

A New Airport? Introduction and Logistics

This exercise is a negotiation among the six members of the Ames Senate Public Works Committee, each of whom represents one of the 20 counties in the state of Ames. The issue to be negotiated is whether the Committee should approve a bill to authorize and pay for the construction of a new airport. Each senator on the Committee must decide whether the proposed bill, which contains provisions dealing with such issues as rail and road access to the proposed new airport, meets the interests and needs of that senator's constituency sufficiently that the senator should vote for the bill, or whether he/she should vote against the bill because, in light of the bill's provisions, the interests and needs of the senator's constituents are better served by rejecting the proposed new airport.

The class will be divided into separate six-person Committees to carry on simultaneous separate negotiations. Each participant will be assigned to play the role of one of the senators on the Committee. (If the number of participants is not divisible by six, some participants will be assigned to share a single role.) In this case packet, you will find an introduction and discussion of the simulation logistics and then the general information for the simulation. You will also separately receive a Confidential Information document for your Senatorial role in the exercise and an Assignment Matrix, which will inform you of your group and role, and the time and locations where your group's formal negotiation will begin.

Because this is a complex exercise, we encourage you to read both the General Information and your Confidential Information with care. You should then meet, prior to the beginning of the Committee meeting, with one or more of the participants assigned the same role as you in a *different* negotiation group to prepare together for the negotiation. Preparing together should assist you in thinking through more fully the interests and priorities of your role, anticipating the interests and priorities of other parties, and brainstorming process options and strategy for effectively managing the negotiation dynamics to satisfy your interests.

Another means of preparing is to download the exercise spreadsheet (NA Analysis Spreadsheet) that you will find on the Class website. Running a few agreement scenarios should assist you in finding potential agreement. You will also need to use the spreadsheet during the Committee's negotiation, so be sure to bring your computer to class.

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You may also, prior to the start of the formal negotiation, seek out senators in different roles (representing other counties) in your *own* negotiation group to engage in preliminary and informal discussions about the forthcoming Committee meeting. Doing so may help you to understand and convey your respective interests and priorities, to think about how that information may contribute to a Committee decision that you would support, and to consider which, if any, other senators you want to try to work with in achieving your goals in the negotiations.

Negotiation Rules

1. With the exception of your pre-negotiation meeting with persons playing the same role as you in other groups, you may not show your Confidential Information to anyone else in these negotiations. You may, to the extent it serves your interests, disclose information in your Confidential Information to others, but you may not show them your Confidential Information sheet.
2. You may not assume facts contrary or in addition to those contained in either the General Information or your Confidential Information if doing so would give you an added advantage in the negotiation. If you are asked a question to which neither the General nor the Confidential Information provides an answer, you should answer that you do not know the answer to that question. Any statements you make that are inconsistent with these rules will be construed as a lie in the debrief.
3. At the conclusion of the time allotted for the negotiation, if an agreement has been reached in your group (Committee), the Committee Chair should immediately e-mail the NA Analysis Spreadsheet which sets out the terms of that agreement to *[INSERT NAME AND E-MAIL ADDRESS OF PERSON IN CHARGE OF DEBRIEFING EXERCISE HERE.]*
4. At the end of class, please fill out and submit the attached Feedback Form.

A New Airport? Feedback Form

Your Role, the Senator from _____

1. What did you find challenging in this negotiation? Why?
2. What approaches or tactics did you observe or deploy that seemed effective? Why?
3. What did you learn from the experience that could help you in future negotiations?
4. Any other comments or feedback?

A New Airport? General Information

The state of Ames, which is predominantly rural, has twenty counties, but only two major municipal areas. The largest municipal area is Eastport, a port city on the eastern edge of the state. Eastport comprises almost all of Eastport County; it has a population of approximately 750,000, with about 5 million in the greater metropolitan area. Emerald City, with a population just over 200,000 (metropolitan area 1.25 million) is in the south-central part of the state in Emerald City County, approximately 70 miles west of Eastport. (See attached map of Ames.)

Eastport (and most of the state) is currently served for commercial domestic and international flights by Curly Airport in Tidal Flats, which is adjacent to Eastport, and which, together with several smaller communities, make up Tidal Flats County. There is also a small commercial airport in Emerald City that hosts a few commuter flights, and a small, nominally international airport about 40 miles south (in the next state), but Curly is the nearest major airport for more than 90% of Ames residents.

In recent years, Curly has consistently been operating at or above capacity. Curly needs both runway extensions and an additional runway or two to accommodate demand and new, larger planes. Building these new runways would require expanding into environmentally sensitive and protected wetland areas or razing middle and high-income housing in Tidal Flats, both of which are likely to be expensive and fiercely opposed.

There is general agreement that if a new airport is to be built to replace Curly, the appropriate location is Pancake County, a primarily rural county located 20 miles west of Eastport. Within Pancake County, there is a county-owned and operated airport (Silver Dollar Airport) in the flat eastern part of the county, about five miles from the county line nearest Serenity County. This airport is surrounded by farms and undeveloped land on all sides for many miles.

The cost of expanding Silver Dollar to serve as a major international airport, and the benefits to Ames of doing so, were the subjects of a recent report by the Ames Legislative Research Service (LRS), a non-partisan state agency, whose conclusions are typically accepted by all parties. According to the LRS report, the construction costs (including land acquisition) of the necessary Silver Dollar expansion and upgrading would be \$3.5 billion, access roads and rail from around the state to Silver Dollar could be as much as \$2.0 billion, and the overall expected increase to the Ames GDP would be in excess of \$1.0 billion per year. In contrast, the costs of the necessary improvements to Curly are estimated at \$7-8.0 billion, and the expected increase to the Ames GDP would be \$300 - \$500 million annually.

Despite the potential financial benefits to the state that would result from the construction of a new airport in Pancake County, obtaining legislative approval to replace Curly with a Pancake County airport is not likely to be easy. Agreement on a plan to build a new airport has eluded all efforts for more than ten

years, primarily because any such plan requires resolving numerous issues and gaining the support of representatives from many different parts of the state.

The Senator from Eastport County, fortified by polls showing that public opinion is 70% in favor of a new airport, has decided that the time is appropriate to make a major push to replace Curly. Accordingly, the Senator, who is the Chair of the powerful Senate Public Works Committee and a strong supporter of a new airport, has introduced Senate Bill 101 (S.B. 101) to authorize and appropriate funds for construction of a new airport in Pancake County, including such other related construction as may be necessary to support the airport. The key terms of S.B. 101 are:

1. Authorizes the Ames Transport Authority (ATA) to proceed with planning and construction of a new airport in Pancake County by expanding Silver Dollar Airport, to be completed within five years, followed immediately by redeveloping Curly Airport. The ATA is given unlimited power to exercise eminent domain over private and public land as needed to effectuate this purpose.
2. Authorizes and appropriates \$250 million in state funding immediately for airport construction.^b
3. Authorizes the ATA to raise the additional funds for construction of the airport by issuing of up to \$3.0 billion in bonds to the public in such amounts and at such times as the ATA determines. These bonds would not carry a state guaranty.
4. Directs the ATA to build adequate highway and high-speed rail access to the new airport from Eastport in the most economically feasible way and authorizes \$400 million of state funds for that purpose (\$200 million for highway access; \$200 million for rail access) to be appropriated no sooner than next year (Year 2 of the new airport project).^c
5. Directs the ATA to provide upgraded direct highway access to the new airport from Emerald City, and authorizes \$200 million in state funding for that purpose, to be appropriated no sooner than next year (Year 2 of the new airport project). Authorizes the ATA to recommend whether to build rail access from Emerald City and to implement its decision, provided the necessary funding is allocated by the Legislature.
6. Authorizes the ATA to study options for upgraded highway and rail access to the new airport from Faraway County, and to recommend and implement access that it decides would improve the overall financial viability of the new airport, provided the necessary funding is allocated by the Legislature.
7. Authorizes the ATA to provide \$200 million for redevelopment of the Curly Airport property, beginning no sooner than the year before the new airport comes online (Year 4 of the new airport project) plus such additional funds as are necessary to restore the wetlands bordering the airport property, providing funding for the latter is allocated by the Legislature (this can be done at any time).

^b An additional \$250 million for airport construction will be provided by the Federal Aviation Administration. (See p. 9.)

^c Legislation that involves multiyear projects typically contains spending authorization for the length of the project and spending appropriations for the current year. Funds for future years need to be appropriated each year, but authorized funding is automatically added to the annual appropriation bill, and is not normally the subject of further debate. Exceptions occur when there is a shortfall in expected revenue or when more funding is authorized than revenue is available. The Ames Legislature has a good record of avoiding the second of these, and revenue shortfalls have also been rare and typically the result of unexpected events in the economy.

8. Provides that no funding for highway or rail access projects will be authorized for this year (Year 1 of the new airport project). All such authorization is to begin in Year 2 or thereafter to assure adequate planning and efficient expenditure of state funds.
9. Directs the ATA to work with the Federal Aviation Administration and local authorities to determine operating guidelines for a new airport that manage the impact of noise on neighboring areas with the minimum possible impact on the airport's economic contribution to the State of Ames. The role of local authorities shall be consultative only; all decisional power shall rest with the Federal Aviation Administration.
10. Authorizes the ATA to establish and adjust tolls on access highways for a new airport to be consistent with the State of Ames' existing or future highway toll policies. Existing policy is to set tolls at a level just sufficient to pay back any initial debt financing and to pay for ongoing maintenance.

The Senate Public Works Committee, which oversees most state infrastructure spending, including the Ames Transport Authority, and most state health care spending,^d and which has jurisdiction over S.B. 101, is composed of the following Senators:

- Chair – (Democrat) from Eastport County, which comprises the City of Eastport and a few contiguous areas;
- Member – (Democrat) from Emerald County, comprising Emerald City and surrounding towns; located 70 miles to the west of Eastport;
- Member – (Republican) from Serenity County, which adjoins Pancake County to the south and east (Ranking Minority Member);
- Member – (Republican) from Pancake County, located approximately 20 miles west of Eastport;
- Member – (Democrat) from Faraway County, a large rural county in the northwestern corner of the state, approximately 100 miles from Eastport;
- Member – (Democrat) from Tidal Flats County, which consists of the city of Tidal Flats and other small communities.

If the bill clears the Committee with the support of at least 5 members, there is a good chance the Senate will pass the bill, and the House will follow suit. The Governor, a proponent of a new airport, would presumably sign the bill into law. A 4-vote majority could get the bill reported out of Committee, but its chances of passage would be substantially less than if the bill were supported by at least 5 members. If the bill is not reported out of Committee with strong backing this year, the issue of a new airport is unlikely to be revisited for at least another year or two.

The public statements of Committee members suggest that whether there is a majority for S.B. 101 is uncertain, and will depend on the extent to which the Bill satisfies the concerns of Committee members. Most of those concerns revolve about the availability of funding to meet the costs of transportation facilities to and from the new airport.

^d A committee with such a broad mandate is unusual, but hardly unprecedented. Many states and the federal government have committees whose power and mandates are more a function of politics and history than logical organization.

Anticipated costs have been the subject of intensive research by LRS. The following cost estimates include both those expenditures authorized by S.B. 101 and those expenditures which S.B. 101 makes dependent upon allocation of funds by the Legislature. The assumption in each case is that the item could not be completed for less than the amount listed.

Airport construction (including land purchase)	\$3.5 billion
Redevelopment of Curly property	\$200 million
Restoration of Curly wetlands	\$100 million
Eastport direct highway access to airport	\$200 million
Eastport high-speed rail access to airport	\$200 million
Emerald City upgraded direct highway access to airport	\$200 million
Emerald City high-speed rail access (if Legislature allocates funds)	\$200 million
Emerald City tunnel under Ames River (if Leg. allocates)	\$500 million
Faraway County upgraded access to airport (if Leg. allocates)	
• New/upgraded highway access	\$400 million
• High-speed rail access	\$200 million

Total expenditures other than airport construction (if all authorized by Leg.): \$2.20 billion^e

The LRS also estimated that airport construction would require at least 4 years from breaking ground to completion, and that the completion of highway construction would take 2-3 years minimum, as would the completion of rail access.

Proposed Amendments to S.B. 101

In an effort to streamline the Committee's deliberations, the Chair requested that any Committee member intending to submit an amendment to S.B. 101 provide the Chair with a pre-meeting summary of that amendment and its estimated cost. The proposed amendments and their cost are as follows:

Improved Transportation Systems: Roads and Public Transit

- According to the Senator from Faraway County, that county desperately needs some kind of public transit system, which does not presently exist. To remedy this lack, the Senator from Faraway County proposes a novel public transit service, using minivans rather than conventional

^e In many legislative negotiations, one path to resolution of budgetary difficulties is to approve a project, but reduce the amount authorized for that project. Legislative leadership has made clear, however, that the estimated budget amount for any expenditure authorized in S.B. 101, either as introduced or as amended, must be approved or rejected in its entirety.

buses. The Legislative Research Service, at the Senator's request, did an analysis which found that the cost of implementing this proposal for its first 5 years would be \$20 million for the first year, followed by four additional years at \$10 million per year. With these amounts Faraway County could buy 100 minivans, hire drivers, and set up a system that offered basic transit coverage for the whole County.

- The Senator from Serenity Country states that Serenity County needs assistance with both road repair and public transit. At least \$50+ million for road and bridge repair is much needed, as is a public transit system, which could be financed by an initial expenditure of \$40-60 million to purchase buses, and a subsequent annual subsidy of \$20-30 million.
- The Senator from Pancake County seeks funding for both road repair and public transit. Road repairs and upgrades would require a minimum of \$50 million. An adequate public transit system would require \$30 million up front and \$15 million per year thereafter to purchase and operate enough buses for such a system.

Health Care

- The Senator from Pancake County also asserts that a critical issue for Pancake County, like many rural areas in the state, is health care that is inadequate and overwhelmed by almost any measure. While Pancake County health care has been insufficient for decades, the opioid epidemic has tipped it into crisis mode, with doctors and facilities completely overwhelmed. The Senator will request the state to fund the construction and operation of two additional clinics (\$50 million up front, and \$25 million annually thereafter), as well as increased staff for the hospital to expand the emergency department and add needed specialties (\$25 million up front, plus \$15 million per year thereafter).
- The Senator from Serenity also views improved health care as a critical need. The Senator will request the state to fund the construction of 3 community clinics to expand the county's ability to provide health care without increasing the burden on the hospital's emergency room, the landing place for most opioid addicts. Building and operating these three new clinics would require a one-time investment of \$50 million, plus ongoing annual operating support of \$25 million.
- The Senator from Faraway also asserts that a top priority for Faraway County residents is better health care. A minimum of three additional clinics are needed. Building and maintaining such clinics would require a one-time capital infusion of \$50 million, plus an additional \$25 million in annual support. In an effort to bring the opioid epidemic under control, the Senator will request an additional \$10 million annually to implement in Faraway County a program of opioid addiction prevention and treatment along lines recommended in a recent LRS report.

Biotech Research Center Siting

One issue that has not been proposed as an amendment to S.B. 101, but that is pending before the Committee, and is almost certain to be raised by one or more members during the discussions on S.B. 101, is the siting of the new state-sponsored biotech research center. Funds for construction of the center and for its first three years of operation have been authorized by the Legislature, with its location to be determined by the Public Works Committee.

Construction of the center will be a major undertaking, likely involving over 1,000 construction workers. Fewer employees will be on the center staff once it is fully functioning, but that number is

expected to be in the 500 – 600 range. Additionally, the center is likely to grow if successful. It is also certain to be a magnet for potential suppliers and providers of services to center staff.

Although several counties expressed interest in hosting the center, most were found to be unqualified. The two remaining candidates are Tidal Flats County and Emerald County. Representatives of one or both counties may seek to advance the claims of their county in the course of the new airport discussion, and the Committee may decide to award the center at the same time it resolves the question of whether there is to be a new airport.

Funding

The available funding to meet the costs of S.B. 101 consist of bonds, federal money, and state money. The Legislative Research Bureau, on the basis of extensive research, concluded that up to \$3.0 billion for airport construction could be raised through unsecured bonds (that is, the bondholders would take the risk that the new airport would have sufficient revenue to pay the bond obligations and not default). Bond funds would be restricted to covering core airport construction costs, not ancillary highway upgrades or other spending.^f

The Federal Aviation Administration has committed up to \$250 million in guaranteed funding for the construction costs of a new airport, provided that federal funding is matched dollar for dollar by state funding for construction costs, and construction begins within 18 months. Federal funds can be drawn at any time over the first two years of construction, provided that an equal or greater amount of state funds have been made available.

As for state funding, the Democratic legislative leadership has assured the Chair, who in turn has advised all committee members, that if there is a 5-member majority in support of a bill for a new airport, leadership will be willing and able to support the allocation and spending of the state's current \$500 million annual budget surplus for the next five years for expenses associated with a deal for S.B. 101, but the leadership will not agree to a planned budget deficit in any of those years.

(The leadership has also made clear that \$250 million of state funding must be appropriated for airport construction in Year 1 to secure the support of the Senate. This appropriation would guarantee receipt of the \$250 million in federal matching grants, and would be part of the \$500 million that the leadership is willing to allocate to the airport project in Year 1.)

In sum, adequate funding for the \$3.5 billion in airport construction costs is assured (\$3.0 million in bond funding, \$250 million in federal funding, and \$250 million in state funding). Also assured is the availability of \$250 million in state funding for other costs associated with the airport project in Year 1 of

^f In a brief organizational meeting two weeks ago, the Committee voted unanimously to authorize the issuance of \$3.0 billion in unsecured airport construction bonds contingent on approval of S.B. 101. Accordingly, that issue is not before the Committee at its forthcoming meeting.

S.B. 101, and \$500 million in state funding for Years 2-5. The question before the Committee is whether at least five members can agree on an airport plan that costs no more than the available state funding.

Next Steps

You will be taking the role of the Senator from one of the six counties represented on the Public Works Committee, and will receive further Confidential Information related to your position on the new airport bill. You are to prepare for a private meeting in which the Committee will discuss the Chair's proposed Senate Bill No. 101. (The Senate typically discusses bills in private before scheduling formal hearings, which is allowed under the Ames' open meeting law as long as lobbyists or members of the public are not present.)

The State of Ames

