

Statement of Clarence M. Belinn, President
of Los Angeles Airways, Inc., before the
Aviation Subcommittee of the Senate Commerce
Committee - March 8-9, 1965

My name is Clarence M. Belinn. I reside at 12312 Viewcrest Road, North Hollywood, California. I am President and Director of Los Angeles Airways, Inc., and have been since its formation in May, 1944.

HISTORY

Los Angeles Airways, founded in 1944, was certificated by the Civil Aeronautics Board on May 20, 1947 for the carriage of property and mail by helicopter within a 50-mile radius of the Los Angeles Post Office Terminal Annex Building, and thus became the world's first scheduled helicopter airline.

Originally, the consensus of all concerned, notably the Post Office Department, as the main sponsor, the CAB and the CAA, was to the effect that the Los Angeles area possessed all of the essential ingredients for the experiment - - potential growth of the entire section, composed of many large industrial suburban cities located radially about the single airport theme.

Other natural elements included widespread geographical variations, with accompanying differences in climatic conditions.

Air mail-by-helicopter service was inaugurated on October 1, 1947. The original equipment used to pioneer the routes and speed the pick-up and delivery of mail through the Los Angeles area was a fleet of five Sikorsky S-51 helicopters.

In 1952, LAA purchased the larger S-55 machines, capable of

carrying 7 passengers, plus baggage, mail and express. In December of 1953, the world's first air express-by-helicopter service was inaugurated, followed by passenger service on November 22, 1954, using this sturdy and economical aircraft, the first helicopter certificated for scheduled passenger transportation.

On July 28, 1958, the Civil Aeronautics Board renewed LAA's Certificate of Public Convenience and Necessity through December 31, 1964, stating as follows:

"Continuation of helicopter service in Los Angeles Metropolitan area for a further experimental period found required by needs of the national defense and commerce of the United States. LAA has provided substantial public benefits and its record of achievement as a certificated helicopter operator, DESPITE LACK OF ADEQUATE EQUIPMENT, has been outstanding; it has greatly aided civil and national defense, benefited the postal service, contributed materially to the technical advancement and economic development of rotary-wing aircraft as a feasible and accepted means of air transportation, and has inconvenienced a comparatively large volume of traffic." (27 CAB 36) (Emphasis added).

These four words by the CAB - "lack of adequate equipment" - point up the major problem over the years, and must be recognized as having a significant bearing on the anticipated progress of the certificated helicopter carriers and their efforts toward self-sufficiency. ✓

When Sikorsky and Vertol announced their twin-turbine plans in 1955, the curtain went down on an era. LAA had been preparing for this for some time, and in 1957 a holding action was begun on our S-55 fleet. All steps were taken to prepare our Company for the Turbine Age. This was climaxed in 1960 by integrating into service, for a period of about one year, a Sikorsky S-62 single-turbine-powered amphibian, and finally, on March 1, 1962, the S-61 - the

world's first twin-engine, turbine-powered, 28-passenger helicopter - was placed into scheduled service.

During the 17-year period from 1947 through 1964, LAA chalked up impressive performances. The record shows 8,567,466 revenue miles flown, 82,523,174 pounds of mail and 25,866,661 pounds of express carried during that period, and 673,570 passengers carried from the start of passenger service in 1954 until the end of 1964.

NATURE OF SERVICE

On March 1, 1965, LAA completed three years of operation with twin-turbine, 28-passenger helicopters, and 17,730 turbine flight hours without incident. During the period, 487,915 passengers, 9,283,164 pounds of express, and 13,507,360 pounds of mail were carried.

LAA can best be classed as a generative short-haul feeder, serving over seven million people and the commerce of most of Southern California from one major air terminal. This has a beneficial effect on the efficiency of the nation's trunk system, as well as that of the Los Angeles Airport.

The configuration of LAA is dictated by the unique topography of Southern California. Feeding traffic largely through the one gateway of Los Angeles International Airport, we serve the four counties of Los Angeles, Orange, Riverside, and San Bernardino. This area, incidentally, is larger than the four New England States of Massachusetts, Connecticut, Rhode Island, and New Hampshire combined.

The average journey of each LAA passenger is in excess of 40 miles, as compared with 20 and 18 miles in the New York and

San Francisco areas respectively. This is also true with respect to mail and express hauls.

The mission of LAA is unique in that the helicopter is the only type of aircraft in existence which has the flexibility to adapt itself to our explosive industrial and population growth, which appears to have no end in sight.

The rapid growth in our area, combined with re-equipment by trunk carriers with larger and faster long-haul aircraft, has, over the years, virtually eliminated the common carrier type of satellite airport in Southern California.

The heliport, a parcel of land approximately two acres in size, has proven adequate as a replacement. Most of LAA's landing sites have been negotiated on long-term, low-cost lease operating arrangements. For example:

<u>Heliport</u>	<u>Term</u>	<u>LAA Construction Cost</u>	<u>Annual Rental</u>
San Bernardino	10 Years	\$28,000.00	\$ 600.00
Riverside	15 "	31,000.00	1.00
Anaheim	5 "	32,000.00	300.00
Whittier	15 "	22,000.00	1.00
Newport Beach	20 "	14,500.00	300.00
Van Nuys	3 "	-0-	1.00
Glendale	7 "	4,000.00	300.00
Pomona	5 "	820.00	600.00
Los Angeles Airport	20 "	31,000.00*	19,500.00

*Represents LAA's share of special fueling system, modification of facilities, etc. at major terminal complex, LAX Satellite 7.

Others under consideration or in negotiation are:

Downey **	Ventura
Pasadena	Oxnard
Arcadia	Thousand Oaks
West Valley	

** Downey has purchased land for heliport site.

It is important to point out that LAA has underwritten the cost of these sites at an average capital expenditure of \$30,000 per facility, to be amortized over the life of the land lease, after which time the assets revert to the community. Thus, a fully equipped air carrier facility can be built for the cost of a house. And in virtually all instances, the cost sharing between the company and community has been based on fostering and developing a level of service consistent with the present and future needs of the community at the lowest possible expense.

THE TOTAL TRANSPORTATION COMPLEX IN SOUTHERN CALIFORNIA

LAA plays a vital role in the planning for location of industries along the system.

Since the commencement of air express service in 1953, there has been an ever increasing responsibility placed on LAA to assure planners for the location or enlargement of plants, schools, and industrial facilities of the continuity of helicopter passenger, mail and express service.

Steady growth of express and mail was enjoyed until the pressure of the passenger business began to cut into the fleet capacity.

SURFACE CONGESTION

The freeway system in Southern California at peak hours is already very near its capacity. Over half the automobiles in the State are located in the five counties we serve, and there are three

million cars in Los Angeles County alone. To make the situation more difficult, the freeway pattern is not designed for primary benefits to the Los Angeles International Airport, compounding the long-range problem, because industry and the freeways are inseparable.

For example, the location of new industries along the freeways imposes a substantial burden on these arteries for movement of heavy goods and causes the building of a great number of residential tracts. This works at cross purposes, insofar as airport transportation is concerned; i.e., the plants populate the area and the trucks clog the freeways, with the consequence that freeway travel becomes slow, costly, and hazardous.

At the same time, the heavy industrial buildup in Southern California has prevented the building of more airports and is limiting construction of freeways. The fixed-wing airlines have pre-empted the airspace above 2500 feet. Consequently the only remaining space available to the public for present and future use lies between these two parameters, and it is being used primarily by helicopters and small fixed-wing aircraft. The ability of the transport helicopter to utilize this national resource is of vital importance. ✓

SUBSIDY JUSTIFICATION

During the period of 1954 to 1964, LAA has been the recipient of \$12,683,390 in subsidy. At the start of this period, subsidy represented 81.7% of total revenues, and commercial revenues 18.3%. By 1964, of total revenues, subsidy represented 46.9% and commercial

revenues 53.1%. The subsidy has been justified generally on the following grounds:

1. LAA has evolved and tested virtually all sophisticated criteria methods and standards available to the world in connection with the operation and maintenance of transport helicopters.
2. LAA has given developmental meaning to four generations of transport helicopters, the S-51, S-55, S-62 and the S-61.
3. LAA has been at the forefront of the state of the art, and has many "Firsts" to its credit. For example, it was the first:
 - a. To develop the art and technique of helicopter night flying, and receive a type certificate therefor.
 - b. To develop instrument flight techniques for helicopters (1950), updated to 1964.
 - c. To achieve scheduled operating dependability comparable with that of fixed-wing aircraft.
 - d. To train key military personnel in rotary-wing flight techniques.
 - e. To develop and operate an independent system of heliports based on community cost sharing without expenditure of Federal Aid to Airport funds.
 - f. To introduce turbine-powered equipment into its routes.

- g. To evolve and refine the operating and regulatory criteria for large twin-turbine helicopters in scheduled service.
 - h. To receive an equipment type certificate for instrument flight operations.
 - j. To train United States and foreign government personnel in twin-turbine helicopter flight techniques.
4. LAA has provided the military forces with valuable data, both directly and via manufacturing and ordinary industry channels. For example:
- a. It was reliably estimated that the Air Force doubled its utility of the S-51 machines in the Korean conflict, thus permitting the performance of 70 machines to equal that of 140, for a savings of approximately \$16 million.
 - b. The S-55 helicopter developed into the S-58, which is still receiving considerable military use. Direct savings to the military from the S-58 commercial operations have been documented before the CAB.
 - c. Procurement and maintenance savings of \$110 million via the LAA S-61 program (testimony of Paul Holt, of Sikorsky Aircraft, dated October 28, 1963). (See Appendix for further discussion of topic.)
5. As a citizen, the carrier has paid taxes in substantial amounts. For example, of the subsidy amount received between

1954 and 1964, federal taxes in the amount of \$2,293,508 have been returned to the government as a result of direct taxation, user taxes, or collections as agent. An additional \$749,257 in state and local taxes have been paid during the period.

6. LAA has transported persons and goods in great amounts over a transportation system tailored to the needs of the commerce, postal service, and national defense.
7. LAA has created and presently provides a national resource of skilled people in terms of its own employees, plus many now engaged by other enterprises, who derived their experience from our company.
8. LAA has provided valuable training services to other segments of the helicopter industry and the Government. For example:
 - a. Special pilot training was performed for the military during the Korean War. The U. S. Army stationed officer observers in an OJT training program in all aspects of helicopter maintenance and flight techniques.
 - b. The company has trained FAA pilots in rotary-wing techniques in S-51, S-55 and S-61 equipment.
 - c. Recent turbine equipment training programs have been completed for the FAA, the Government of Australia, the Government of Pakistan and Pakistan International Airlines. Contractual discussions have been held with

Greenlandair, Okanagan Helicopters (Canada), and Ansett (Australia) for training.

- d. The company has been selected to perform flight services in the evaluation of mapping radar instruments for the FAA.

Of particular significance is the fact that foreign airlines have purchased S-61 equipment after observing LAA's operations. This is especially true in East Pakistan, where feeder service of the LAA type is now in operation.

LAA's contributions, based upon these overseas purchases, have had a favorable impact on the United States balance of payments.

OPERATING PROGRESS

LAA has made continuous progress in the reduction of costs.

1. The unit utility of its aircraft has historically been the world's highest. For example, the company has achieved the highest times on all its equipment types.

S-51	9,725 hours
S-55	16,988 "
S-61	4,926 " (to date)

- ✓ 2. Its ton mile costs have historically been the world's lowest.

3. Its estimates and projections before the Civil Aeronautics Board have been accurate, reliable, and meaningful.

4. LAA's percentage of the total subsidy has not been excessive. Example:

TOTAL subsidy payments to all
helicopter carriers 1954-1964.....\$45,627,000

NYA	\$20,865,000	45.7%
CHA	\$12,079,000	26.5%
LAA	\$12,683,000	27.8%

The subsidy LAA has received frequently did not provide a return on investment, and in some instances failed to service its long-term debt. Stated differently, LAA, in response to public demand for service, has operated thousands of scheduled miles without adequate support, and with dramatic results.

- a. Increased frequency of flights have served the economy of the area.
- b. Load factors have increased systemwide.
- c. Unit costs have been decreased.
- d. Public confidence in air transport has been inspired.

THE NATIONAL RESPONSIBILITY

In its recent Show Cause Orders, the Civil Aeronautics Board made the following significant comments:

"Los Angeles (Airways) serves one of the most sprawling, densely populated and rapidly growing metropolitan areas in the United States, and, as we found previously, distances are great, public transportation inadequate, and surface travel to and from the airport is time-consuming and inconvenient. There is no question but that suburban-to-terminal airport service has won strong public support and has expedited the terminal transportation of a substantial number of airline passengers. Los Angeles' truly remarkable traffic growth bears this out: from 4,779 passengers during its first full year of passenger service in 1955 to over 205,111 passengers during 1964. In view of the

recent phenomenal traffic growth, Los Angeles' 1970 passenger estimate of 854,544 appears attainable.

"The foregoing indicates that Los Angeles has provided and will probably continue to provide a significant transportation service and has made a meaningful contribution to the national air transport system.

"As stated already, the Board has granted Los Angeles temporary rather than permanent or indefinite certificates because of the substantial subsidy involved and the experimental nature of the service. However, since we have determined that Los Angeles shall be ineligible for any subsidy beyond fiscal 1970, and in view of the fact that Los Angeles will reach a state of maturity by this time, we have tentatively concluded to renew Los Angeles' certificate for an indefinite period." (Docket 15683, Order E21798, February 16, 1965)

It is of paramount importance to understand that the responsibilities of public officials and those of us engaged in providing services make advance planning vital, particularly in an enterprise where the state of an art is technical and yet largely incomplete. Vast sums of money can be wasted unless sound premises can be established, supported by adequate funds, and reasonable lead time.

In this connection, LAA takes the position that the CAB proposal is realistic, because it is based upon the Board's many years of appraisal of the transportation complex in an overall sense.

CONCLUSION

If the Administration's proposal for the elimination of subsidy support becomes effective at the end of this year, it would be unrealistic to expect continuance of the scheduled transport services of Los Angeles Airways. The reasons are numerous.

A look at the financial picture over the past years would

indicate that LAA has operated under the lowest unit rates of any of the three subsidized carriers. Consequently, there has been no accumulation of "fat" which could form a basis for reduction in costs, and all available cash flow has been used to underwrite more service to the public.

Analysis of increases in revenue would indicate that no appreciable or dramatic sources are available. LAA does not provide a premium category of service. Primarily it provides a local airline service which is dictated by the requirements of over seven million people today, a population which is projected to double by 1980.

The criteria which dictate the use of direct-lift in lieu of fixed-wing aircraft are essentially produced by urban growth. The Los Angeles megalopolis is a product of natural boundaries and climatic factors, all resulting in a major complex of industrial cities arranged in such a manner as to render it impossible to provide efficient transportation by means other than the helicopter.

LAA has spawned most of the heavy pioneering in the rotary wing field, over the years, yet it has never received what it considered an adequate level of support to truly carry on the work for which it has assumed the responsibility and is qualified to perform. Stated differently, the funding programs, which have been assiduously prepared and submitted to the CAB, have, on successive levels, always been revised downward and made available on such a short-term basis that there has been no wherewithal to plan in the fashion which has been possible for the fixed-wing elements during the same period.

No facts are available to me upon which I would be prepared to assume the responsibility for public safety, and fiscal and corporate integrity, in the event the subsidy support as submitted were withdrawn or revised downward.

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