Achieving good airport-neighbor relations

The Kenan Institute's Dr. Stephen Appold and Dr. John Kasarda explain how

At the heart of every aerotropolis is a successful airport. Busy commercial airports are increasingly recognised as producers of local and regional benefit. They have become ever more important economic engines as business travel and air cargo expands, benefitting aviation-dependent firms not only in the immediate airport area but often those considerable distances away.

At the same time, airports also create, or at least localise, certain costs. Noise, including its effect on the ability to enjoy and develop nearby land, and the consequent impact on property values and potential tax revenues are often the most contentious airport-related burdens.

In order to be successful, airports need to maintain good relations with their neighbours. That entails managing both the benefits airports bring and the burdens they impose.

As managers of immense capital investments that serve massive numbers of people over an extended period of time, airport administrators have sometimes taken a cavalier attitude towards immediate neighbour concerns.

And they often see an unavoidable conflict between serving the aviation needs of their regions and the quality of life desired by their immediate neighbours. This attitude has, unfortunately, led to actions that actually harm the long-term interests of the airport and the public.

During the mid-1960s, the then administration of Boston–Logan International Airport did not take its neighbours' concerns seriously enough and, as a result, subsequent growth plans were long stymied.

Indeed, the airport had to wait until this century before it got permission to build a sixth runway (the 5,000ft commuter runway opened in 2006), by which time city leaders had given the go-ahead for the construction of the Hyatt hotel that now lies just a few hundred metres from its city-facing end.

Given that no other airport sites in the Boston region will ever be feasible, the airport's actions decades ago ensured that the city, with its aviation-dependent economy, won't be able to meet long-term demand.

The enforced acquisition of the land necessary to build Tokyo Narita Airport back in the early 1970s means that its expansion plans today still face opposition from local farmers. Admittedly their numbers are small now as operator NAA has made considerable efforts to heal the wounds of the past, but the farmers have been able

to garner considerable support because airport-neighbour conflicts strike a cultural nerve far larger than aviation operations.

Meanwhile in the United Kingdom, celebrities such as actress Emma Thompson and comedian Alistair McGowan – likely among the frequent fliers – have taken to very publicly purchasing small pieces of land in order to obstruct Heathrow's expansion.

At the same time, a disproportionate number of airports are located near local administrative boundaries or even in different municipalities than their legal owners.

Amsterdam Schiphol, for instance, is actually located in the municipality of Haarlemermeer. While Dallas-Fort Worth International Airport (DFW) – owned by the cities of Dallas and Fort Worth – occupies land in four other municipalities.

The geographic mismatch between functional and administrative boundaries has led some airport administrators to attempt to shift the burdens of airport operations onto the smaller municipalities surrounding major airports while claiming the maximum benefits for their owner municipalities.

Indeed, several airports have gained reputations for doing so. Again, that strategy, while possibly leading to short-term benefit, has also led to a situation in which the long-term interests of the airport and local communities are harmed.

Chicago's O'Hare has long been so congested that the Federal Aviation Administration (FAA) was compelled to intervene in local decisions. Efforts to increase the gateway's capacity are complicated by the fact that some of the opposition it faces today is a result of the City of Chicago's decision to flex its muscle over the interests of some of the municipalities surrounding the airport decades ago. The upshot is that key politicians at the local, state and national levels have built long careers around preventing further O'Hare expansion.

Some airport operators and developers have decided that such protests and opposition are inevitable – but it doesn't have to be that way.

The Kenan Institute's Aerotropolis Governance project finds that strategies for handling conflicts may create as many long-term difficulties in airport-neighbour relations as the disparate interests themselves.

Poor handling of citizen and municipal concerns has helped usher in the era of what Harvard scholar, Alan Altshuler, has termed the era of 'do no harm' in infrastructure provision and has legitimated 'not-in-my-back-yard' as a political position.

Airport-neighbour conflicts often simmer, barely observed except by insiders, for decades before erupting full-blown, usually when airport expansion plans or some other change in circumstance provides a catalyst for open conflict.

Hardly an airport investment occurs without some of the disputes coming out into the open. Where local governments need to be locally financed, these are likely to

include municipal interests in forfeited tax revenue as well as resident concerns over lost or foregone property value.

Findings of the Kenan Institute's Aerotropolis Governance project suggest that, while conflicts of interest may be a fact of life, airport-neighbour relations can be – and often are – successfully navigated by careful strategic management even during times of physical expansion or rapid increases in flights.

Good airport-neighbour relations boil down to a three-level pyramid of honest technocratic expertise, fairly distributing benefits and burdens, and keeping communication channels open.

The pyramid (see diagram) may be seen as an iceberg because its most powerful and important aspects are often hidden to the uninformed eye.

First, expertise is the foundation of all airport-neighbour relations. Airport managers need to be technocrats and be good at it. The legitimacy of airport management and the public's trust are based on demonstrated technical proficiency and on a verifiable track record of using only such capability in guiding capital improvement and operational choices.

Airports often require large capital investments, which if not made directly by the public, are often publicly underwritten. Therefore the engineering calculations supporting investment decisions need to be accurate.

Recent experience has shown that a seemingly small error in runway or airspace capacity computations, left unchecked to be subsequently discovered, can undermine the credibility of airport management.

Yet engineering is not the only technical concern. Financial management is important as well. Due to the size of appropriations involved, there is sometimes a temptation to use capital expenditures and other airport funds as a source of patronage. The results of a recent well-executed study of airport expansion options in San Diego, California, were largely lost due to the perception, promoted by opponents, that the newly formed airport authority was created to funnel public funds to political clients.

Finance is not the only link between airports and their neighbours. Operational impacts can be even more salient.

The full costs and benefits of commercial aviation and of airport operations need to be calculated and communicated. While there are well established, albeit imperfect, methods for calculating many of the external costs of airports, the methods for estimating and allocating benefits are under-developed by comparison.

Unfortunately, the usual studies on airport economic impact are inadequate to the task and, as seen in the discussions surrounding the planned new runway at Heathrow, provide very fertile grounds for those opposed to commercial aviation on ideological grounds.

Both public voices and government decision-makers have increased the urgency of their demands for improved decision-making support. The costs and complexity of the task cannot be used as an excuse. They would amount to only a small proportion of overall project expenses in any case and would be simpler than other aspects of airport operations.

Second, building on the engineering and economic technical expertise, the benefits and burdens need to be fairly shared. That includes adequately compensating those who bear the most direct burdens. Budget constraints may help increase the motivation to shift burdens to those most immediately affected – nearby neighbours.

In the US and likely elsewhere, 'lowball' offers to owners and residents by land acquisition departments may have the counter-intuitive effect of increasing the total costs of capital construction projects.

Inadequate offers increase the likelihood that the courts will adjudicate individual acquisitions. This can result in lengthy negotiations. While such a process may reduce land acquisition costs, the accompanying delays also increase foregone benefits and allow construction costs to appreciate.

More importantly, the minor savings in relocation costs has often destroyed an airport's reputation for fairness and made any kind of infrastructure development more difficult today.

Yet again, it is the allocation of hidden airport benefits to citizens that are most problematic. Many airport users and other beneficiaries would be willing to pay significantly more for aviation services than they are required to. Economists term this hidden benefit a consumer surplus and each of us experiences it when we find a flight for significantly less than we were willing to pay.

No one wants these benefits to be eliminated. In fact, they should arguably be increased but they need to be adequately incorporated in any sharing of benefits and burdens.

Airport administrators are increasingly realising that local government revenue sharing is an important component of good airport neighbour relations. DFW has worked out such arrangements for its commercial developments with some of the municipalities that it occupies.

Taoyuan International Airport (Taiwan) has taken the step of contributing a small part of its revenues to the communities around it as a good-will gesture in recognition of the burden it poses.

Other airports have located critical functions outside the fence in order to compensate for the revenue lost to municipalities due to aircraft noise. Some municipalities, such as Kansas City in the US, Hamilton in Canada and Taoyuan County in Taiwan have begun the long overdue process of integrating

comprehensive airport, municipal land use, and regional economic development plans.

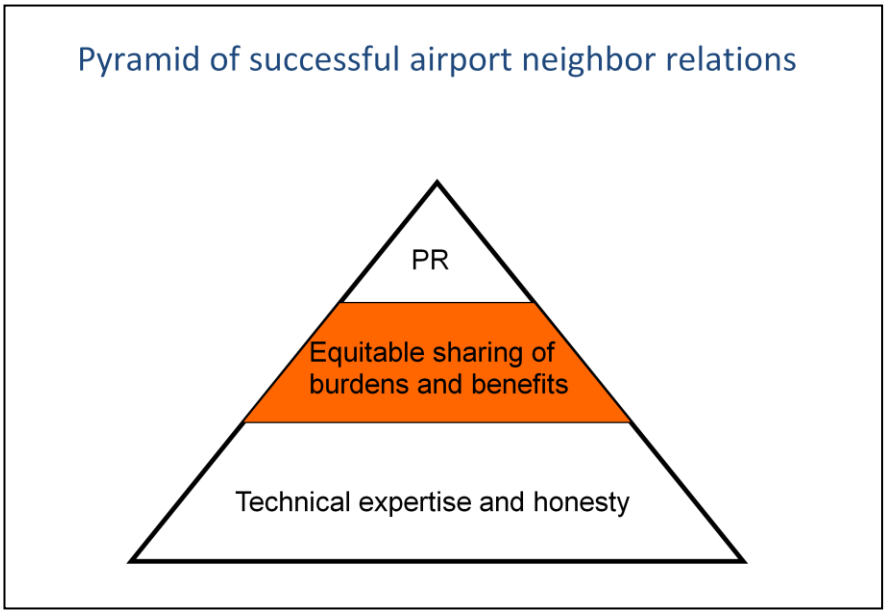
Finally, the most prominent part of all pyramids is the top. In this case, it is the public relations efforts, narrowly construed. Whale watching at Sydney International Airport (discussed elsewhere in this issue), family days, and other public events are a fundamental part of airport operations and of maintaining good airport-neighbour relations. They help present the airport to the public.

Outreach efforts through consultation committees to discuss any issue that may arise are another important aspect of public relations and of maintaining good relations.

Although each differs in detail and may be imperfect in application, the consultation system developed by the German states is an emerging model of outreach to protect both collective and individual interests. These efforts are generally far from conflict free. In fact, their very function is to capture conflict and communicate concerns before issues can result in an airport management crisis.

Public events and outreach efforts can be tremendous aids to airports in improving community relations. They will likely fail if they are merely window dressing. Their purpose is to help keep communication channels open and to improve public receptiveness to airport actions and proposals.

Good neighbour relations are thus founded on good communication and corresponding cooperative efforts leading to a fairer sharing of the benefits and burdens.



Want to know more?
Dr Stephen J. Appold can be contacted at appold@unc.edu and Dr John Kasarda at John_Kasarda@unc.edu