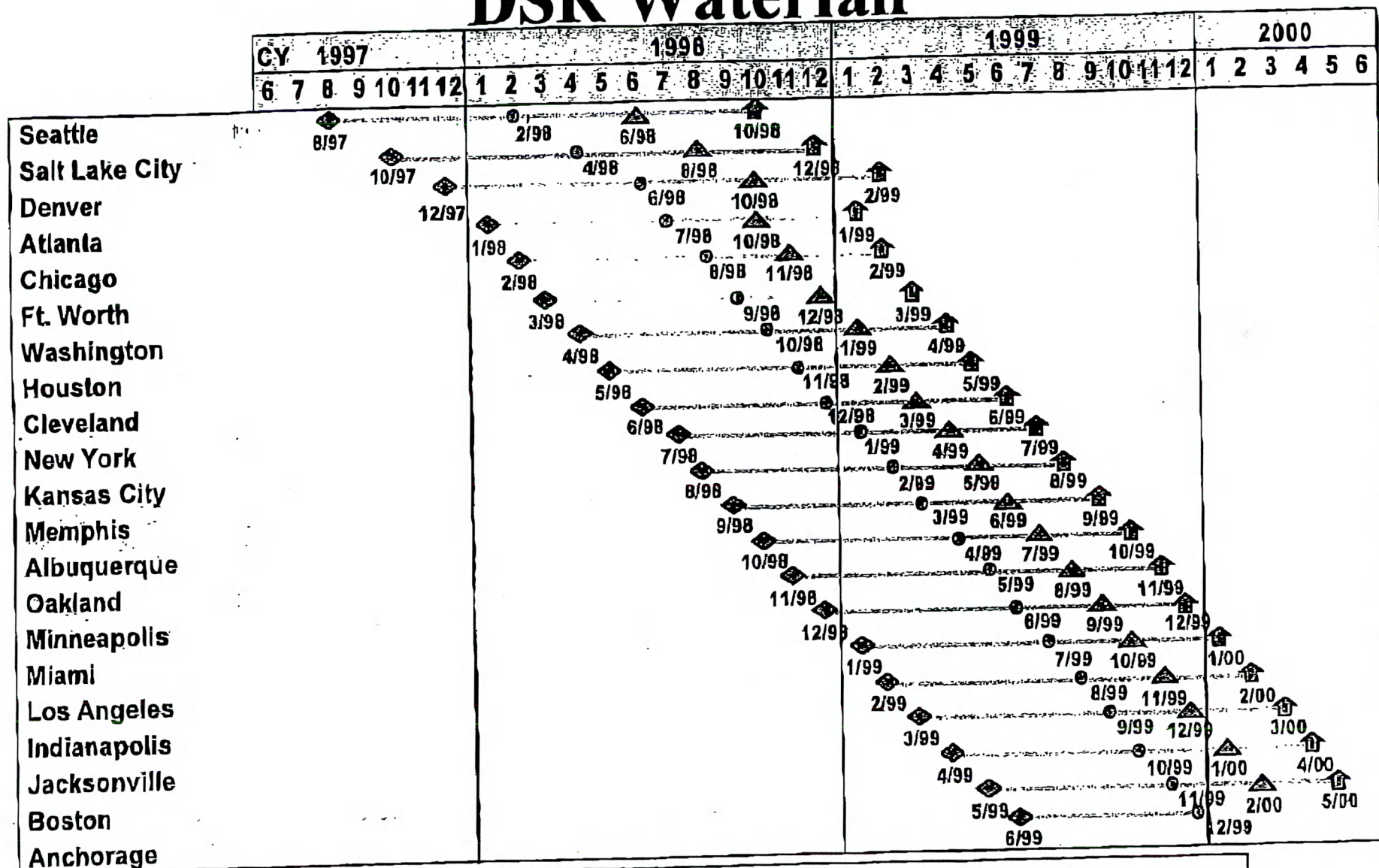
A: The AAS was complex; its complexity however was not entirely related to the integration of en route and terminal systems. AAS was composed of five major elements: en route, terminal and tower domains of air traffic control. Each of these segments was technically complicated, and parallel development efforts made management difficult.

The STARS program differs significantly from AAS in that there is no attempt to merge en route and terminal functions, nor is there a requirement to interface with the Tower Control Computer Complex. In addition, STARS is maximizing use of commercial hardware and software.

Q: The IBM Host computers currently in the en route centers were installed almost ten years ago. How long are they expected to continue to run? Are they, as we hear, running at near capacity now? What is the plan to ensure that we don't encounter the same problems in a few years with the Host that we encountered with the 9020's? Will the hosts be replaced, and when?

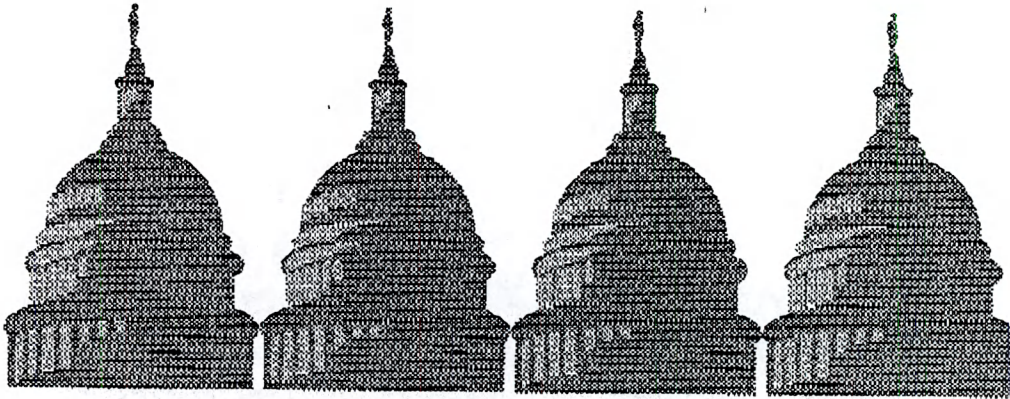
A: The Host computer at the busiest ARTCC has not yet reached the maximum allowable capacity according to the specification. However, to provide maximum system reliability and to assure processing capacity reserve for functional improvements in the future, the FAA is developing a strategy for replacement of the Host Computers. Preliminary proposals are to incrementally evolve the en route architecture to new technologies. The schedule for this process has not been finalized.

DSR Waterfall



LEGEND: ◆ Hardware Delivery ○ Government Acceptance ▲ Initial Operational Capability ⬆ Operational Readiness Date

FAA



UNITED STATES DEPARTMENT OF TRANSPORTATION
FEDERAL AVIATION ADMINISTRATION
OFFICE OF THE CHIEF COUNSEL
800 INDEPENDENCE AVENUE, S.W.
WASHINGTON, D.C. 20591

FACSIMILE TRANSMISSION COVER PAGE

DATE: 12/27/95
TIME: 7:05 pm

FROM:

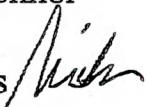
Name: NICK GARAUFI
Routing Symbol: _____
Telephone: _____
Facsimile: (202) 267-3227

TO:

Name: Jennifer O'Connor
Office: The White House
Telephone: _____
Facsimile: 202-456-7929

Comments:

To: Jennifer O'Connor

From: Nick Garaufis 

December 27, 1995/Facsimile

Attached is a one page fact sheet and summary for government use only concerning the American Airlines Flight 965 crash.

We understand that the Columbian civil aviation authorities, who have accident investigation responsibility over the incident, plan to release a detailed statement of facts concerning the accident tomorrow, December 28, in Bogota at 2 p.m., Washington time. By mutual agreements between the U.S. and Colombia, the NTSB will distribute the Colombian statement at 3 p.m. in Washington. The statement will paraphrase information obtained from the cockpit voice recorder and flight data recorder (known as the "black boxes"). On its face, this material is expected to be extremely damaging to the American Airlines cockpit crew.

The FAA is developing a set of talking points to help deal with media inquiries after issuance of the Colombian announcement. A copy of a draft is also enclosed, but is subject to change between now and tomorrow afternoon. A press statement modeled on the talking points may also be issued. One may expect substantial press coverage for the next couple of days.

FAA public affairs is coordinating our response with DOT public affairs. I also enclose a Reuters wire service report concerning the possible contributory role of rebel sabotage.

If you have any questions, you may call me at home tonight (202) 965-7505, or tomorrow at the office 267-3222.

Regards to Harold and Janice.

Enclosures (3)

American Airlines Flight 965
Boeing 757-223
December 20, 1995, at 2141 EST

Accident Site

30 miles north of Cali, Colombia, in Andes Mountains. Hit at 9,100 feet.

Injuries

Total on board was 8 crew and 156 passengers. All occupants received fatal injuries except for 4 passengers.

Investigation

- . Government of Colombia responsible for investigation as "State of Occurrence."
- . U.S. representatives from NTSB, FAA, American Airlines, and Boeing.
- . FAA/DOT participation - 8 staff from the Office of Accident Investigation, Office of Civil Aviation Security, and Office of International Aviation.
- . Travel to Colombia on FAA G-IV aircraft which also brought back the "black boxes."
- . CVR and FDR readout in NTSB labs on December 24. Good quality tapes.
- . Field phase in Colombia terminated on December 24 based on information on recorders.

Preliminary Indications

- . No aircraft malfunction.
- . No navigation aid malfunction.
- . No terrorist involvement.
- . No weather involvement.
- . Operational factors involving flightcrew performance and flight management are still under investigation and will be the focus of investigative activities in January.

DRAFT

TALKING POINTS
CALI, COLOMBIA, ACCIDENT,
AMERICAN AIRLINES FLIGHT #965,
DECEMBER 20, 1995

- The Cali accident is still under investigation by the Colombian government. The National Transportation Safety Board (NTSB), at Colombia's request, is assisting with the investigation. The Federal Aviation Administration (FAA) is continuing to work closely with the NTSB and Colombia.
- While the joint investigation is underway, the FAA cannot comment regarding specifics of the accident, in accordance with long-established international practices.
- As is always the case following a major airline accident, the FAA will also work closely with American Airlines and its pilots in reviewing existing flight crew training and airline operational procedures. As the investigation continues, the FAA will determine what additional actions may be appropriate.
- The joint investigation includes a detailed analysis of potential factors that may have been involved in the accident, such as the crew's situational awareness and performance just before the aircraft struck a mountainside near Cali.
- The FAA is also participating in the recently established operations and human performance working group formed by the Colombian government as an element in its investigation.
- The FAA pledges its full cooperation with Colombian authorities and urges their timely completion of the investigation. The FAA looks forward to assessing their final report to determine areas requiring action to enhance aviation safety.

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BC-COLOMBIA-CRASH

Rebel sabotage cited as factor in Colombia air crash

By Tom Brown

BOGOTA (Reuter) - Lack of radar coverage caused by guerrilla sabotage of a radar station and authorities' inability to rebuild it may have contributed to last week's U.S. airliner crash over Colombia in which 160 people perished, officials said Wednesday.

Martin Gonzalez, a spokesman for Colombia's Civil Aviation Authority, told Reuters the Santa Ana radar station in the Andean mountains south of Cali was destroyed by leftist guerrillas three years ago and had never been replaced.

"We haven't installed a new one because the guerrillas won't let us," Gonzalez said.

As a result, air traffic controllers in Cali, the fatal flight's destination, had no way of knowing that the airliner was 12 miles off course moments before it crashed because the remote, mountain area where it went down is not covered by radar, authorities said.

An air traffic controller at Cali's Alfonso Bonilla Aragon airport confirmed in a telephone interview that the disaster might have been avoided if the Santa Ana radar station had been replaced.

"We could have alerted the pilot," said the controller, who spoke on condition that he would not be identified.

He said it was not clear why the Boeing 757 had strayed so far off its assigned course, but radar coverage clearly would have allowed controllers to detect the problem and initiate a corrective course.

Aviation experts say only about two-thirds of Colombia's airspace is covered by civilian and military radar, contributing to the high rate of near collisions in Colombian skies.

In addition to the Santa Ana radar station, guerrillas blew up a series of aircraft navigation radio beacons across Colombia in 1992.

The beacons, usually located on mountains, emit radio signals that allow pilots to map their location. Failure to replace one destroyed near the northwestern city of Medellin was cited as the likely cause of a May 1993 crash in which all 132 aboard a Boeing 727 were killed.

Sixty 60 U.S. citizens were among those killed in last Wednesday's crash of American Airlines flight 965, en route from Miami, which plowed into a mountain four minutes before its scheduled landing in Cali.

The accident was the deadliest involving a U.S. carrier since 270 people died in the bombing of Pan Am flight 103 over Lockerbie, Scotland, December 21, 1988.

Only four of the 164 people aboard the flight survived, along with two dogs plucked from the wreckage -- the first on Friday and the second Monday.

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DOT - Jaa
- Boeing 777

CABINET AFFAIRS ROUTING SLIP

DATE: _____

ACTION/CONCURRENCE/COMMENT DUE BY: _____

FOR YOUR INFORMATION _____

FROM: **STEPHEN B. SILVERMAN**
DEPUTY SECRETARY TO THE CABINET
DEPUTY ASSISTANT TO THE PRESIDENT

SUBJECT: _____

LEON PANETTA (JEN PALMIERI) _ 1FL WW
HAROLD ICKES (JOHN SUTTON) _ 1FL WW
EVELYN LIEBERMAN _ 1FL WW
KITTY HIGGINS _ 2fl WW
JOHN ANGELL _ 178 OEOB
DON BAER _ GFL WW
KRIS BALDERSTON _ 160 OEOB
JEREMY BEN-AMI _ 218 OEOB
EMILY BROMBERG _ 106 OEOB
GABRIELLE BUSHMAN _ 196 OEOB
MICHAEL DEICH _ 209 OEOB
JOHN EMERSON _ 148 OEOB
RAHM EMMANUEL _ 1FL WW
ERIC EVE _ 115 OEOB
T.J. GLAUTHIER _ 246 OEOB
MARY ELLEN GLYNN _ GFL WW
MARCIA HALE _ 2FL WW
KAREN HANCOX _ GFL WW
LARRY HAAS _ 253 OEOB
NANCY HERNREICH _ 1FL WW
ALEXIS HERMAN _ 2FL WW
LEE ANN INADOMI _ 160 OEOB

JOHN KOSKINEN _ 260 OEOB
MARVIN KRISLOV _ 128 OEOB
BOB LITAN _ 246 OEOB
MIKE MCCURRY _ 160 OEOB
ANNE MCGUIRE _ 160 OEOB
LINDA MOORE _ 115 OEOB
JENNIFER O'CONNOR _ 1111/2OEOB
TOM O'DONNELL _ 2FL WW
JACK QUINN _ 2FL WW
LEE SATTERFIELD _ 124 OEOB
WENDY SMITH _ 115 OEOB
DOUG SOSNIK _ GFL WW
GENE SPERLING _ 2FL WW
GEORGE STEPHANOPOULOS _ 1FL WW
STEPHANIE STREET _ GFL WW
GINNY TERZANO _ GFL WW
BARRY TOIV _ 178 OEOB
MICHAEL WALDMAN _ 214 OEOB
ANNE WALLEY _ GFL WW
DAN WEXLER _ 117 OEOB
KATHY WHALEN _ 139 OEOB

FEMA

ANGELL 178 OEOB
CHOW 107 EW
ENRIGHT 1FL WW
HALE 2FL WW
LITAN 246 OEOB
MURGUIA 112 EW

DOT

ANGELL 178 OEOB
DEICH 209 OEOB
HANCOX GFL WW
HIGGINS 2FL WW
LITAN 246 OEOB
O'CONNOR 111 1/2
TERZANO GFL WW

BUDGET

HIGGINS 2FL WW
HAAS 253 OEOB
HANCOX GFL WW
MCHUGH
TERZANO
WALDMAN
GOLDBERG

Transportation Issue

JANUARY 19, 1996

TO: KITTY HIGGINS / STEVE SILVERMAN, CABINET AFFAIRS
GINNY TERZANO, PRESS OFFICE

FROM: STEVEN AKEY, DEPARTMENT OF TRANSPORTATION PUBLIC
AFFAIRS *By Steve for SA*

RE: BUSINESSWEEK STORY CRITICAL OF FAA CERTIFICATION
OF BOEING 777

Earlier this evening, Businessweek announced publication of an investigative story critical of the FAA's certification of the Boeing 777.

The Businessweek press release (attached) says the story cites unnamed FAA sources who believe that "top level agency officials at the FAA [overruled] safety concerns raised by the agency's own engineers."

FAA Public Affairs is preparing a response to inquiries (Reuters and Bloomberg so far) which will reflect the information in the attached FAA briefing paper.

The bottom line is that the FAA will state that the 777 has undergone the most rigorous safety testing ever performed and the aircraft has fully measured up to its standards for safety.

We will update as developments occur.

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TEL:2028988383

P.001

JAN-18-1996 17:24

BUSINESS WEEK

P.02

NEWS RELEASE**BusinessWeek**

Contact: Christine Sumner (212) 512-2882

BUSINESS WEEK'S CONTENTS ENHANCED UNTIL 5:15 P.M. (JANUARY 18)**BUSINESS WEEK INVESTIGATION: DID THE FAA GO EASY ON BOEING?**

NEW YORK, N.Y., JANUARY 18, 1996 -- A four-month investigation by BUSINESS WEEK has revealed that, for more than two years, Federal Aviation Administration officials have been engaged in a highly contentious debate with Boeing Co. that raises serious safety issues about Boeing's newest jumbo jet, the 777. The report appears in the Jan. 29 BUSINESS WEEK, out today.

The issue: Fan blades on the 777's huge twin engines are extra heavy. If a blade broke in flight, some say it could destabilize the plane. Such breaks are not unknown: 21 other jet airliners have reported fan-blade breaks since 1990. Although no crashes have resulted, FAA safety experts fear that, with the greater size and weight of the 777's blades, a break might make the 777 cockpit as deadly as that pilots could not read the flight instruments, increasing the risk of a crash. Despite the worries, FAA sources say Boeing appears to have done only limited testing to see how the 777 would react if a blade broke.

BUSINESS WEEK reviewed scores of internal FAA documents and held lengthy interviews with numerous mid-level engineers and safety inspectors at the agency, including several who worked directly on the 777 certification project. These sources--most of whom spoke anonymously to BUSINESS WEEK for fear of reprisal--say that many FAA officials continue to question whether the plane has been adequately tested. "It's an issue of safety," says one FAA engine specialist.

Boeing officials declined to comment for BUSINESS WEEK's article. In a written statement, the company maintains that "no airplane in history has been tested as thoroughly as the Boeing 777." Top FAA officials in Washington also vehemently defend the plane and the FAA safety review process.

Well-placed FAA sources see the issue differently. They believe that pressure to meet Boeing's planned certification date for the plane--Apr. 19, 1995--led top-level officials at the FAA to overrule safety concerns raised by the agency's own engineers. Critics cite the agency's dual mandate: The FAA's charter calls for it to ensure the safety of the public as well as to promote the U.S. aviation industry.

Since June, Boeing's 777 has been logging daily flights between Chicago and Washington. Last week, Malaysia Airlines placed a \$4 billion order that included 15 of the new planes.

1221 AVENUE OF THE AMERICAS NEW YORK, NY 10020

BWA
RWW

Bob Hawk
267-5661

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BUSINESS WEEK

P.B3

The Corporation

INVESTIGATIONS

DID THE FAA GO EASY ON BOEING?

To O.K. the 777 jumbo on time, the agency downplayed a possible flaw, some engineers say

Since June, Boeing Co.'s newest jumbo jet, the 777, has been logging daily flights between Washington and London. With its sophisticated new design—drawn up entirely on a computer screen—the \$4 billion aircraft program is a technological and commercial triumph for the nation's largest plane manufacturer. The \$1 billion Malaysia Airlines order last week that included 15 of the new planes confirmed what many in the aviation industry already knew: As the hot-selling 777 takes off, Boeing is soaring ahead of rivals.

But a four-month investigation by BUSINESS WEEK has revealed that, for more than two years, Federal Aviation Administration officials have been engaged in a highly contentious debate about a possible 777 design problem that raises serious safety issues. BUSINESS WEEK reviewed scores of internal FAA documents and held lengthy interviews with numerous midlevel engineers and safety inspectors at the agency, including several who worked directly on the 777

certification project. Those sources—most of whom spoke anonymously for this article out of fear of reprisal—say that many FAA officials continue to question whether the plane has been adequately tested. "It's an issue of safety," says one FAA engine specialist, referring to concerns that the 777 could be severely destabilized if a fan blade broke. "It could lead to catastrophes."

DUAL MANDATE Boeing executives declined to comment for this article. In a written statement, the company maintains that "no airplane in history has been tested as thoroughly as the Boeing 777." Top FAA officials in Washington also vehemently defend the plane. Thomas McWorrey, director of the FAA's aircraft certification service, says that if he believed the plane was unsafe, he'd have stopped certification "in a heartbeat. The airplane has met every regulation that it was required to meet."

But well-placed FAA sources see the issue differently. They believe that pressure to meet Boeing's planned certification date for the plane—Apr. 19,

pressured Boeing fan blades on the 777's huge twin engines are extra heavy. If a blade broke in flight, some say, it could destabilize the plane.

1995 led to level 2 at the FAA to outweigh safety concerns raised by the agency's own engineers. Keenly aware that Boeing's commercialization schedule depended on meeting that deadline, these sources argue that FAA management granted the 777 an operating certificate without adequately testing for the potential design flaw. Critics say that such problems stem from the agency's dual mandate: The FAA's charter calls for it to ensure the safety of the public as well as to promote the U.S. aviation industry. "The FAA is supposed to regulate the manufacturers to ensure airline safety," complains one FAA inspector. "Washington knows how important that plane is to Boeing's entire existence."

McWorrey denies that contention. While aircraft manufacturers "try to hold to their certification dates," he

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P.003

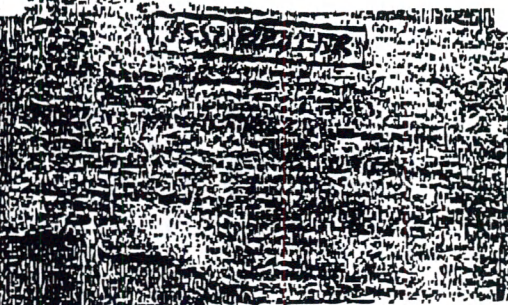
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BUSINESS WEEK

P.04

WAS THE 777 ADEQUATELY TESTED?

In these excerpts from various FAA documents, agency officials question Boeing's safety data on the 777—and Boeing indignantly refuses to perform more tests



The FAA's complaint;

Boeing's analysis of a blade break was "inconclusive." The analysis and flight test experience "do not adequately prove that the equipment as installed in the 777 will survive."

Boeing's response:

"The analysis and data provided more than substantiate compliance.... Boeing has no intention of doing any further testing."

maintains that the FAA did not push to meet Boeing's schedule. But this is not the first time the FAA has faced criticism of being too close to planemakers. In a General Accounting Office report on the FAA's certification practices published last year, the agency was criticized for exercising weak oversight. Normally, the agency works closely with the manufacturer during the final stages of design of a new plane. After conducting flight tests and reviewing compliance with FAA regulations, the agency is supposed to approve new planes only when all problems have been worked out.

COST TIE-UP. But the GAO report criticized the agency for depending extensively on manufacturers' own engineers to approve much certification testing. And Steven Calvo, the report's author, says the GAO also found that the FAA approved new planes even when kinks remained. "At the end, there are lots of things the FAA is trying to resolve, but manufacturers have sold these planes," says Calvo. "They have to make deliveries by specific dates or they

face penalties. It's an economic issue."

In the case of the 777, the FAA and Boeing worked together more closely than usual. As part of its strategy for getting the 777 up and flying in record time, Boeing and the FAA agreed to a cooperative certification process from the start. Boeing kept the agency informed of the plane's design at every step, allowing problems to be worked out as they arose.

The debate over safety stems from concerns about the size and weight of the fan blades in the 777's unusually large jet engines. Because the 777 was designed with two engines, rather than the four common in previous long-haul models such as the 747, its fan blades are bigger and far heavier. In their largest configuration, for example, the 777 fan blades built by Pratt & Whitney each weigh 48 pounds—more than three times the weight of those built for the 747.

That's the problem: Numerous FAA engineers and inspectors fear that if one of those giant blades were to break in flight, tremendous vibrations could

occur that might severely destabilize the plane. Such breaks are not unknown: 24 other jet airplanes have reported fan-blade breaks since 1980. Although no crashes have resulted, FAA safety experts fear that the greater size and weight of the 777's blades would make such a break far more destabilizing. They warn that the 777 cockpit might shake so badly that pilots could not read the flight instruments, increasing the risk of a crash. And the effect on passengers, they say, remains unclear. Indeed, continued concerns have led the FAA to consider new regulations in consultation with the aviation industry.

Despite the worries, FAA sources say Boeing appears to have done only limited testing to see how the 777 would react if a blade broke. And with no regulations on its books specifically requiring such data, the FAA appears to have backed down—days before certification—from a year-long bid to get Boeing to do more thorough tests. "Boeing did not go beyond the bare minimum requirements," says one FAA engineer.

Boeing even. Top FAA officials vehemently deny that view. They insist their testing of the 777 was sufficient. Moreover, they say the plane would bear no increased risk of destabilizing vibrations if a blade were to break. While the design of the 777 "makes the engine imbalance issue a little more important to deal with," he maintains, it does not increase the chances of pilots losing control. Instead, he argues, such vibrations would be no worse than those on a 747. And he adds that pilots would be able to maintain control simply by lowering the altitude—although FAA sources say this solution is under dispute. The three makers of engines for the 777—Pratt & Whitney, General Electric, and Rolls-Royce—also deny any problems. "We're confident this is a completely reliable and dependable aircraft-engine combination," says a Pratt & Whitney spokesman.

For now, Boeing is the only manufacturer to face such questions because the 777 engine is the largest engine ever put on a commercial aircraft. But the industry trend is moving toward bigger engines, and rivals won't escape the debate. "This is not just a Boeing problem," says Thomas Boudreau, an FAA engineer who worked closely on 777 certification.

The new 777 series is central to Boeing's effort to maintain its lead in the global market. With 350 to 400 seats, the 777 competes with the A-340 and A-380 jetliners produced by the Euro-

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BUSINESS WEEK

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The Corporation

pean consortium Airbus Industrie and with the MD-11 from St. Louis' McDonnell Douglas Corp. With world demand estimated at more than 2,000 for such jumbos over the next two decades, Boeing counts on the 777 to fuel growth for years. It "will be Boeing's most important product," says Edmund S. Crasnowski, publisher of *Airbus Monitor* in Ponte Vedra Beach, Fla. By 2000, he estimates the 777 will account for \$12 billion in annual sales—40% of Boeing's projected new-aircraft revenue.

The 777 promises a bonanza for the airlines, too. Analyst William B. Whitlow Jr. of Portland (Ore.) brokerage Pacific Crest Securities estimates the two-engine plane could cut fuel costs 20% below the 747, even as it carries more cargo and passengers. That has won plenty of customers. United Airlines Inc. ordered 34 and took delivery of the first in May. Boeing has sold 245 of the planes to British Airways, Japan Airlines, Continental Airlines, and others. Although aware of the questions about engine imbalance, "we're pleased with the performance of the airplane and of the engine," says Gordon A. McKinnis, United's 777 program manager.

The FAA debate crystallized in November, 1993, when a 747 of Cathay Pacific Airways Ltd. flew a high climb over the Pacific Ocean. The break produced such severe vibrations that the pilots considered ditching the plane in the sea. Although the aircraft eventually landed safely, the incident

warned FAA engineers that reviewing the 777. In May, 1994, Darrell M. Pederson, manager of the FAA's transport-airplane Directorate, ordered Boeing to prove that a similar fan-blade loss would not jeopardize the continued safe flight and landing of the 777. Pederson was not permitted by the FAA to comment, but McSwain says downplays such fears. The Cathay Pacific incident was made out to be "far more serious" than it was, he says.

Excuses, excuses. Nevertheless, over the following year the FAA sent a stream of letters to Boeing asking for such proof. FAA officials complained about Boeing's lack of response. Donald E. Gontas, manager of the Airframe Branch of the FAA's aircraft certification office in Seattle, wrote in one internal document that Boeing always had "one excuse or another" for not providing the data. Finally, in a letter dated Jan. 26, 1995, Donald L. Riggins, manager of

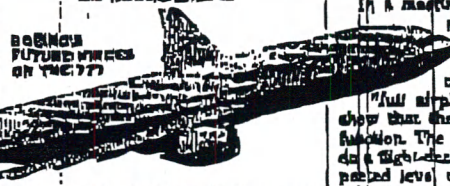
the FAA's Seattle office, warned Boeing that if it wanted to win 777 certification on April 18, it was "imperative" to provide answers by Jan. 31. Neither Gontas nor Riggins would comment.

Boeing's responses came on Feb. 7. In a letter to Riggins, Timothy E. Hickman, Boeing's 777 certification manager, acknowledged that Boeing was also concerned about the effects of an unbalanced engine. But he argued that

777 SALES TAKE OFF

	PLANE ORDERED	DELIVERIES
UNITED AIRLINES	34	31
SINGAPORE AIRLINES	19	23
ALL NIPPON AIRWAYS	21	12
SAUDIA	13	15
BRITISH AIRWAYS	18	15
JAPAN AIRLINES	15	10
MALAYSIA AIRLINES	17	11
THAI AIRWAYS	14	11
CATHAY PACIFIC AIRWAYS	17	11
KOREAN AIR	12	8
OTHERS	58	77
TOTAL	243	180

DATA FROM AIRBUS AND BOEING



BOEING'S FUTURE HOPES FOR THE 777

Boeing had looked into the issue and considered the plane safe, although it was "without documentation" to demonstrate its claim—since it was under no "regulatory requirement" to provide it.

Under continued pressure from FAA engineers, however, Boeing partially relented. On Feb. 18, Boeing gave the agency information that it claimed showed the level of vibrations a 777 would suffer if a fan blade did break. In a letter, Hickman agreed that the expected vibrations would be "reasonable"—no blast that passengers and pilots would rumble with.

But the letter did little to mollify FAA engineers. In numerous documents, the FAA argued that Boeing had simply asserted its findings without providing data to back them up. In one briefing paper, FAA engineer Jeffrey E. Duren complained that Boeing's findings were "incomplete" and unlikely to provide "credible validation" of its claims. And in

a Mar. 4, 1996, letter, the FAA warned that Boeing's analysis was "inconclusive" and that it "does not adequately prove that the equipment as installed in the 777 will survive the vibration levels Boeing projected."

A month later, FAA engineers were still waiting. According to an internal memo dated Apr. 10—just nine days before certification—the FAA warned Boeing that the plane could not be approved without such data. But Boeing again dismissed the demands. "The analysis and data provided more than substantiate compliance," Boeing responded. "Therefore, there is no need for additional testing, and Boeing has no intention of doing any further testing." "HARSH rhetoric," McSwain says, describes such discussions as common. "It's the give-and-take in the certification process that leads to the safety we have today," he says. But other FAA officials argue that such a late, heated exchange is unusual. "There's always a certain amount of disagreement," says Jack A. Bann, who retired in 1985 as the manager of the FAA's North East propeller and engine division, the primary unit responsible for engine certifications. "But generally, a certification doesn't degenerate into such harsh rhetoric."

In a meeting on Apr. 12, FAA engineers specified several tests Boeing still needed to do to allay its concerns. The FAA asked for a "full airplane test" in the air to show that the plane could continue to function. The FAA also asked Boeing to do a flight-deck simulation using the expected level of vibrations over an extended time period, to show that pilots would be able to read their instruments. And they asked about potential for injuries to passengers.

Finally, on Apr. 13 and 14, Boeing submitted additional documentation. In response to demands for a full plane test, McSwain says that no live flight test was then done. Instead, Boeing submitted data culled from 1,000 previous flight tests; altogether, Boeing argued, pilots had flown an hour under heavy vibrations with no difficulties. However, the simulator hour was made up of roughly 100 separate incidents, each lasting no more than 30 seconds.

As for a flight-deck-simulator test showing that pilots and other crew members would be able to perform, Boeing cited engineering studies that it claimed showed that the vibrations would be similar to those experienced on a 747. Boeing also submitted a report from one of its own representa-

JAN -18' 96 (THU) 18:23

TEL:2028988183

JAN-18-1996 17:30

BUSINESS WEEK

P.005

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diver. The Boeing rep traveled to several flight simulation facilities and underwent vibration tests at levels that Boeing claimed "were representative of blade-out windmilling vibrations." After its own rep reported that he had no trouble reading, writing or speaking during the vibrations, Boeing argued that there was no need for further testing. As for passengers, Boeing again concluded that, under the worst vibration levels it estimated, such levels "would not cause injury to passengers."

Apparently, that was enough to satisfy top FAA officials. On Apr. 18, Foster agreed that Boeing had provided adequate data. The next day, the plane won certification on schedule.

NEW RULES? But critics within the agency say the tests Boeing submitted remained far below the standard they had demanded for more than a year—and did little to allay their fears. One FAA inspector closely involved in the 777 certification dismissed the 767 comparison as "apples to oranges." He and others also say that such tests do not recreate the vibration levels pilots would experience over a lengthy time period. "Unless you put a dummy in a seat and shake it for an extended period of time at expected levels, you haven't proved a thing," says the inspector.

McDonnell defends the decision to move ahead with the certification. "Engine imbalance is a fairly new issue," he says. "We're all learning all the time." Indeed, the subject has become one of the main agenda items of the Aviation Rulemaking Advisory Committee (ARAC), a quasi-official advisory group of aviation-industry and FAA officials that develops new airline regulations. The group is studying possible changes in FAA rules needed to deal with the dangers of imbalance typified by larger engines. Numerous ARAC group members acknowledge that current regulations—developed in the 1950s, when fan blades were far smaller—do not require adequate testing for large engines. "Imbalance is more of an issue than it was in the past," says Larry Hanson, manager of loads and dynamics for Gulfstream Aerospace Corp. in Savannah, Ga. "We're still reviewing what the requirements ought to be."

The FAA's McDonnell agrees there is a need for more study. "We started this debate; we wanted this debate," he says. One remedy being considered alongside a drop in the plane's altitude requiring explosive bolts to be installed so that in an emergency the affected engine would be blown off the wing. Until these safety issues are more clearly resolved, that may be the best the FAA has to offer.

By Christine Del Valle and Michael Schroeder in Washington

80 BUSINESS WEEK / JANUARY 29, 1996

TOTAL P.85

Public Affairs Contact: Diane Spitaliere
January 19, 1995

APA BRIEFING PAPER

News Organization: Business Week

Subject: Certification of the Boeing 777

Reporter: Christina Del Valle

Scheduled to Run: Monday, January 22

FAA Official(s) Interviewed: Tom McSweeney and several members of the agency's Seattle Aircraft Certification Office.

Background: Christina Del Valle has been conducting interviews of FAA officials, as well as Boeing employees, on the certification of the Boeing 777 for the past two months. The genesis of her article is that FAA "caved in" to pressure from Boeing and certified the aircraft without proper testing and analysis. In particular, she is citing an engine fan "blade out" test that she believes was not properly conducted, causing the aircraft to be unsafe. She is using FAA memos to Boeing to support her case, even though it was explained to her that they are predecisional documents and part of the routine certification process. She is claiming that there still exists a debate within FAA and industry as to whether the aircraft was properly certified. Because FAA officials -- as well as Public Affairs officers involved -- expressed concerns about the accurate reporting of this issue, a meeting was established with key editors at Business Week and Sandra Allen, assistant administrator for Public Affairs and Tom McSweeney, director of Aircraft Certification. Key questions from the interviews spanning a two-month period are as follows.

Q1. The FAA prompted Boeing to submit additional vibration data on the engine fan "blade out" issue right up until a few days before the Boeing 777 was certified. How is it possible that Boeing complied with FAA's request so quickly? Further, how did the agency adequately evaluate that data in such a short time frame?

The process of certification and the development of the analytical tools to accomplish that certification took several months, and in some cases, years. The fan "blade-out" condition dictated three basic questions that needed to be answered: (1) Was the structure able to withstand the unbalance loads?; (2) Was the crew able to continue to safely fly the airplane during the vibration event?; and (3) were the flight critical airplane systems able to sustain the vibration without failure? The issues that were summarized in a letter to Boeing a few days before FAA approval were a list of things remaining to be completed before certification - many issues had already been resolved to our satisfaction. With the resources Boeing had dedicated to the "blade-out" issue, they were able to respond in the short time available. In all, Boeing had over 90 people working at one time or another on the blade out issue

Q2. With reference to the engine fan "blade-out" condition, why did the FAA opt to conduct simulated tests, as opposed to actual testing?

The FAA originally requested that Boeing demonstrate in flight that the B-777 was capable of sustaining the vibration from the "blade-out" condition. Boeing convinced us that during the more than 1000 hours of flight testing, the airplane encountered enough high buffet and vibration test conditions that had already demonstrated the ruggedness of the airplane systems. The FAA reviewed that data and determined that the level of vibration encountered in flight was similar enough to that predicted for the "blade-out" condition. Thus, the flight tests were already accomplished and further testing was unnecessary.

Q3. There was real concern within FAA over the 1993 Cathay Pacific incident where a 747 experienced an in-service "blade out" condition. That incident prompted an intensive look at this very issue during the 777 certification process. Does FAA feel confident that Boeing adequately addressed all concerns raised over this issue? If so, what data did they present to allay your concerns?

The Cathay Pacific incident was the first time it became apparent that the new, larger fan engines had a greater impact on airplane survivability should there be a fan blade failure. That knowledge caused the FAA to immediately require Boeing to assess those failure consequences during the B-777 certification program. Boeing presented seven reports and other technical data that fully responded to all the issues raised by the FAA. That technical data was found acceptable by the FAA. The data was in the form of analysis, laboratory test data and flight test data. All of the data is considered to be proprietary or trade secret data and has not been released to Business Week. That is somewhat unfortunate as it reduces our ability to definitively show Business Week what we used to make our decisions. The writer appears to have concluded in the absence of this data that the FAA did not properly certify the airplane.

Q4. If there is such complete agreement within FAA and Boeing on the certification of the 777, why is the issue of engine imbalance due to a missing fan blade still under review by the Aviation Rulemaking Advisory Committee?

With the Cathay Pacific incident, the FAA saw a need to review the certification of airplanes with fairly large fan engines (MD-11, B-747, A-330, A-340) to make sure there were no unsafe conditions should one of their engines suffer a blade failure. After the B-777 certification, the FAA called a meeting of all of the interested parties and discussed what should be done to in-service airplanes to better protect them against a possible "blade-out" condition, as well as opening the discussion to explore new ways to certify for this condition. This is all part of the agency's goal to achieve zero accidents.

ferd memo

10 October 1995

MEMORANDUM TO THE PRESIDENT

FROM: HAROLD ICKES

RE: FEDERAL AVIATION ~~AUTHORITY~~ (?)

~~Army~~ Administration

Attached is a copy of a memo to Leon and me from Bob Litan, of OMB, explaining a "white paper" prepared by Litan's staff regarding the FAA's problems with its modernization and maintenance programs. Also attached is an 11 August 1995 memo to Leon and me from Secretary Pena regarding air traffic control outages.

① Sony Hall 9/29/90

②

② Clinton needs to tell local Rep leaders that they must be more vocal on the critical issues

③ Public sector leaders -- PEF

④ Privileged so difficult issue -

* [* ⑤ PEF - created 22/23 Oct]

⑥ How to turn it into notes

⑦ Need issues to supercharge the ~~relationship~~ partnership

⑧ Need things related out of ad minutes -

• Redline / redline -

Frank Gorman

- must get Bill Clinton re-elected

- Congress - can get the House back -

- 95 percent -

- Targeted 28/30 most vulnerable republican House freshmen

[redline issue] - 470 billion ad cost - 7 years -
[redline]

- want to run TV spot -

- need \$!

• 100,000 Xmas CF

• 300,000 - 499

• Need 1 million for ad campaign in NY

- Need to focus on registration & turnout - rather than worrying about delegates to National Convention

O'Keefe - Talked to ~~Frank Gorman~~ Frank Gorman -

ATSCME

- Case-by-case
- "1st crack" means they compete for it too
→ still in consideration w/ others
- ~~RRR~~ Shuldiner says Ballenoff signed off on this
- 1st they privatized = Sec-8 ; STILL won it
- other functions ... smaller in scale

U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY400 Seventh Street
Washington, DC 20591

OFFICE OF THE ASSISTANT SECRETARY FOR TRANSPORTATION POLICY

Number of Pages including this Page: 5Date: 11/9/95TO:

J. O'CONNOR

Fax. Tele. 456-7929

456-6350

FROM:

JOHN LIEBER

DEPUTY Assistant Secretary for Transportation Policy

(202) 366-4450

FAX: (202) 366-7127

FAX MESSAGE:

November 8, 1995

TO: Jennifer O'Connor
FROM: Janno Lieber *Janno*
RE: Labor Concerns about FAA Personnel Reform

You asked how we are responding to labor's concern that the personnel reforms provided for in DOT's appropriations bill would effectively decertify the unions or otherwise change their status vis-a-vis the FAA.

The Administration worked closely with the unions in developing its corporation proposal (which, incidentally, had been suggested by NATCA during the campaign). Throughout our push for reform, NATCA has consistently cited the need to improve conditions for union employees as a major rationale for change.

The decertification concern was never raised -- either by labor or by anyone else looking at the bill -- until the end of the appropriations conference. In response, the conference committee -- with our support -- included report language clarifying that the intent was to maintain the FAA-union relationship. See attached pages from the October 20, 1995 Congressional Record.

In addition, Secretary Pena has written to the unions reassuring them that no changes will be made in that relationship. A copy of that correspondence is attached. Of course, we should provide whatever additional assurances are needed.

The unions want to build back in the legislative guarantee of recognition of the union, primarily to protect against possible attempts for future Administrations to dismantle the unions. The McCain bill -- which, as you know, the Administration is supporting and which unanimously cleared the Senate Commerce committee earlier today -- does this.

Also attached is the draft response to all the PATCO letters.

Please let me know if you need other information or materials.

attachments

October 20, 1995

CONGRESSIONAL RECORD—HOUSE

H 10514

section 1003 of the Intermodal Surface Transportation Efficiency Act. The House bill contained no similar provision.

Amendment No. 172: Deletes Senate provision that would have allowed states to trade in unobligated balances of funds authorized or appropriated for highway demonstration projects to mitigate reductions pursuant to section 1003 of the Intermodal Surface Transportation Efficiency Act. The House bill contained no similar provision.

Amendment No. 173: Deletes Senate provision that would have established interstate compact infrastructure banks. The House bill contained no similar provision.

Amendment No. 174: Retains, with amendment, language in the Senate bill requiring development of a new personnel management system for the Federal Aviation Administration. The House bill contained no similar provisions. The conference agreement includes the following changes to the Senate bill: (a) the official responsible for development and implementation of the new personnel system is the FAA administrator, not the Secretary; and (b) the new system shall not waive current law relating to veterans' preference and unemployment compensation. The provision takes effect on April 1, 1996, as proposed by the Senate.

Management-labor relationship.—The conferees believe that a harmonious management-labor relationship within the FAA is important to the effectiveness and efficiency of the national airspace system. The conferees do not intend that the personnel management reforms included in this bill force the disestablishment of any existing management-labor agreement or lead to the disestablishment of any union currently representing FAA employees. Instead, the conference agreement provides the administrator of the FAA flexibility to redefine the management-labor relationship to the benefit of the agency and all of its employees.

Administrator's working group.—The conferees have included bill language which requires the FAA to develop new personnel and procurement reform plans, with the goal of accelerating the modernization of the FAA in the most efficient and cost-effective manner. The conferees believe the success of this plan will, in part, depend upon the assistance of the entire aviation community. The conferees would like to see high level input from the aviation community. The conferees therefore strongly recommend that the administrator consult with the widest array of interested parties in developing the new personnel and procurement systems. The administrator should consider establishing a working group to assist his efforts. The working group could include, but not be limited to, representatives from the air carriers, general and business aviation, airports, aircraft manufacturers, airline and FAA employees, and the Office of the Secretary of Defense.

Amendment No. 175: Retains, with amendment, language in the Senate bill requiring development of a new acquisition management system for the Federal Aviation Administration. The House bill contained no similar provisions. The conference agreement changes the official responsible for development and implementation of the new

acquisition system to the FAA administrator, not the Secretary. The provision takes effect on April 1, 1996, as proposed by the Senate.

Amendment No. 176: Reduces bonuses and cash awards for Department of Transportation employees by \$752,652 as proposed by the Senate. The House bill included no similar provision.

Amendment No. 177: Limits funds for Department of Transportation advisory committees to \$850,000 as proposed by the Senate. The House bill contained no similar provision.

Amendment No. 178: Includes provision that enables the Secretary of Transportation to enforce and continue in effect the exemption provisions of the Motor Vehicle Information and Cost Savings Act. The House bill contains no similar provision.

Amendment No. 179: Provides that the FAA Technical Center in Pomona, New Jersey be designated as the "William J. Hughes Technical Center", as proposed by the Senate. The House bill contained no similar provision.

Amendment No. 180: Provides that no funds may be used to close Coast Guard small boat stations or subunits, and allows flexibility for the Secretary to implement system-wide management efficiencies, as proposed by the Senate. The House bill contained no similar provision. The conferees support Coast Guard downsizing and streamlining efforts in general, but find that in this instance the Coast Guard's methodology failed to fairly consider distinctions between small boat stations, such as water temperature and survival time, leading ultimately to a proposal which lacked critical justification.

Amendment No. 181: Deletes Senate language that would redistribute funds made available for obligation authorized by item 21 of the table in section 1105(f) of Public Law 102-240 to carry out additional surface transportation projects in Louisiana. The House bill contained no similar provision.

Amendment No. 182: Includes Senate language that provides for the transfer of certain federal property in Hoboken, New Jersey. The House bill contained no similar provision.

Amendment No. 183: Deletes Senate language which requires a five percent reduction from fiscal year 1995 levels in the energy costs of federal facilities used by agencies funded in this Act. The conferees are aware that this issue will be addressed government-wide by the Treasury, Postal Service and General Government Appropriations Act, 1996.

Amendment No. 184: Deletes language proposed by the Senate requiring the Secretary of Transportation to conduct a study of competition and air fares in rural aviation markets in the United States.

Amendment No. 185: Includes Senate language that would provide \$1,000,000 to establish and operate the Railroad Safety Institute. The House bill contained no similar provision. The conference agreement also addresses this issue under amendment numbered 6.

Amendment No. 186: Retains language proposed by the Senate expressing the sense of the Senate regarding a dispute between the United States and Japan over implementation of the current U.S.-Japan bilateral aviation agreement. The House bill contained no similar provision.

Amendment No. 187: Includes Senate language which modifies provisions of section 339 of the Department of Transportation and Related Agencies Appropriations Act, 1993 (Public Law 102-388). The House bill included no similar provision.

Amendment No. 188: Deletes Senate provision that repeals section 404 of 23 U.S.C. and inserts language that waives the freight tonnage limit for rail lines benefiting from the Local Rail Freight Assistance (LRFA) program for a project near Wahpeton, North Dakota. The funds are proceeds from LRFA loans that have been repaid to the State. Approximately \$2,300,000 may be used for the partial cost of a privately owned rail spur, siding, and loading facility.

Amendment No. 189: Includes Senate language that would have delayed the restriction on the availability of certain highway funds and designated the National Highway System. The House bill contained no similar provision.

TITLE IV

Amendment No. 190: Restores House language deleted by the Senate which provides for mandatory standards and procedures governing arbitrators and arbitration of labor disputes in the Washington, DC area.

TITLE V

Amendment No. 191: Deletes title V of the House bill which restricts the use of funds for improvements to the Miller Highway in New York City, New York. This prohibition is included under amendment numbered 167.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1996 recommended by the Committee of Conference, with comparisons to the fiscal year 1995 amount, the 1995 budget estimates, and the House and Senate bills for 1996 follow:

New budget (obligational) authority, fiscal year 1996	\$14,214,401,000
Budget estimates of new (obligational) authority, fiscal year 1996	35,468,964,831
House bill, fiscal year 1996	12,810,725,808
Senate bill, fiscal year 1996	12,613,811,567
Conference agreement, fiscal year 1996	12,650,532,831
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1995	-1,533,868,189
Budget estimates of new (obligational) authority, fiscal year 1996	-22,788,432,000
House bill, fiscal year 1996	-130,192,975
Senate bill, fiscal year 1996	+65,721,294



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

October 20, 1995

Mr. Barry Krasner
President, National Air Traffic
Controllers Association
1150 - 17th Street, NW, Suite 701
Washington, DC 20036

Dear Barry:

As you know, the Clinton Administration and the Congress are currently pursuing several avenues to achieve Federal Aviation Administration (FAA) reform. Several of the legislative initiatives grant the FAA authority to establish a new personnel system in some areas, while preserving coverage by Title V of the U.S. Code in other areas.

The Clinton Administration has voiced strong support for the FAA reform proposal introduced by Senators McCain, Ford and Hollings. One very important aspect of their bill is its preservation of the statutory framework for labor-management relations, Chapter 71 of Title V, within FAA. We believe that the preservation of this framework is a necessary component of any reform legislation.

Also, we supported and worked to preserve Premium Pay for Controllers, and the Conference Committee agreed to retain Premium Pay.

It indeed is unfortunate that you did not raise the DOT FY 96 appropriations bill language with me until Wednesday, October 18, the day the conferees considered this issue. I immediately went to work on this issue but, despite our efforts, we were unable to convince the conferees to clarify the Chapter 71 issue.

The conferees included in the Statement of Managers language that makes it clear that no labor organizations are to be disenfranchised by the personnel reform provisions. We strongly support this language. You can be assured that we will continue to recognize and support the existing labor-management statutory framework.

Sincerely,

A handwritten signature in cursive script, reading 'Federico Peña', is located below the 'Sincerely,' text.

Federico Peña

Mr. William A. Burga
President
Ohio AFL-CIO
271 East State Street
Columbus, OH 43215

Dear Mr. Burga:

Thank you for your letter regarding my decision to lift the ban on the hiring of PATCO members. Your letter outlines concerns that the Federal Aviation Administration (FAA) is not living up to the intent of that order.

On August 13, 1993, I sent a memorandum to the Office of Personnel Management (OPM), stating that "PATCO members should be eligible to apply, without preference, when there are openings with the FAA." Following that directive, OPM worked with the FAA and the Department of Labor to devise a system which would accommodate PATCO members who applied for employment with the FAA, while ensuring fairness and equity to all applicants.

Since that system's implementation, the representation of former PATCO controllers among FAA new hires has risen from nothing to 31 percent. Based on a recently completed evaluation of the FAA controller hiring system -- which took into account the current state of the staffing shortages at certain facilities -- the FAA anticipates that in Fiscal Years 1996 and 1997, at least 50 percent of new hires for air traffic controller positions will be former controllers.

I am confident the FAA will implement both the letter and spirit of the order. Please bear in mind, however, that the FAA budget for Fiscal Year 1996 allows them to hire, at most, 100 air traffic controllers.

The FAA will periodically reevaluate their staffing requirements, thereby ensuring that former controllers compete for new positions on a level playing field. I assure you that my staff will continue to monitor this situation.

Sincerely,

ROUTING SLIP

DATE: 12/8/95

FROM: STEPHEN B. SILVERMAN
Deputy Assistant to the President and
Deputy Secretary to the Cabinet

SUBJECT: DOT Tier II Projects

John Angell	178 oeob	<u>X</u>	Lorrie McHugh	166 oeob	<u> </u>
Don Baer	g fl / ww	<u> </u>	Janet Murguia	112 ew	<u> </u>
Jeremy Ben-Ami	218A oeob	<u> </u>	Jennifer O'Connor	111 oeob	<u>X</u>
Erskine Bowles	1 fl / ww	<u> </u>	Tom O'Donnell	320 oeob	<u> </u>
Susan Brophy	2 fl / ww	<u> </u>	Leon Panetta	1 fl / ww	<u> </u>
Gabrielle Bushman	197 oeob	<u> </u>	Ron Klain	276 oeob	<u> </u>
Barbara Chow	107 ew	<u> </u>	Nancy Soderberg	g fl / ww	<u> </u>
Michael Deich	233 oeob	<u>X</u>	Patti Solis	185.5 oeob	<u> </u>
Rahm Emmanuel	1 fl / ww	<u> </u>	Doug Sosnik	g fl / ww	<u> </u>
Janice Enright	1 fl / ww	<u> </u>	Gene Sperling	2 fl / ww	<u> </u>
Jason Goldberg	2 fl / ww	<u> </u>	George Stephanopoulos	1 fl / ww	<u> </u>
Pat Griffin	2 fl / ww	<u> </u>	Todd Stern/Phil Caplan	g fl / ww	<u> </u>
Marcia Hale	2 fl / ww	<u>X</u>	Stephanie Streett	g fl / ww	<u> </u>
Karen Hancox	g fl / ww	<u>X</u>	Ginny Terzano	g fl / ww	<u>X</u>
Nancy Heinreich	1 fl / ww	<u> </u>	Kim Tilley	287 oeob	<u> </u>
Alexis Herman	2 fl / ww	<u> </u>	Melanne Verveer	100 oeob	<u> </u>
Kitty Higgins	160 oeob	<u>X</u>	Michael Waldman	214 oeob	<u> </u>
Harold Ickes	1 fl / ww	<u> </u>	Ann Walley	g fl / ww	<u> </u>
Tim Keating	2 fl / ww	<u> </u>	Dan Wexler	117 oeob	<u> </u>

Comments:

TIER II FUTURE PROJECTS

San Francisco [BART to Airport]:

ROD expected- Summer, 1996

NE New Jersey [Hudson- Bergen LRT]:

ROD expected- Winter/Spring, 1996

San Juan [Tren Urbano]:

ROD Expected- Winter, 1996

Sacramento [South Extension]:

ROD expected- Summer, 1996

Denver [SW Corridor extension]:

ROD expected- Fall, 1996

St. Louis [St. Clair extension]

ROD expected- Fall, 1996

DATE: 30 Nov 95



THE DEPUTY SECRETARY OF TRANSPORTATION

WASHINGTON, D.C. 20590

John - pull out on page 4/6 projects
listed - let's send this and to
DOT crew.

FAX COVER SHEET

No. of pages transmitted -- including this page:

19
~~18~~

To : Steve Silverman

Telephone : _____

From : Mart Downey

Telephone : _____

Re : _____

Message : Followup to last week's meeting.

The number for this telefax is (202) 366-3937. If you have any problems receiving this fax,
please call 366-2222.

	FTA FY 96 BUDGET REQUEST	FY 1996 APPROPRIATIONS [ADJUSTED]	FY 1996 SHORTFALL
Existing FFGAs			
Atlanta-North Springs	42,410,000	41,900,252	509,748
Los Angeles - MOS-3	158,862,500	83,978,341	74,884,159
Dallas - South Oak Cliff	16,940,688	16,737,377	203,311
Baltimore - LRT Ext	22,630,000	15,130,921	7,499,079
Boston - Piers - MOS-2 (So. Sta. to Wo. Tr.)	22,620,000	19,818,888	2,801,112
Pittsburgh-Airport Phase 1	22,630,000	22,357,998	272,002
Portland - Westside/Hillsboro extension	108,000,000	128,575,779	(20,575,779)
New York - Queens	152,271,712	125,201,949	27,069,763
New Jersey - Urban Core/ Secaucus	85,540,000	79,285,433	6,254,567
Houston - Regional Bus	22,630,000	22,357,998	272,002
MARC- Commuter Rail Improvements	0	9,879,805	(9,879,805)
Salt Lake City- South LRT	0	9,642,195	(9,642,195)
SF Area- San Jose Tasman LRT (LOI)	22,617,600	9,879,805	12,737,795
SUBTOTALS:	677,152,500	584,746,741	132,503,538
Less Los Angeles Shortfall:			74,884,159
TOTALS [EXISTING FFGAs]:			57,619,379
 <u>TIER II FUTURE PROJECTS</u>			
	(GRANTEE REQUEST)		
SF Area- BART Airport Extension	0	0	0
NJ Urban Core- Hudson - Bergen LRT	0	0	0
San Juan Tren Urbano	15,000,000	7,409,854	7,590,146
Sacramento LRT Extension	2,000,000	1,975,961	24,039
Denver SW Corridor	0	0	0
St. Louis St. Clair Extension	2,000,000	2,000,000	0
Dallas RAILTRAN [CR]	15,000,000	5,927,883	9,072,117
Fort Lauderdale, FL- TRI-RAIL [CR]	25,000,000	9,879,805	15,120,195
LOSSAN (Los Angeles-San Diego, CA) [CR]	10,000,000	8,397,834	1,602,166
TOTALS [TIER II PROJECTS]:	69,000,000	35,591,337	33,408,663
GRAND TOTALS:	746,152,500	620,338,078	11,028,042

SCENARIO I**COMMENTS**

203,311	WILL COMPLETE FFGA COMMITMENT
7,499,079	RESTORES FY 96 FFGA SHORTFALL
2,056,740	RESTORES FY 96 FFGA SHORTFALL
27,069,763	RESTORES FY 96 FFGA SHORTFALL; REDUCES OVERALL SHORTFALL TO \$7.95 M TO COMPLETE PROJECT
12,737,795	ADDITIONAL FUNDS TO BE USED FOR BART'S AIRPORT EXT.
49,566,688	
5,000,000	PROVIDES FY 96 FUNDS FOR FFGA
5,000,000	PROVIDES FY 96 FUNDS FOR FFGA
5,000,000	PROVIDES FY 96 FUNDS FOR FFGA
5,000,000	PROVIDES FY 96 FUNDS FOR FFGA
4,000,000	ADDITIONAL INCREMENT TO CONTINUE PROJECT; PARTIALLY RESTORES FY 96 FUNDING REQUEST
5,000,000	ADDITIONAL INCREMENT TO CONTINUE PROJECT; PARTIALLY RESTORES FY 96 FUNDING REQUEST
1,602,166	FULLY RESTORES FY 96 FUNDING REQUEST
30,602,166	
80,168,854	

BART EXTENSION TO SFO IMPLEMENTATION SCHEDULE

BART is proposing to build an extension to the San Francisco Airport (SFO) from the existing Colma station, a distance of 6.4 miles. The proposed route will serve the cities of South San Francisco and San Bruno before interfacing with and paralleling the existing CALTRAIN commuter rail line. The line then follows a curving aerial alignment to access the airport. The route would also continue to Millbrae along the CALTRAIN right of way. The route will have 4 stations and utilize a combination of existing and abandoned railroad rights of way for the majority of the locally preferred route.

The following is a summary of the anticipated time frame for the development and completion of the BART to the Airport extension project.

May, 1993	FTA permission granted to enter preliminary engineering; award of \$22 million to conduct PE granted.
July, 1995	Amendment provides additional \$33 million to complete PE and finalize FEIR/FEIS for the revised Locally Preferred Alternative (LPA).
Spring, 1996	BART/SanTrans certify FEIS and adopt project.
Summer, 1996	FTA approval of Record of Decision (ROD)
Fall, 1996	Conclude FFGA negotiations with FTA
Fall, 1996	Award contract for D-BOM
Winter/Spring, 1997	Initiate Construction
Summer/Fall, 1999	Revenue service begins

Total Cost:	\$847 million - \$1.269 Billion
Federal Share at 75% (*)	\$600 - 800 million (new starts funds)

Not to exceed 75% per MTC Resolution 1876

HUDSON-BERGEN LRT [URBAN CORE] IMPLEMENTATION SCHEDULE

The Hudson-Bergen LRT project is an major component of the Urban Core program designed to significantly enhance mobility in the NE New Jersey area. The total project is comprised of a 20.5 mile, 33 station between the Vince Lombardi P&R lot [off the New Jersey Turnpike] in Bergen County to Bayonne in Hudson County. The line passes through major activity generators and connects with commuter rail, bus, PATH trains and ferry services. The first operable segment, a 10 mile section running between Jersey City and Bayonne, is projected to cost \$600 million.

The following is a summary of the anticipated time frame for the development and completion of the Initial phase of the Hudson-Bergen project.

August, 1994	FTA permission granted to enter preliminary engineering; award of \$ million to conduct PE granted.
Winter, 1996	NJTC certifies FEIS
Winter/Spring, 1996	FTA approval of Record of Decision (ROD)
Spring/Summer, 1996	Conclude FFGA negotiations with FTA
Fall, 1996	Complete final design
Winter, 1997	Project Construction
Fall, 1999	Revenue service begins

Total Cost (1st Operable segment) : \$600 million

Federal Share (Same as total costs- NJTC applies toll revenues used for transit purposes as local share)

Hudson-Bergen Waterfront Light Rail Transit System

Northern New Jersey

(October 1995)

Description

NJTC proposes to construct the Hudson-Bergen LRT project, a major component of the Urban Core program designed to significantly enhance mobility in the NE New Jersey area. The full project involves the construction of a 20.5-mile, 33-station at-grade LRT line from Vince Lombardi Park-and-Ride lot [off the New Jersey Turnpike] in Bergen County to South Bayonne, Hudson County, New Jersey. The line passes through Port Imperial, Hoboken and Jersey City. The outer ends of the line will provide 8,800 park-and-ride spaces while the core routing will serve high density commercial and residential centers in Jersey City and Hoboken, connecting to bus, ferry, PATH and NJT commuter rail services. The total project cost is estimated to be approximately \$1.0 billion. Patronage forecasts project that the line will be carrying in the range of 100,000 daily passengers by 2010.

NJTC has selected a 11.5 mile "First Construction Stage" that serves the Hoboken Terminal, Westside Avenue in Jersey City, and East 34th Street in Bayonne. The cost of this initial segment is estimated at approximately \$600 million. Later phases will extend the line north to the Vince Lombardi Park-and-Ride lot in Ridgefield, south to West 5th Street in Bayonne and west to Route 440 in Jersey City.

Status

In February 1993, New Jersey Transit selected, as its locally preferred alternative (LPA), a 15.3-mile, 24-station at-grade LRT line from Vince Lombardi Park-and-Ride lot through Hoboken and Jersey City to Route 440 in Southwest Jersey City. Later in 1993, NJ Transit added a 5.4-mile, 9 station extension to southern Bayonne.

In mid-1993 NJ Transit initiated PE and the preparation of the final EIS on the LPA. The environmental process is expected to culminate in the issuance of a Record of Decision (ROD) by FTA in the Winter/Spring, 1996 timeframe. NJ Transit has decided on turnkey implementation of the project. Preliminary engineering is underway and a consultant has been retained to assist in packaging the turnkey documents and identify possible opportunities for equity participation by the successful proposer.

Section 3031 of ISTEA requires FTA to negotiate and enter into a full funding grant agreement providing no less than \$634 million for those elements of the New Jersey Urban Core Project which can be fully funded in FY 1992 through FY 1997. The Waterfront Project is identified as one of eight elements which would be eligible for funding.

In fiscal years 1992 through 1995 Congress appropriated \$330 million for the "New Jersey Urban Core Project" which includes this project as well as the Secaucus Transfer, the Newark-Elizabeth Rail Link and other projects [Congress earmarked \$79.3 million for the Secaucus Transfer in FY 96].

FTA obligated approximately \$29.1 million through FY 1993 to support this project. Another \$76.7 million was awarded in FY 1995 (\$26.2 million in January and \$50.5 million in August 1995). Total federal funding awarded to this project is \$105.8 million as of the beginning of FFY 1996.

Justification

ISTEA states that the Urban Core project is not subject to the New Starts criteria.

Mobility Improvements. The proposed project would provide guideway transit service to existing and proposed new developments along the New Jersey waterfront. It would provide internal transit circulation along the waterfront, and would connect with NJ Transit Commuter Rail service at Hoboken, with PATH trains to Newark and Manhattan and with the Port Imperial Ferry from Weehauken to Manhattan. The original LPA (without the Bayonne extension) is estimated to save almost 22,000 hours of travel time daily over the TSM alternative. Park and Ride lots in Jersey City and Bayonne will intercept drivers bound for the new offices on the NJ side of the Hudson who are presently caught in tunnel traffic.

Cost Effectiveness. The cost effectiveness index for the original LPA is \$5 per new rider and the Bayonne extension by itself is estimated to have a cost effectiveness index of less than \$2.11.

Environmental Benefits. Northern New Jersey is a "severe" nonattainment area for ozone. The region is categorized as a "moderate" nonattainment area for carbon monoxide. FTA does not have information specifically on the impact of the LPA on regional air quality. However, the First Construction Stage is expected to reduce daily emissions by about 0.3 percent in the study area and the LPA would reduce emissions by approximately double that amount.

Operating Efficiencies. FTA does not have information on how the LPA would affect NJ Transit's operating cost per passenger. However, the LRT line is a small fraction of the overall NJT system and should have minimal impacts.

**Local
Financial
Commitment**

The financial plan for the FCS has not been finalized. The prospective plan is expected to involve a combination of FTA, State and private capital, with the exact mix to be defined in the course of the turnkey investigations now underway.

NJ Transit will use locally funded projects such as the Kearny and Waterfront Connections, and New Jersey Turnpike projects, as local match for Secaucus Transfer, Waterfront and the Rail Link projects, as authorized in ISTEA Sections 1044 and 3031. Since the project is in the PE stage of development and since no financing plan nor source of funds is in place for the entire project or the FCS, the capital financing plan is rated "low." This rating will change if commitments for substantial private sector contributions are received.

In 1993 the average vehicle age of NJ Transit's bus fleet was 8.9 years, which is comparable to the national average of 8.3 years. The average age of the rail fleet is 18.2 years.

Tren Urbano
San Juan, Puerto Rico
(October 1995)

Description

The Puerto Rico Department of Transportation and Public Works (DTPW), through its Highway and Transportation Authority (HTA), has completed a Final Environmental Impact Statement (FEIS) and selected a Locally preferred Alternative (LPA) that is described as a 17.2 km double-track guideway between Bayamon Centro and the Sagrado Corazon area of Santurce in San Juan, incorporating fourteen (14) stations and a vehicle and trackway maintenance/storage facility. The alignment allows for the future addition of two stations if deemed necessary, one in Rio Piedras and one in Hato Rey. Approximately 40 percent of the alignment is at or near grade. The remainder of the alignment, aside from a short below-grade section in the Centro Medico area and the underground alignment through Rio Piedras, is generally elevated above roadway rights-of way. The estimated capital cost for the first phase of the project is \$1.11 billion. Annual operating and maintenance costs are estimated between \$28 and \$39 million. Under the terms of the turnkey procurement, the selected contractor will be responsible for the maintenance and operation of the Tren Urbano system for a period of at least five years. Under the terms of the agreement, the PRHTA will retain the option of extending this operation and maintenance agreement for an additional five-year period.

In 1993, the Federal Transit Administration (FTA) selected Tren Urbano as one of four Turnkey demonstration Projects under the Intermodal Surface Transportation Efficiency Act (ISTEA). The Tren Urbano project will be constructed and operated under a turnkey procurement policy in order to expedite the implementation of the project and to develop the necessary institutional capability to operate Tren Urbano.

Status

DTPW has prepared the FEIS for the Tren Urbano project. It is anticipated that a Record of decision (ROD) will be issued for the project in December, 1995.

Pursuant to the FTA's guidelines regarding the Full Funding Grant Agreement (FFGA) process, an application was submitted to FTA on October 10, 1995.

Justification

Under the current financing strategy, the project would be exempt from the New Start criteria because the Section 5309 share would be less than one-third of the capital cost.

Mobility Improvements. The number of cars per capita in Puerto Rico has grown to levels comparable to the mainland, but highway lane miles per automobile are far below mainland levels, resulting in extreme highway congestion, especially in San Juan. Travel time savings of over 10,000 hours daily are projected for the Tren Urbano project.

Travel time savings are calculated separately for work trips and non-work trips and were calculated only for riders who use transit under both the No-Build alternative and the LPA. Travel time savings are valued at \$4.80 per hour for work trips and \$2.40 per hour for non-work trips.

Cost Effectiveness. The most recent estimate of cost per new rider is \$3.79 (1994 dollars; 108,515 new riders per day) making this one of the most cost effective projects currently seeking Federal discretionary funds.

Environmental Benefits. San Juan is an attainment area for ozone and carbon monoxide. Detailed information on the environmental impacts of this project are included in the FEIS.

Operating Efficiencies. In the FEIS, the projected annual operating and maintenance cost of the LPA is \$38.8 million.

**Local
Financial
Commitment**

DTPW's financing plan proposes to pay the capital costs of the LPA for Tren Urbano from three sources: 1) local revenues from the Puerto Rico Highway and Transportation Authority (PRHTA); 2) flexible U.S. DOT formula funds; and 3) FTA capital program funds. All operating costs, as well as debt service on PRHTA bonds, would be paid as part of the PRHTA annual budget, established in accordance with standard PRHTA budget procedures.

PRHTA generates revenues from gasoline taxes, oil and diesel oil taxes, motor vehicle registration fees, and investment income. The Authority will collect approximately \$3.0 billion over the horizon of the cash flow summary. These internally generated funds will be used during FY 1996 and 1997 to meet Tren Urbano obligations.

The PRHTA has authority to issue revenue bonds to finance transportation system improvements which alleviate traffic congestion. The PRHTA intends to exercise this authority and issue senior and subordinated Highway Revenue Bonds in amounts sufficient to meet its capital construction needs. These bonds will be supported by PRHTA revenues and HHWA flexible funds.

In addition to the Congressional earmarked funds that have already been included in the FY 1995 budget (\$5.0 million), PRHTA will continue to seek FTA capital funds in an amount of \$300.1 million.

The Tren Urbano financing plan is rated as "medium/high" because the sources of the local funds needed to back the bonds are in place. Some questions have been raised about the ability of these sources to fund all of the programmed highway and transit improvements.

Funding to operate the existing bus system comes from appropriations by the Commonwealth. The Tren Urbano deficits would be covered largely by Highway Authority funds, and the Público (Jitney) operations are privately operated and funded. These funding sources have been adequate in the past and therefore the stability and reliability of funding for operations is rated as "high." In 1992 the average age of the bus fleet for the Metropolitan Bus Authority was 6.2 years, which is better than the national average.

Other Factors

<u>Source of Funds</u>	<u>Total Funding (\$million)</u>	<u>Appropriations to Date (\$million)</u>	<u>Balance Required (\$million)</u>
Federal:			
Section 5309 New Start	\$300.10	\$12.50	\$287.60
FHWA-Backed COP's	300	0	300
Local Financing	\$13.50	0.00	\$13.50
			0.00
TOTAL	\$1,113.60	\$12.50	\$1,101.10

**South Corridor
Sacramento, CA
(October, 1995)**

Description

The Sacramento Regional Transit District (RT) is developing a multi-phased 11.3 mile light rail project on the Union Pacific right-of-way as its Locally Preferred Alternative (LPA) for the South Sacramento Corridor.

RT has elected to phase the project to maximize the use of available state and local capital funds and to correspond with available operating funds. Phase I, known as the Interim Operable Segment (IOS), consists of a 6.3 mile segment of the full LPA. The segment would operate between downtown Sacramento and Meadowview Road and has been forecast to carry 25,000 passengers per day in the year 2015. The estimated capital cost of the IOS is approximately \$200 million (1995 dollars).

Status

Section 3035 of ISTEA directed FTA to enter into a multiyear grant agreement with RT for \$26 million to provide for the completion of alternatives analysis, preliminary engineering, and final design. Of that amount, \$4 million was appropriated through fiscal year 1996 RT is currently funding preliminary engineering and FEIS with \$3.8 million in local dollars.

The Major Investment Study (Alternative Analysis)/Draft EIS was completed in September 1994. RT selected the LPA in January 1995. Phase I was defined in August 1995 and RT requested FTA approval to initiate PE on Phase I. RT expects to complete preliminary engineering and a Final EIS in March 1996.

**Project
Justification**

Mobility Improvements Population, employment and person trips in the Sacramento area are expected to increase significantly in the next twenty years, with the South corridor expected to grow at rates higher than the regional averages. This is projected to result in substantial deterioration in the levels of service on the two north-south freeways in the corridor: Interstate 5 and State Highway 99. Phase I of the project is forecast to attract as many as 4,585 new daily riders to transit, and save 2,688 daily hours of transit travel time over the TSM alternative.

Cost Effectiveness The cost-effectiveness index for the LPA is \$1 per new rider. The cost-effectiveness index for Phase 1 is approximately \$6 per new rider. RT anticipates commencing PE for Phase 2 as soon as additional operating funds can be secured.

Environmental Benefits Sacramento has recently changed from a "serious" to a "severe" nonattainment area for ozone and a "moderate" nonattainment area for carbon monoxide. The IOS would reduce automobile trips by 3,779 over the TSM alternative and improve the level of service on area roadways.

Operating Efficiencies The IOS will improve the operating cost per passenger from \$1.86 to \$1.80 compared to the TSM alternative.

Local Financial Commitment

RT's strategy is to construct the LPA in two segments. The first of these is the 6.3 mile IOS from downtown Sacramento to Meadowview Road. RT has secured operating funds for this segment, and has also identified \$100 million of capital funds from state and local sources. RT intends to request 50 percent funding from the Sec. 5309 new start program.

Southwest LRT
Denver, Colorado
(October 1995)

Description The Regional Transportation District (RTD) in Denver is in the final stages of completing preliminary engineering (PE) for its 8.7-mile light rail transit (LRT) extension from the I-25 and Broadway interchange in Denver parallel to Santa Fe Drive to Mineral Avenue in Littleton. The double-track system will operate over an exclusive, grade-separated right-of-way and connect with the existing 5.3-mile Central Corridor light rail line, which was funded with totally local funds and opened in October 1994.

The capital cost (1995 dollars) for the LRT project is \$167.2 million, including right-of-way acquisition, a maintenance facility, Santa Fe improvements, preliminary engineering, final design, construction, and acquisition of rolling stock. RTD estimates that the SW LRT system will carry 8,400 passengers per day in the year 2000 (opening year) and 22,000 passengers per day in the year 2015.

Status RTD recently completed the DEIS for the Southwest LRT project, with the FEIS scheduled for completion in December, 1995.

The RTD board has recently authorized approximately \$3 million in local and \$900,000 in Section 9 funds to conduct final design (FD) of the project.

The project is included in Denver's current Transportation Improvement Program and Transportation Plan.

Congress has not authorized or appropriated any funds for this project.

Justification Mobility Improvements. Compared to an estimated travel time in 2015 of 44 minutes between Littleton and downtown Denver

for the NoBuild/TSM alternative, the travel time on LRT would be 25 minutes, a savings of 43%. Total travel time savings (hours per day) is 2,700 for year 2015.

Cost Effectiveness. The cost per new trip is estimated at \$7.67

Environmental Benefits. Denver is classified as a "transitional" nonattainment area for ozone and a "serious" nonattainment area for carbon monoxide. The SW LRT project is projected to have a modest positive impact on regional air quality by reducing total vehicle trips and vehicle miles of travel as compared with the no-build alternative.

Operating Efficiencies. Systemwide operating and maintenance costs per transit rider for the SW LRT project are \$0.70, for the TSM \$1.40, and for the no-build \$1.20.

**Local Financial
Commitment**

The share of this project funded by Section 5309 is estimated to be 77 percent. RTD's primary sources of revenue are a sales and use tax and farebox receipts. The table below (shown in 1995 dollars) includes the local contributions for right-of-way, LRT maintenance facility, Santa Fe improvements, PE matching funds, and Final Design (FD) local funds.

The Central Corridor was all locally funded. If that portion of the LRT system, to which this project connects, is included in the financial analysis, the federal share of the total costs would be 46 percent.

Denver's capital financing plan is rated as "medium" at this point in project development. RTD is counting previous right-of-way purchases, Santa Fe improvements, and a portion of the existing LRT maintenance facility costs toward the local share of project costs. The remaining local contribution would come from RTD funds generated by the sales and use tax. All additional Federal funding would be requested from Section 5309.

The stability and reliability of its operating plan are rated as "medium". It is anticipated that RTD will be able to operate a major investment and continue operating its existing system.

In 1995 the average age of RTD's bus fleet was 7.5 years old, which is comparable to the national average of 8.3 years.

<u>Source of Funds</u>	<u>Total Funding (\$million)</u>
Federal:	
Section 5309 New Start	-0- (appropriations thru FY 96)
Section 5309 New Start	\$128.80 (remaining to be appropriated)
Section 5307 New Start	\$ 4.90
Local:	
RTD Sales and Use Tax	\$ 33.50
TOTAL	<u>\$167.20</u>

ST. LOUIS METROLINK ST. CLAIR IMPLEMENTATION SCHEDULE

The St. Clair locally preferred alternative is a 24.8 mile extension of the MetroLink light rail system from its current terminus in downtown East St. Louis, Illinois through the City of Belleville to Scott Air Force Base and the Mid-America Airport. It will contain 13 stations and make extensive use of abandoned railroad right-of-way.

The following is a summary of the anticipated time frame for development of the St. Louis St. Clair extension project.

September, 1995	FTA permission to enter preliminary engineering, approval of \$8 million grant for PE
October, 1995	Bi-state secured project management consultant to manage the entire project
January, 1996	Expect multiple contracts with engineering/design firms in place to do the preliminary engineering
May, 1996	Complete preparation of supplemental draft environmental impact statement (SDEIS)
August, 1996	Completion of final EIS. Concurrently, reach 30% on engineering plans and cost estimates to be used as financial basis for FFGA
September, 1996	FTA approval of Record of Decision (ROD)
September, 1996	Conclude FFGA negotiations with FTA
Nov. 1996 - Aug. 1998	Final Design and procurement of construction contractor
Aug. 1998 - Sept. 2020	Construction
Oct. 2000 - Mar. 2001	Start up testing
May, 2001	Revenue service begins
Total Cost:	\$363 million - \$421 million (1992 dollars)
Federal Share at 80%	\$290 - \$337 million (new start funds)

TGM-10 (Sabaj)
11/27/95

St. Clair County, Illinois Corridor

St. Louis, Missouri Metropolitan Area

Description

The East West Gateway Coordinating Council (EWGCC) is considering transit alternatives for a 20-mile corridor between downtown East St. Louis, Illinois, and the vicinity of Scott Air Force Base. Fixed guideway alternatives being considered include both an extension of the MetroLink light rail project (which opened in July 1993) and construction of a busway which would terminate at the Metro Link station in East St. Louis. Various alignments of each of these alternatives have been studied.

A preliminary cost estimate for the light rail alternative along the former CSXT railroad right-of-way is \$431 million. The preliminary daily ridership estimate for LRT is 4,847 in the year 2010.

Status

A draft EIS was completed in 1995. During 1995, preliminary engineering (PE) was initiated on the project. The PE phase will include development of a Supplemental Draft and Final Environmental Impact Statement. The environmental work on the project is expected to be completed in the XXXXX, 1996 timeframe.

Through FY 1995, Congress has appropriated \$14.1 million for preliminary engineering, final design, and acquisition of light rail vehicles.

Justification

Mobility Improvements. EWGCC estimates total transit trips (bus and rail) in 2010 to be 134,703 for the No Build alternative and 138,588 for the CSXT LRT alternative. The CSXT LRT alternative is projected to save existing transit riders 824 hours of travel time per day in 2010.

Cost Effectiveness. The cost effectiveness index for the project alternative is estimated at \$36 per new rider, using a No Build option as the base case.

Environmental Benefits. St. Louis, including St. Clair County, is a "moderate" nonattainment area for ozone and a "not classified" nonattainment area for carbon monoxide.

CABINET AFFAIRS ROUTING SLIP

DATE: 1/11/96

FROM: Steve Silverman

SUBJECT: NY Times Article on FAA

FOR YOUR INFORMATION ✓

FOR YOUR COMMENTS BY _____

FOR YOUR ACTION BY _____

Leon Panetta (Jen Palmieri)

Harold Ickes (John Sutton)

George Stephanopoulos

John Angell

Barry Toiv

✓ Kitty Higgins

Marcia Hale

John Emerson

Emily Bromberg

Alexis Herman

Lee Satterfield

Dan Wexler

Stephanie Streett-Anne Walley

Doug Sosnik

Karen Hancox

Linda Moore

Wendy Smith

Eric Eve

✓ Mike McCurry

✓ Ginny Terzano

Mary Ellen Glynn

Tom O'Donnell

Gene Sperling

✓ Michael Deich

✓ Jen O'Connor 111 1/2

Kathy Whalen

Marvin Krislov

Don Baer

Michael Waldman

Gabrielle Buschman

✓ Bob Litan

T.J. Glauthier

Larry Haas

John Koskinen

Lee Ann Inadomi

Kris Balderston

Anne McGuire

NY Times Article Friday
on FAA

Commuter Turboprop Aircraft Testing - New York Times Article

Matt Wald, the transportation beat reporter for the New York Times, is expected to publish an article tomorrow that is an update of the turboprop icing review which FAA is conducting as a result of the ATR accident in Roselawn in October of 1994.

According to the reporter, the article will be based on information which he received from Embraer, the Brazilian manufacturer of one of the aircraft included in the icing tests.

After the accident in Roselawn, the FAA initiated a series of actions to focus on the vulnerability of turboprop aircraft to icing. Extensive testing of the ATR as a first phase resulted in the redesign of a de-icing boot which is now required for all ATR aircraft operated in the United States.

In a second phase, FAA established test criteria for the rest of the turboprop aircraft population. That population includes the Embraer, the Canadian DeHaviland, the Dutch Fokker, the Swedish Saab, and others for a total of approximately 20 aircraft types. FAA met with the manufacturers of these aircraft to review the test criteria, and obtain agreement on the conduct of icing tests for the entire turboprop aircraft population. FAA had hoped to have concluded these tests by November of 1995, one year after the Roselawn accident, but complexity of the tests and schedules of the aircraft manufacturers have delayed the completion of all of the tests. However, 75 percent of the aircraft have had testing completed, and preliminary data have been obtained on the remainder.

So far, the Embraer is the only aircraft which has had test results which the FAA considers cause for more specific in-flight icing tests. However, these preliminary results were not conclusive and additional tests are nearly completed. FAA expects the expanded tests to be completed within the next few weeks. In the meantime, FAA has no data which would cause concern about the safety of the Embraer aircraft.

Embraer evidently contacted the New York Times because they believed that FAA was preparing to issue unique requirements for their aircraft to counter icing problems. In fact, FAA had prepared draft documents to be ready in the event that the additional tests showed a safety problem, but additional data obtained has obviated the need for them.

FAA has contacted the reporter with the New York Times, as well as other major papers, to clarify the facts surrounding this issue.

FAA expects to issue guidelines in the next several days to pilots on how best to identify icing conditions and what to do should they find themselves in icing conditions. FAA will also host an international icing symposium in the Spring to discuss the latest research on aircraft icing, and what next steps are needed to advance the level of knowledge in this area.



**U.S. Department of
Transportation**

Office of the Secretary
of Transportation

Assistant Secretary

400 Seventh St., S.W.
Washington, D.C. 20590

January 11, 1996

MEMORANDUM TO: Steven J. Akey
Assistant to the Secretary for Public Affairs

FROM: Mark L. Gerchick 
Acting Assistant Secretary for Aviation and
International Affairs

SUBJECT: Aviation Daily Article

I thought you might be interested in the attached year-end Aviation Daily article which provides a fairly comprehensive overview of the Administration's significant accomplishments in international aviation over the past year. The piece might also provide a concise and informative background piece for national media and interested Hill officials, as well as those who follow international aviation matters at the White House.

Attachment

cc: Steve Palmer
Michael Deich
Bruce Lindsey
Jennifer O'Connor

AVIATION DAILY

Page 20

January 4, 1996

U.S. Shifts Air Accord Efforts To Asia After Big Year In Europe

by Edward McKenna

The U.S. will be looking in 1996 to build on its 1995 gains in Europe and improve its position in Asia after a year of considerable achievement.

By any measure, 1995 was a very productive year for U.S. negotiators, tallying 20 new aviation accords, more than double the total of any of the last five years (see table on Page 21). Beginning the year with Canada and ending with China, the U.S. compiled an impressive list of new pacts, including nine European open skies agreements. Offsetting these successes, to some extent, was the failure to gain a new agreement with the U.K. and the still unsettled situation in Japan.

Entering 1996, the U.S. has a less ambitious but no less important agenda than in 1995. Although there is no European open skies initiative, U.S. negotiators still begin the year with two important goals in place — agreements with Germany and Japan. Also, there is likely to be a sea change in U.S. strategy, focusing more on Asia than Europe and on incremental rather than open skies deals.

Looking to fulfill these goals, DOT begins the year in a much stronger position because of last year's accomplishments.

"The number of [new] truly liberal bilaterals...has to alter the environment in which other talks take place," said Jeffrey Shane, former assistant secretary for policy and international affairs in the Bush administration and currently with Washington law firm Wilmer, Cutler & Pickering.

The department sought last year to establish a foundation for future negotiations through its new international aviation policy, officially issued in April, as well as the new agreements. "We hope we were able... to get a longer view of U.S. interests, not just this month, next season or next year, but really moving into the next century," said Mark Gerchick, DOT acting assistant secretary for aviation and international affairs. Along the same lines, the department worked "to strengthen the economic analysis that goes into international aviation decisionmaking," he said, adding that "overall, we had some real successes in...rationalizing the process and...expanding [or] making [it] more rigorous."

Continuing its efforts to liberalize relations with Europe, the U.S. will press this year for an open skies agreement with Germany. "The nine-country initiative was always viewed as a stepping stone, not an end in itself," Gerchick said. However, the initiative seemed

to get sidetracked during the drawn-out and eventually unsuccessful talks with the U.K. The so-called minideal struck last June, which produced a Chicago-Heathrow service for United, sparked an industry feud and political firestorm as various constituencies argued their rights to Heathrow slots.

Despite continued efforts in several rounds of talks, the two sides failed to reach an agreement. At yearend, frustrated U.S. lawmakers still were protesting the failed talks. Sen. John McCain (R-Ariz.) threatened to hold hearings and Sen. Kay Bailey Hutchison (R-Texas) put a hold on the nomination of Charles Hunnicutt to be assistant secretary for aviation and inter-national

affairs — a position that probably will remain unfilled during the term of the Clinton administration.

It now appears that attempts to gain a new deal with the British are all but dead. DOT Secretary Federico Peña has agreed to continue staff-level talks with the U.K., but "there is no particular basis for any hope right now" for a breakthrough, a U.S. official conceded, adding, "We see no evidence at the moment that the British are going to

afford us the flexibility that we need, especially with respect to Heathrow access."

Instead, the U.S. has turned its attention to Germany. The two countries had targeted 1997 for an open skies agreement, but that timetable apparently has been sped up. "We're having very productive discussions now with Germany," said a DOT official. In fact, officials of the two countries are scheduled to continue unofficial talks this month aimed at clearing away potential European Union issues.

Many observers believe an open skies agreement with Germany in combination with the other 10 European open skies countries — the nine new ones, plus The Netherlands — would put a great deal of pressure on the U.K. to open up its market. In this effort, DOT has a key political ally in Sen. Larry Pressler (R-S.D.), chairman of the Senate Commerce Committee. Pressler met with German Transport Minister Matthias Wissmann during 1995 and has boosted a new agreement repeatedly in speeches on the Senate floor.

The U.S. may take other steps to liberalize further its relations with Europe. In 1995, the U.S. hammered out an agreement with Ukraine as well as a phased open skies accord with the Czech Republic — the (Continued)

1996 Outlook

At an impasse with U.K., U.S. will press for Germany deal

AVIATION DAILY January 4, 1996

Page 21

Air Agreements (Cont.)

first such pact with a former Eastern Bloc country. It offered a similar agreement to Poland and may be able to work it out this year. In addition, a DOT ruling on antitrust immunity for Delta and code-share partners Swissair, Sabena and Austrian is likely early this year. Also expected during the year is an application for similar immunity from United for its alliance with Lufthansa, especially if the U.S. and Germany agree on open skies.

Another antitrust immunity application submitted in 1995 came from American, for its alliance with Canadian Airlines International. Although the request may not be acted on until 1997, when the U.S.-Canada market becomes completely open, it underscores the changes in the aviation relationship between the two countries. Signed in February, the U.S.-Canada bilateral has spurred a 40% increase in scheduled jet aircraft frequencies and a 15% increase in passenger traffic. Those totals will grow again early this year when carriers designated for new Montreal, Vancouver and Toronto service begin operations.

South of the border, the U.S. achieved only limited success in improving its relationship with Latin American countries. It signed new agreements with Brazil and Peru, expanding frequency opportunities for U.S. carriers. The market remains largely dominated by United and American, and no apparent plans are in the wings to change that situation.

In contrast, DOT is determined to alter the rapport between the U.S. and Asian countries. At the end of 1995, the focus of U.S. policy clearly had shifted to Asia. In the final four months of the year, the U.S. reached new agreements with Hong Kong, the Philippines, Macau, India and China and began talks with Thailand. In addition, Peña and his staff made a 17-day trip to eight Asian countries in November. The trip "highlighted a series of liberalizing developments," said Gerchick, who stressed the importance of the deal with Hong Kong, which will revert to Chinese rule in 1997. "I would [also] characterize the very substantial progress with Thailand as very important symbolically...because of their previous renunciation status," he said. The U.S. and Thailand are expected to announce the terms of a new pact this month when they meet in Bangkok.

A far cry from the open skies initiative in Europe, the Asian accords represent progressive change, the kind of incremental gains the U.S. seeks in Japan. In talks with Japan, the U.S. is looking to get some service increases without limiting its additional rights beyond Japan. The two sides are engaged now in all-cargo negotiations, working on a March deadline, and will

decide later whether and when to hold passenger talks.

It is these negotiations that pose the greatest challenge this year. The U.S. and Japan managed to craft an interim deal in 1995, like the U.S.-U.K. minideal, that allowed Federal Express to operate beyond-Japan service in exchange for additional rights for Japan's cargo carriers. Still, the difficulties surrounding those talks provoked angry reaction on Capitol Hill, as many lawmakers called for retaliatory actions against Japan. Reports from the current talks have not been positive thus far. As they prepare to reconvene the negotiations this month in Tokyo, the two sides remain far apart.

Bilateral Air Agreements Signed In 1995

Month	Entity	Remarks
February	Canada	Phased Open Skies
April	Ukraine	—
May	Switzerland	Open Skies
May	Sweden	Open Skies
May	Peru	—
May	Norway	Open Skies
May	Luxembourg	Open Skies
May	Iceland	Open Skies
May	Finland	Open Skies
May	Denmark	Open Skies
May	Belgium	Open Skies
May	Austria	Open Skies
June	U.K.	Minideal
June	Brazil	—
September	Hong Kong	—
October	Philippines	—
October	Macau	—
December	India	—
December	Czech Republic	Phased Open Skies
December	China	—

according to a senior U.S. official. In November, the U.S. proposed open skies phased over five years, allowing for new entry, beyond rights and new third- and fourth-freedom service in the interim. Japan's plan was more restrictive, minimizing new entry and seeking full rights for its two all-cargo carriers, Nippon Cargo Airlines and Japan Airlines.

Even if the two sides manage to broach their differences by the March deadline, many difficulties will remain when they turn to passenger issues. DOT faces a deeply divided industry as carriers with bilateral rights in Japan, such as United, fight for fifth-freedom service in the region, while others, such as American and Delta, seek additional direct service to Japan. DOT is "not prepared to buy into" any offer from Japan that proposes "a trade between thirds and fourths, on the one hand, and fifths, on the other," said Gerchick, who maintains that the department does not view the issue as an either/or situation.

DOT
FAA
personal
return



U.S. DEPARTMENT OF TRANSPORTATION
OFFICE OF THE SECRETARY

400 Seventh Street
Washington, DC 20591

OFFICE OF THE ASSISTANT SECRETARY FOR TRANSPORTATION POLICY

Number of Pages including this Page: 5

Date: ~~11/9/95~~ 11/17/95

TO:

J. O'CONNOR

Fax. Tele. ~~456-7929~~ 456-1121
~~456-6350~~

FROM:

JOHN LIEBER

DEPTUY Assistant Secretary for Transportation Policy

(202) 366-4450

FAX: (202) 366-7127

FAX MESSAGE:

November 8, 1995

TO: Jennifer O'Connor
FROM: Janno Lieber *Janno*
RE: Labor Concerns about FAA Personnel Reform

You asked how we are responding to labor's concern that the personnel reforms provided for in DOT's appropriations bill would effectively decertify the unions or otherwise change their status vis-a-vis the FAA.

The Administration worked closely with the unions in developing its corporation proposal (which, incidentally, had been suggested by NATCA during the campaign). Throughout our push for reform, NATCA has consistently cited the need to improve conditions for union employees as a major rationale for change.

The decertification concern was never raised -- either by labor or by anyone else looking at the bill -- until the end of the appropriations conference. In response, the conference committee -- with our support -- included report language clarifying that the intent was to maintain the FAA-union relationship. See attached pages from the October 20, 1995 Congressional Record.

In addition, Secretary Pena has written to the unions reassuring them that no changes will be made in that relationship. A copy of that correspondence is attached. Of course, we should provide whatever additional assurances are needed.

The unions want to build back in the legislative guarantee of recognition of the union, primarily to protect against possible attempts for future Administrations to dismantle the unions. The McCain bill -- which, as you know, the Administration is supporting and which unanimously cleared the Senate Commerce committee earlier today -- does this.

Also attached is the draft response to all the PATCO letters.

Please let me know if you need other information or materials.

attachments

October 20, 1995

CONGRESSIONAL RECORD—HOUSE

H 10514

section 1003 of the Intermodal Surface Transportation Efficiency Act. The House bill contained no similar provision.

Amendment No. 172: Deletes Senate provision that would have allowed states to trade in unobligated balances of funds authorized or appropriated for highway demonstration projects to mitigate reductions pursuant to section 1003 of the Intermodal Surface Transportation Efficiency Act. The House bill contained no similar provision.

Amendment No. 173: Deletes Senate provision that would have established interstate compact infrastructure banks. The House bill contained no similar provision.

Amendment No. 174: Retains, with amendment, language in the Senate bill requiring development of a new personnel management system for the Federal Aviation Administration. The House bill contained no similar provisions. The conference agreement includes the following changes to the Senate bill: (a) the official responsible for development and implementation of the new personnel system is the FAA administrator, not the Secretary; and (b) the new system shall not waive current law relating to veterans' preference and unemployment compensation. The provision takes effect on April 1, 1996, as proposed by the Senate.

Management-labor relationship.—The conferees believe that a harmonious management-labor relationship within the FAA is important to the effectiveness and efficiency of the national airspace system. The conferees do not intend that the personnel management reforms included in this bill force the disestablishment of any existing management-labor agreement or lead to the dissolution of any union currently representing FAA employees. Instead, the conference agreement provides the administrator of the FAA flexibility to redefine the management-labor relationship to the benefit of the agency and all of its employees.

Administrator's working group.—The conferees have included bill language which requires the FAA to develop new personnel and procurement reform plans, with the goal of accelerating the modernization of the FAA in the most efficient and cost-effective manner. The conferees believe the success of this plan will, in part, depend upon the assistance of the entire aviation community. The conferees would like to see high level input from the aviation community. The conferees therefore strongly recommend that the administrator consult with the widest array of interested parties in developing the new personnel and procurement systems. The administrator should consider establishing a working group to assist his efforts. The working group could include, but not be limited to, representatives from the air carriers, general and business aviation, airports, aircraft manufacturers, airline and FAA employees, and the Office of the Secretary of Defense.

Amendment No. 175: Retains, with amendment, language in the Senate bill requiring development of a new acquisition management system for the Federal Aviation Administration. The House bill contained no similar provisions. The conference agreement changes the official responsible for de-

velopment and implementation of the new acquisition system to the FAA administrator, not the Secretary. The provision takes effect on April 1, 1996, as proposed by the Senate.

Amendment No. 176: Reduces bonuses and cash awards for Department of Transportation employees by \$752,852 as proposed by the Senate. The House bill included no similar provision.

Amendment No. 177: Limits funds for Department of Transportation advisory committees to \$850,000 as proposed by the Senate. The House bill contained no similar provision.

Amendment No. 178: Includes provision that enables the Secretary of Transportation to enforce and continue in effect the exemption provisions of the Motor Vehicle Information and Cost Savings Act. The House bill contains no similar provision.

Amendment No. 179: Provides that the FAA Technical Center in Pomona, New Jersey be designated as the "William J. Hughes Technical Center", as proposed by the Senate. The House bill contained no similar provision.

Amendment No. 180: Provides that no funds may be used to close Coast Guard small boat stations or subunits, and allows flexibility for the Secretary to implement system-wide management efficiencies, as proposed by the Senate. The House bill contained no similar provision. The conferees support Coast Guard downsizing and streamlining efforts in general, but find that in this instance the Coast Guard's methodology failed to fairly consider distinctions between small boat stations, such as water temperature and survival time, leading ultimately to a proposal which lacked critical justification.

Amendment No. 181: Deletes Senate language that would redistribute funds made available for obligation authorized by item 21 of the table in section 1103(f) of Public Law 102-240 to carry out additional surface transportation projects in Louisiana. The House bill contained no similar provision.

Amendment No. 182: Includes Senate language that provides for the transfer of certain federal property in Hoboken, New Jersey. The House bill contained no similar provision.

Amendment No. 183: Deletes Senate language which requires a five percent reduction from fiscal year 1995 levels in the energy costs of federal facilities used by agencies funded in this Act. The conferees are aware that this issue will be addressed government-wide by the Treasury, Postal Service and General Government Appropriations Act, 1996.

Amendment No. 184: Deletes language proposed by the Senate requiring the Secretary of Transportation to conduct a study of competition and air fares in rural aviation markets in the United States.

Amendment No. 185: Includes Senate language that would provide \$1,000,000 to establish and operate the Railroad Safety Institute. The House bill contained no similar provision. The conference agreement also addresses this issue under amendment number 6.

Amendment No. 186: Retains language proposed by the Senate expressing the sense of the Senate regarding a dispute between the United States and Japan over implementation of the current U.S./Japan bilateral aviation agreement. The House bill contained no similar provision.

Amendment No. 187: Includes Senate language which modifies provisions of section 339 of the Department of Transportation and Related Agencies Appropriations Act, 1993 (Public Law 102-328). The House bill included no similar provision.

Amendment No. 188: Deletes Senate provision that repeals section 404 of 23 U.S.C. and inserts language that waives the freight tonnage limit for rail lines benefiting from the Local Rail Freight Assistance (LRFA) program for a project near Wabpeton, North Dakota. The funds are proceeds from LRFA loans that have been repaid to the State. Approximately \$2,300,000 may be used for the partial cost of a privately owned rail spur, siding, and loading facility.

Amendment No. 189: Includes Senate language that would have delayed the restriction on the availability of certain highway funds and designated the National Highway System. The House bill contained no similar provision.

TITLE IV

Amendment No. 190: Restores House language deleted by the Senate which provides for mandatory standards and procedures governing arbitrators and arbitration of labor disputes in the Washington, DC area.

TITLE V

Amendment No. 191: Deletes title V of the House bill which restricts the use of funds for improvements to the Miller Highway in New York City, New York. This prohibition is included under amendment numbered 167.

CONFERENCE TOTAL—WITH COMPARISONS

The total new budget (obligational) authority for the fiscal year 1996 recommended by the Committee of Conference, with comparisons to the fiscal year 1995 amount, the 1995 budget estimates, and the House and Senate bills for 1996 follow:

New budget (obligational) authority, fiscal year	
1996	\$14,214,401,000
Budget estimates of new (obligational) authority, fiscal year 1996	35,468,964,831
House bill, fiscal year 1996	12,810,725,808
Senate bill, fiscal year 1996	12,613,811,567
Conference agreement, fiscal year 1996	12,680,532,831
Conference agreement compared with:	
New budget (obligational) authority, fiscal year 1995	-1,533,868,169
Budget estimates of new (obligational) authority, fiscal year 1996	-22,788,432,000
House bill, fiscal year 1996	-130,192,875
Senate bill, fiscal year 1996	+66,721,284



THE SECRETARY OF TRANSPORTATION
WASHINGTON, D.C. 20590

October 20, 1995

Mr. Barry Krasner
President, National Air Traffic
Controllers Association
1150 - 17th Street, NW, Suite 701
Washington, DC 20036

Dear Barry:

As you know, the Clinton Administration and the Congress are currently pursuing several avenues to achieve Federal Aviation Administration (FAA) reform. Several of the legislative initiatives grant the FAA authority to establish a new personnel system in some areas, while preserving coverage by Title V of the U.S. Code in other areas.

The Clinton Administration has voiced strong support for the FAA reform proposal introduced by Senators McCain, Ford and Hollings. One very important aspect of their bill is its preservation of the statutory framework for labor-management relations, Chapter 71 of Title V, within FAA. We believe that the preservation of this framework is a necessary component of any reform legislation.

Also, we supported and worked to preserve Premium Pay for Controllers, and the Conference Committee agreed to retain Premium Pay.

It indeed is unfortunate that you did not raise the DOT FY 96 appropriations bill language with me until Wednesday, October 18, the day the conferees considered this issue. I immediately went to work on this issue but, despite our efforts, we were unable to convince the conferees to clarify the Chapter 71 issue.

The conferees included in the Statement of Managers language that makes it clear that no labor organizations are to be disenfranchised by the personnel reform provisions. We strongly support this language. You can be assured that we will continue to recognize and support the existing labor-management statutory framework.

Sincerely,

A handwritten signature in cursive script, reading 'Federico Peña', is located below the 'Sincerely,' text.

Federico Peña