

SPECIAL COMMITTEE ON AIRPORT ACTIVITIES

March 1, 2000

6:30 PM

Chairman Pariseau called the meeting to order.

The Clerk called the roll.

Present: Alderman Pariseau, Pinard, Shea, Vaillancourt

Absent: Alderman Thibault

Messrs: K. Dillon

Chairman Pariseau addressed Item 3 of the agenda:

Organizational structure discussion.

Chairman Pariseau stated I did discuss a schedule with Mr. Dillon and a copy of that schedule has been distributed to Committee members. Does everyone agree with the schedule?

Alderman Vaillancourt asked it is every six weeks.

Chairman Pariseau answered yes.

Alderman Vaillancourt stated I never plan by schedule that far in advance so if you just inform me a few weeks ahead of time that will be fine. I don't have any idea about next September or November.

Chairman Pariseau addressed Item 4 of the agenda:

Airport Construction Presentation.

Mr. Dillon stated I just wanted to give you a quick update on some of the projects that are ongoing at the Airport. As you know, the majority of the construction is over and we are working on the reconstruction or extension of both runways. The

runway that we have been working on is Runway 624. In the picture, you can see the extension here. When this runway is completely reconstructed, that will give us the ability to close down our runway, Runway 1735. There are a number of projects related to Runway 624. In addition to just the extension, we are increasing the instrument landing systems and we have to remove this building here, the Fire Station on the Airport, because it is in the surface of the runway. Because we will be able to bring in aircraft here on different weather conditions, this building has to be removed. It is going to be reconstructed generally in this area. There will be a new Fire Station that will be located here. Also associated with that, I am going to talk in detail later about the extension of this taxiway, taxiway echo. In order to put this runway in service so that aircraft can park at this end, we need a taxiway to come in here so this taxiway will be extended right through to the end of this runway. Associated with that taxiway extension is also the need to build a bridge that aircraft will actually travel over and the actual Airport entrance road will pass underneath that bridge. It is a major, major project and a very complex project. We expect the extension of this runway and this parallel taxiway to be completed by the end of this year. Once that is done, we are going to be working on the taxiway extension, the bridge and the new instrument landing system for Runway 6.

Chairman Pariseau asked is 624 Harvey Road.

Mr. Dillon answered 624 is out here parallel to Harvey Road.

Chairman Pariseau asked why would you have a taxi area there parallel to the runway.

Mr. Dillon answered because there will be aircraft that will taxi into position.

Chairman Pariseau asked it is going to go beyond.

Mr. Dillon answered yes.

Alderman Vaillancourt asked where are they taking off from now.

Mr. Dillon answered the main runway today is 1735, but they do use 624 as well and take-offs depend on wind direction and wind speed.

Alderman Vaillancourt asked this is the main runway today.

Mr. Dillon answered correct.

Alderman Vaillancourt asked and most of the take-offs are from the south to the north.

Mr. Dillon answered they take off from both directions. When the winds are out of the south, they take-off in this direction and when the winds are out of the north, they take-off in that direction.

Chairman Pariseau stated everything seems to be coming from the north.

Mr. Dillon replied they land into the wind as well so it could be in either direction. It is according to the wind. Usually what you will find is that most of the departures and landings will be from the south into the north during the winter and it is the opposite during the summer. This extension and the taxiway will be completed by the end of the year. The taxiway extension and the bridge we need to have completed by March 2002 to stay on schedule. It is all tied into our schedule for 1735. Once those projects are completed, this will serve as the main runway, 624, and we can close down 1735. What will happen when we first close down 1735 in March of 2002, the existing runway will be reconstructed and this end of the runway will be raised substantially to tie into the grades that are going to be necessary for this extension. The reconstruction of the existing part of the runway will take about 10 months so we will have this runway and that runway back in service for the following winter.

Chairman Pariseau asked so you are talking about the winter of 2004.

Mr. Dillon answered it will actually be put back in service for the winter of 2003. What will happen, once that gets put back into use, you will have 7,000 feet, which you have today so you will have 7,000 and 7,000 and we will continue to work on this end. This is where it is being extended. A lot of fill has to go into this area and we are going to have to raise the grade. It is about two years worth of work. Ultimately, what you will have is this completed runway which will ultimately be hooked to 9,000 feet and will be in service by the end of 2005. Once that gets put into service, there is one more piece that needs to be completed and that is the intersection here. Again, what we will be doing is operating from this end all the way up to the intersection to give us approximately 7,000 feet. We do the work in the intersection and then we go back and reconstruct the last piece. This is a very complex project. There is a lot of staging involved. What we are trying to accomplish here is from the period of when we close down 1735, we will always have 7,000 feet available. The other major project that is getting an awful lot of attention now is the Airport entrance roadway. As many of you know, we were out in the community over the summer. We originally had a plan, which took the existing Brown Avenue further south before it came onto the Airport.

That caused a lot of community concern and folks thought that we were bringing the roadway to a residential area and quite frankly when we went back and analyzed it we came up with a much better plan that works better for the Airport and certainly works better for the community because we don't have near the community impact that we would have had with the original plan. The plan that you have in front of you shows three different colors. The yellow portion is what we consider Phase I. Phase I we hope to start construction this August. It will take about one year so that will run through September of 2001. In essence, that is all of the work that is going to occur on the Airport. The other section that you have is a pink section. That is where we are off the Airport and onto Brown Avenue. This is where we are going to make some major improvements in the intersection of Brown Avenue and Airport Road. We will get a lot better traffic flow out there. It is going to do quite a bit for the community, particularly in the circled area. That phase is going to straddle Phase I. Phase II will start in March of 2001 and run through March of 2002. Phase III, which is the blue that you see on the map is the State access road. You see right on the plan that it shows you where the State access road will come onto the Airport property. We are anticipating that the State road will be completed by the summer of 2004. We are talking to them right now as to whether this piece that comes up to the Airport can be one of the first pieces that they do on that roadway.

Alderman Vaillancourt asked they told you that it would be done by 2004.

Mr. Dillon answered they haven't assured me of anything, but right now the schedule they are putting out shows completion of the entire road by the summer of 2004. In terms of the taxiway extension and bridge, I basically explained what that is about. Again, the taxiway will give us the ability to tie into Runway 6. The bridgework is required to bring the new Airport entrance roadway onto the taxiway. We also have a pedestrian bridge that we are about to start construction on. The pedestrian bridge will connect the second level of the parking garage to the second level of the terminal. We just got bids in for that job. Harvey Construction was awarded that contract. It came in at a bid of \$9.3 million.

Chairman Pariseau asked wasn't the original cost around \$7 million.

Mr. Dillon answered the original budget that we put together was \$7 million. When we actually went out and completed final design, it actually came out to \$12 million. We scaled it back and the engineer budgeted it for \$10.5 million. The bid came in at \$9.3 million. There is a description here on the wall of what the bridge will look like. Again, you have moving walkways, elevators and escalators down to the rental car part of the parking garage and it will be a nice amenity. That is expected to be completed by the end of this year as well. We also have the FAA who is going to be building a new control tower here. That is an Airport project

that is totally funded by the FAA. I do not have the actual dollar estimates for it at this point. In essence, that new control tower will be located in this area here. It is a little difficult to see because this is an old aerial picture, but here is where the parking garage is today. The control tower will be located just southwest of where the parking garage is. Our existing tower is about 55'. Our new tower is expected to be 145'. That height is necessary because of the increase in traffic here at the Airport and also to see over the garage. As you know, we have a number of home acquisition programs that were put in place over the years. This past December, we talked to all of the folks that were eligible for home acquisition in the runway protection zone, and that is a triangular shape off of the end of the runway here. There were 107 homes that were eligible and we closed out the program this past December even though there were still some acquisitions ongoing. Anyone who expressed the desire by the end of December to participate, we are still dealing with them. Out of 107 homes, only 21 did not participate.

Chairman Pariseau asked so they don't want to move.

Mr. Dillon answered right. 21 elected to stay. Again, it was an optional program.

Alderman Vaillancourt asked what streets would these be. Broadhead?

Mr. Dillon answered Broadhead, Brown Avenue, Olmstead. I can get you a complete listing.

Alderman Vaillancourt stated so you are saying that there are only 21 homes left, for example, on Olmstead and Broadhead and those areas.

Mr. Dillon replied there are 21 that did not participate. We have a number of homes that we have acquired that are still standing and have not been demolished yet. In terms of the soundproofing program, as you know it is a program that is tied into the receipt of Federal grants. Unfortunately, we did not receive any Federal grants last year. We are anticipating to receive somewhere between \$2 million and \$3.5 million this year.

Chairman Pariseau asked would it be worth our while to write our Congressmen and ask why Manchester did receive the soundproofing funding for FY99.

Mr. Dillon answered it is because it really wasn't authorized. Our local delegation has been very much involved in getting us the Federal grants. Again, I am not too sure that at this point that writing would do anything over and above what the Airport has already done. I do feel confident that we will be getting some money this year, but it is more the mechanism that was put in place that we have a grievance with.

Chairman Pariseau stated but it is delaying the process. The people in Phase VI or VII expected their homes to be soundproofed come this spring and that is not going to happen.

Mr. Dillon replied certainly not this spring, but I am still hoping that in this Federal fiscal year we will get that \$2 million so by the end of this construction season we would like to complete about 80 homes.

Chairman Pariseau asked did we get a reason from the FAA or whoever why we didn't get that soundproofing money.

Mr. Dillon answered they didn't have the authorization to release the appropriation.

Chairman Pariseau asked what do you mean they didn't have the authorization.

Mr. Dillon answered the money wasn't authorized by Congress.

Alderman Vaillancourt stated so you are expecting \$2.5 to \$3 million and the average soundproofing, I understand, is around \$40,000.

Mr. Dillon replied \$30,000 to \$35,000.

Alderman Vaillancourt stated so \$2.5 million would do approximately 75 to 100 homes.

Mr. Dillon replied typically each year we try to complete 80 homes.

Alderman Vaillancourt asked how many homes do we now have that are eligible.

Mr. Dillon answered probably around 800. We have completed to date 333.

Alderman Vaillancourt stated we had a meeting up in Ward 9 about a year and a half ago and it was about the soundproofing and the new triangulation and some people who were at the end of roads were going to try and get included by special permission, etc. Did you work on that?

Mr. Dillon replied yes. We worked with the FAA and while I don't have the actual specifics of the roads, I can get it to you but we were very fortunate in how the FAA decided to end some of those streets. What the Alderman is referring to is there are very specific contours that get developed and unfortunately in a lot of cases that contour will end right in the middle of a road so some people on one

side will be eligible and the people on the other side won't be. We then go back and make the argument that you really can't divide the neighborhood that way and we have been very successful in including a lot of homes that in reality are outside the contour. I guess in terms of Brown Avenue, I think as many of you know I have been meeting with the residents on Brown Avenue quite frequently to talk about the acquisition program, as well as potential rezoning on Brown Avenue. I met with the community this past November and told them that it would be the Airport's desire to purchase all of the homes that are along Brown Avenue from the Airport entrance up to 1893. There are approximately 40 to 41 homes that would be involved. Unfortunately, because of revenue diversion issues and how the Airport can spend money, we need to get the FAA's permission to utilize that money on a project that would be considered off the Airport. The FAA gave us a preliminary understanding that if we could go and make a case that a certain percentage of the traffic on Brown Avenue was related to the Airport, that they would allow the Airport to participate up to that percentage in terms of purchasing the homes. As a result of that, I had a meeting with the community last November and told them that it was my intent to go out and redo traffic studies on Brown Avenue and see if we could get that percentage up high enough where it would make sense for the Airport to participate and then potentially ask the City to make up any shortfall. We just recently got the result of the survey back in and the numbers on Brown Avenue related to the Airport have actually dropped. It was approximately 47% the last time the survey was done and that number, depending on the time of the day, has dropped to 42%. So that is not to say that there aren't more cars on Brown Avenue traveling to the Airport, but our percentage of overall increases on Brown Avenue has dropped. We attribute a lot of that to development that has occurred south of the Airport. At this point, I have an obligation to get back to the community and explain the traffic study to them and tell them what my plan is in terms of dealing with the acquisition program on Brown Avenue. There are a number of avenues that we are pursuing. We are still pursuing the tentative purchase by the Airport of some of the homes and we are looking to the Federal government for a potential grant, as well as potential grants through the State. We are working with those agencies right now and we are hopeful that by combining resources we will be able to make these acquisitions. I do plan to meet with the community by the end of March. I have asked for a response by the FAA on some specific homes located on Brown Avenue that are also tied into the Airport entrance road and they are to respond to me by March 15 whether or not they would let the Airport make the purchase so that is something that you will probably hear quite a bit about.

Alderman Vaillancourt stated you are talking about both sides of the road from the entrance down to 293, but there is one specific area where the problem is greater and there are seven or eight houses in that area.

Mr. Dillon asked do you mean Goffs Falls Road and the Airport entrance.

Alderman Vaillancourt answered yes and there is one little specific stretch near the park where there seems to be a lot of people who have written and petitioned you.

If you go back to the original environmental impact study that was done back in 1997, it identified 19 homes on Brown Avenue between the Airport entrance and Goffs Falls Road and that is the section of Brown Avenue where there are still just three lanes. You have a lane in the middle and one lane in each direction. From that point forward, from Goffs Falls Road to 293, there are two lanes in each direction. Certainly, it is desirable on the part of the Airport to have that last section widened to two lanes in each direction and that is what I have recently asked the FAA for is permission to proceed with the acquisition of those 19 homes on the west side of Brown Avenue between Goffs Falls Road and the Airport entrance.

Alderman Vaillancourt asked so that would be a priority as opposed to the ones further north.

Mr. Dillon answered I wouldn't consider it a priority. I feel that it is important to acquire all of those homes, but at this point I would like to take whatever I can get to make improvements on Brown Avenue that are very important as the traffic flows to the Airport. I have asked as part of the traffic study and I haven't gotten the full results back but we also have the driveway space of the remaining homes to be analyzed. The fact that the roadway has now increased from a two lane roadway to a four lane roadway there are specific requirements for driveway space as it relates to the speed on this roadway.

Alderman Shea stated I think there were four homes there. 2594 Brown Avenue and 2584 and 2578 and 2579?

Alderman Vaillancourt replied those are four of the nineteen.

Mr. Dillon stated I am not too sure where those addresses are located. As I said, all of the 19 that I am talking about are right up front on the West Side of Brown Avenue from the Airport entrance way to Goffs Falls Road. If you looked at the alignment of the road from an engineering standpoint, it is much more desirable to acquire the homes on the West Side if we want to put an additional lane in. As I said, it is still a desire on the part of the Airport to not limit the potential acquisition in that area. I have to stress again that it is going to be very difficult for us to get permission from the FAA to acquire the other 21 homes if you will and that is when I am talking about potential Federal and State grants.

Alderman Vaillancourt stated 47% was Airport related before and it is now 42%.

Mr. Dillon replied approximately. I hesitate to put those numbers out because the study is still being finalized, but we are sure that the numbers will come out in that area.

Alderman Vaillancourt stated well you could understand why I have such great concern when that turn signal presented people from going south then. I think you can understand that we have at least done the right thing by changing that turn signal.

Mr. Dillon replied no doubt about it. We have received favorable comments about changing that. The last point I wanted to bring out in regard to future projects the Airport is also considering the creation of a fuel farm and storage area for aircraft and jet fuel. We are looking potentially to acquire this site over here.

Chairman Pariseau stated when Wiggin came on the scene, I thought they were supposed to be the fuel farm.

Mr. Dillon replied this is not Airport property in this area. We need to acquire it. The Airport would have to acquire it. We would get ground rent from Wiggins and they would construct the fuel farm here. What happens is that Wiggins has an above ground storage tank so they only have about a two and a half day supply of fuel. I would like to get it up to at least fourteen days. If we had a fuel farm there, it would give us the capability to do that. We are also looking at potential cargo expansion in this area and again the reason I mention these two things is because they are related. Depending on where we go with cargo, it could impact the fuel farm. It is something that we are looking at right now.

Alderman Shea asked what were the boundaries before the Airport expansion. What were your boundaries? What I am leading to is where were you, where are you now and where are you going to be in terms of boundaries?

Mr. Dillon answered I am not sure that I understand what you are asking.

Alderman Shea stated when the Airport was first built you were obviously restricted to a certain boundary.

Chairman Pariseau stated they are not going beyond the boundaries.

Mr. Dillon stated the only thing really that has changed if you are talking about historical value here, certainly there has been an expansion into this area, but the

Airport has always owned that area. There has been an expansion into this area and we have acquired a lot of property.

Alderman Shea stated what I am saying is that in the Master Plan that was drawn up for the City, all areas of the City have to conform to a certain type of zoning ordinance and so forth. I don't think that the Airport is governed by the same type of restriction. Am I correct?

Mr. Dillon replied there is a zoning district here. In Londonderry it is actually called the Airport District and in Manchester I think it is called the Airport Industrial. There is a lot of potential development, and even though it may not be on Airport property it has to be restricted because of height considerations with departures and arrivals. There is specific zoning relating to the Airport.

Alderman Shea stated what I am trying to get at is the Airport when it was first developing had certain areas or boundaries and right now you have explained a little bit more about where the boundaries are, but what are the projected boundaries for future expansion.

Mr. Dillon replied what you see today is what you get. There is property that the Airport has back in this area, which is available for potential future development. If you look at the Master Plan at sometime we might have enough money for a hotel complex to be built. Pretty much, what you see is what you get. In terms of expansion of existing facilities, certainly our primary facility is the terminal building. We do have potential plans for the future to expand the terminal to the north.

Alderman Shea asked you don't think that because of the fact that the airport is growing in terms of the type of aircraft coming in as well as the number of people coming to the airport, you don't foresee that within a 5, 10 or 15 year time period that the airport boundaries would have to be extended into different directions.

Mr. Dillon answered I don't see that. This airport is close to a 1,300-acre airport and that is a fairly good size for a regional airport. Just by way of comparison, Logan Airport that is handling 27 million passengers has 2,400 acres. The Wyatt Airport in New York, which handles 25 million passengers, is only 650 acres or half of the size of Manchester. We are very fortunate, I think, in terms of land area that we have associated with this airport. There are very few reliever airports that will have a runway of 9,000 feet.

Alderman Shea stated what I am thinking about is as the FAA becomes involved in helping to purchase homes and the homes are then knocked down, there is a natural tendency for certain types of expansion concerns. In other

words, the land is there. We own the land. It is not doing anything for us. What are they going to do with it? That is what I am thinking about as my mind works along these lines. Obviously, if there is no use being made of the land, it is not a shrewd investment.

Mr. Dillon replied you have to understand that some of the acquisitions that are made are related to FAA requirements. This is a runway protection zone. A geographic area that the FAA desired that there not be development in. Even though we have acquired this area, we will not be building structures that will facilitate congregation in those areas because it is a FAA regulation to do that. We have acquired it, but we need it to hold as a protection for the runway. You find that at each end of the runway. As I said, if you look at the Master Plan there is a lot of potential growth within the boundaries that we have. If you look at our Master Plan, it is all potentially for the construction of the new garage. I don't see the boundaries that we have today being expanded.

Alderman Shea asked what factors would influence future expansion and what local restrictions, if any, might impede such expansions. What I am trying to get at is the City has a Master Plan but my understanding in reading that is that you are not always held to the same standards for expanding projects as commercial and industrial types of ownership are. Maybe I am wrong in my assumption, but it seems that there is a certain type of regulation that applies to commercial and industrial users versus the airport.

Mr. Dillon answered we have an awful lot of oversight from the FAA, but we are subject to a lot of rules and regulations also by the Town of Londonderry for example. Before we were able to open the parking garage, we had to conform to their building codes and fire codes, etc. I don't know if that is what you are asking, what is the oversight on the airport in terms of looking at our expansion. As we build structures here, certainly we have that type of oversight. When we go forward to the FAA for grant money, we need to do an environmental assessment as we initiate the project, which involves the input of a lot of people. I think the airport probably has far more regulations, quite frankly, than a lot of private businesses do.

Alderman Shea stated I notice that Ms. Domaingue is here and I know that her pastor participated in a discussion with the Aldermen several months ago concerning the church and I am not sure if there was some discussion about the international cargo coming in at that time or customs I believe and there was concern on the Pastor's part that there might be a problem where that is located. Is that in anyway going to be affected?

Mr. Dillon replied where the church is located, no.

Chairman Pariseau stated the church is moving.

Alderman Vaillancourt stated not that church.

Alderman Shea stated St. Francis is gone. I am talking about the Bethany Chapel.

Mr. Dillon replied that is here. You can see that the future development here will be potentially limited.

Alderman Shea stated when the FAA comes in and starts purchasing houses on Brown Avenue and there are certain houses or churches of worship in another area, obviously people get concerned because they are a part of a situation now where that has been removed and they are the last remaining vintages of that part. If one isn't careful, one can interpret that as being sort of like the airport becoming like a warlord in terms of where their tentacles are standing.

Mr. Dillon replied in terms of the Brown Avenue, it is certainly within proximity to the church area. To me, that has been a win-win situation. I feel confident that I can say that 95% if not more of the folks that came to the meeting that night overwhelmingly wanted the airport to purchase their homes. Again, it is a good thing for the airport to have a widened Brown Avenue because we will be increasing traffic levels over the next few years until the State access roadway is completed. I think we have been working very closely with the community on a lot of these issues, but at some point you have to draw a line and say that there is a finite amount of money that is available for these programs and at some point that line gets drawn and some people are eligible for the acquisition and some aren't. We have to look at it in terms of what is it that the airport can do.

Alderman Vaillancourt stated there are 107 eligible homes, all but 21 that have agreed to be taken. None of those are homes that you are going to be reselling. You are reselling some, but none of those 107, correct?

Mr. Dillon replied I think what you may be referring to is we asked the FAA to look at that neighborhood and in certain cases it might make sense for us to resell some of the homes that we acquired outside of the RPC (Runway Protection Zone) if there were other people remaining. The response that we got back from the FAA on that was negative.

Alderman Vaillancourt asked so you will not be selling those homes.

Mr. Dillon answered correct.

Chairman Pariseau addressed Item 5 of the agenda:

Airport Financial Plan Update.

Chairman Pariseau asked are we still in the ballpark that relates to the information that we received on November 4 dealing with the bonding and stuff.

Mr. Dillon answered nothing has changed on that report. Again, one of the reasons for that was in essence we are into the winter suspension and you won't see a lot of those numbers change until the summer months. If you have any questions associated with the cost of what I talk about tonight, this is all a capital improvement program that we have to submit to the FAA and get approval on how we are spending the airport money. The other thing that I wanted to go over quickly is the financial performance of the airport during the first six months of the fiscal year. Again, if you look at this you will see that in the first six months of the fiscal year the airport had revenues of approximately \$14.2 million and expenses of approximately \$11.2 million. Therefore, for the first six months we had about \$3 million of net income. The calendar year 99 was a very good year for the Airport. We handled about 2.8 million passengers here and 165 million pounds of cargo. In 2000 our projection shows that we should be handling about 3.5 million passengers and just under 200 million pounds of cargo. What you see in front of you is a chart and really the only columns you need to pay attention to are the first column and that is the FY2000 budget. The last column is the performance for the first six months. That middle column is how we performed in December. Landing fees are a little bit behind in projection. Some of the additional flights that we anticipated having on line at this point have been delayed. Landing fees are a charge that we levy on the aircraft coming in here. They pay \$1.55 for every thousand pounds of landed weight. We are doing very well in terms of automobile parking. We should end the year somewhere between \$10 to \$11 million. Even though the performance for the first six months on this chart doesn't reflect that, we opened the garage effective in December and we also had a rate increase in mid-November so we will be well ahead of projections in terms of auto parking. In terms of rental of facilities, you will see that we are pretty much on track. Just to give you an idea, here at the terminal we get \$37.50 per square foot. Other aviation fees are a little bit behind where we anticipated being. It is really related to the fuel flowage fees. We get a service charge on fuel flow each year. Cargo carriers and charter carriers pay 5 cents per gallon, GA pays 2.5 cents per gallon. Those numbers are a little bit behind projection, but not much. Again, some of it is related to those additional flights that we haven't experienced yet. Concession revenue, as you can see, we are pretty much ahead and we are going to end the year pretty well in that area. Again, a lot of that is related to some of the increases we had. We have fewer flights coming in, but the

flights are fuller. You will see interest income. In essence, that is just interest that we get on the trust account related to different bonds at the airport. PFC's, I think you all realize are the \$3 that we get per ticket for each departing passenger here at the airport. We are also considering a new charge, a customer facility charge.

Chairman Pariseau asked is the PFC the same as...I thought that was built into the landing fees.

Mr. Dillon answered this is the ticket. We are authorized to collect that and it is dedicated to different projects at the airport.

Chairman Pariseau stated you should take some of that and put it towards road improvements leading to the airport.

Mr. Dillon replied right now the only project that we are authorized to use PFC's for is the extension of Runway 624. We have to go forward and ask for specific approval for different projects and they have to qualify for the FAA.

Chairman Pariseau asked so the FAA manages the PFC dollars.

Mr. Dillon answered no. We collect it.

Chairman Pariseau asked but the FAA tells you how to spend it.

Mr. Dillon answered correct. Right now, all of our PFC's based on our projections are dedicated to Runway 624 to pay debt service through the year 2013. In other words, there aren't going to be too many PFC's that we are going to be able to dedicate to other projects. They are already dedicated.

Alderman Vaillancourt asked could you tell us what PFC stands for.

Mr. Dillon answered Passenger Facility Charge. We also have what we instituted and that is a CFC, Customer Facility Charge. That is a charge of \$2.25, which is levied on each rental car here at the airport. In other words, for every day that somebody rents a car here at the airport, they have to pay \$2.25 that goes to the airport. That was specifically designed to pay the debt service on the walkway that will be constructed. It is also to pay for debt service on the first level of the garage that the rental cars use as their base of operation and it also pays for the operation and maintenance projected on the pedestrian walkway. In terms of expenses, you can see that the salaries are running a little bit over budget. That overrun is due to Yarger Decker and some of the increases that we have experienced. Again, as we get further into the year, although that number does look like we are on target, it will continue to increase quite a bit over the next few

months. Purchased property services we are under running slightly due to lower cost in legal services.

Chairman Pariseau asked what does that mean.

Mr. Dillon answered sometimes we will get legal services through the City Solicitor's Office, but when there is a heavy workload or I hesitate to say a more complex case, it will sometimes go to the outside legal services and the airport has to pay for that. If, for some reason, we experience a lawsuit for something like that.

Chairman Pariseau asked so your consultant's fees and everything is in this.

Mr. Dillon answered no. Most of that is in our capital budget. You don't see the capital budget reflected here. This is just our operating and maintenance budget. It would be just for routine legal services.

Alderman Vaillancourt stated certainly most of that \$7 million can't be for legal services.

Mr. Dillon replied there area whole host of services in there. There are two reasons why we seem to be under running and those are the two areas I talked about. For example, we also have under there the Rockingham County Sheriff's Department. You see supplies and materials and we are under running that slightly. We are incurring lower maintenance costs. We are having a very good snow season and we haven't had too many calls for snow removal. Then you have reimbursement to the City of Manchester. You will see that we haven't made any reimbursements. Typically, that starts to flow in during the second half of the year. Our first expenditures will probably show up on the January report. Typically, our reimbursements are always under \$65,000. Reimbursement to the City is a result of, for example, paying for Human Resource services or if the legal department provides service. There is a very strict accounting of what that is and the FAA is concerned with things like that. In equipment, capital and other we are under running quite a bit. The reason for that is we typically carry \$2.5 million in the line for special projects. For example, if we had to go out and do pavement repairs. If we had to do crack sealing on the runways. Typically we would utilize the money in that line, however, because of the extensive capital program here and the fact that we are replacing some of these facilities, we are accomplishing a lot of that work in the capital budget so we may show a very significant under run. Although also in this line is where we are going to be making purchases for different vehicles. For example, this year we are going to try and go out and buy a new fire truck for the fire department here. We typically wait until the end of the

year to see how the snow season treats us in terms of cost to make sure that we have enough money to do that. Those are pretty much the highlights.

Alderman Vaillancourt asked could you put this in English for us. \$1.55 per thousand pounds of landed weight for landing fees, what would a typical landing fee be for an average plane.

Mr. Dillon answered let's say a 737 coming in here is probably 100,000 pounds so you multiply that and it would be \$155.

Alderman Vaillancourt stated you said that the tenants pay you \$37.50 per square foot. Would that be like the McDonalds?

Mr. Dillon replied right.

Alderman Vaillancourt asked has that gone up since you had an increase in traffic through here or has it always been \$37.50.

Mr. Dillon answered it has gone up. We are, for example, this year or next fiscal year going up to \$40 a square foot. The landing fee will be going to \$1.80. There is a very strict formula that we use for tenant leases and how we escalate these things and it is related back to our actual cost. We will have actual experience this year and we either make credits or additions the following year depending on our costs.

Alderman Pariseau asked has the price of fuel affected the airport at all.

Mr. Dillon answered it hasn't affected the airport directly. Certainly it has had an effect on the airlines. It has increased their operating costs and I think you might have seen just recently one of the airlines trying to levy a surcharge for that but it is not related to the airport.

Alderman Shea stated in other words when there is a problem like that it really doesn't impact the airport.

Mr. Dillon replied right, not directly.

Chairman Pariseau addressed Item 6 of the agenda:

Surcharges on Airport Parking referred by Board of Mayor and Aldermen.

Alderman Vaillancourt stated I understand that the airport is very much opposed to any kind of notion in this regard, but we have already tonight explored the

possibility of taking money from people who use this magnificent facility, which of course it is. I have an aunt who lives up in the St. Johnsbury, VT area and her daughter and son-in-law and six of them came up here and spent the night at the Bedford Sheraton and flew up in a snowstorm a couple of weekends ago. As you can see, you are being charged when you have a hotdog, hamburger or whatever indirectly and you are being charged indirectly for all of these services and people don't mind paying an extra \$1 for using the facility and parking here. What I would like to do is get some independent people outside of the airport. Obviously they would have a vested interest in not having us charge them to use this for the City, but to see if we can, for example, contact some State agencies that can give me some legal opinions on this. I do happen to have one. I spoke with Maura Carroll at the State House and she is a lobbyist for the NH Municipal Association. Of course, Manchester pays a lot of money to the NH Municipal Association. She has given me the names of several attorneys to contact up there and her initial indication is that this is very feasible. I would like to look into this some more and would like to know if the City Solicitor has done anything regarding this.

Deputy Solicitor Arnold stated I don't think that we can do it.

Mr. Dillon stated in terms of my experience, this is a question that comes up in many locales. I think that many cities that have successful airports are always trying to find a way to tap into airport revenues, but again I certainly don't want to give legal opinions on this but my involvement in the industry...if this is to be considered a tax, there is some very specific prohibitions against an imposition of a tax unilaterally on businesses at airports.

Alderman Vaillancourt stated it is not a tax, it is a fee.

Mr. Dillon replied if it is a fee, then it would fall under the revenue that comes into the airport and there are two things that we would be concerned about here. First and foremost is the revenue diversion issue associated with that. When we take Federal grants for all of the construction work and we have received millions of dollars from the Federal government to complete and built this facility, we sign off on grant assurances that any revenues that come into the airport will be used for airport purposes. That is why, for example, we had that problem with Brown Avenue and we didn't just go out and say let's spend \$6 million and purchase those homes because we sign off on those grant assurances. The other thing is our bond indentures also are very protective of how those revenues are handled to get assurances that those revenues that are being generated by the airport stay on the airport to pay the bonds. We have made a lot of commitments in terms of the bond document. One of the things that I need to also point out and it may be clarified by tax versus surcharge, you also need to keep in mind that all of the parking facilities here at the airport are located in the Town of Londonderry, not in

Manchester. Certainly, in terms of the tax imposition, it has obvious ramifications that the City would not have the authority to tax in Londonderry. The last point that I would like to bring out is you also need to keep in mind the basic finances of the airport and how we finance different things. Parking revenues, and you can see based on the sheet I gave you tonight, is probably the single most significant revenue source that the airport has here and we are depending on it very heavily for the bonds we have outstanding now, as well as the bonds that we project for the future. Any increase that would be levied against the parking rate in the form of an additional surcharge that would not come to the airport would certainly impact our ability to continue paying these bonds and future bonds as well. Again, parking increases...one of the reasons why this airport is very successful is we are considered a low cost airport. It is something that we have had to encourage here in order to convince people to stay in our own backyard and use this airport instead of going down to Logan Airport. If we were to keep adding some of these charges on, some of the hallmarks of why Manchester has become a successful airport will start to fade away.

Alderman Vaillancourt asked could you get us what your typical parking charges are vis a vie Logan or some other airports to see if there is any room to be flexible there. Regarding the \$60,000 that you spoke of so unglowingly of earlier, you cannot begin to tell us that those potholes the length of Brown Avenue from the airport up to Goffs Falls Road aren't in some way related to the amount of traffic that you are getting at the airport. You cannot begin to tell us that the extra police that we need in the south end of Manchester is not in some way related to this mass of traffic that comes through here. There must be more that the airport can be willing to pay for its fair share as a good neighbor.

Mr. Dillon answered as I said I don't want to keep pointing to the FAA revenue diversion rules, but there are formidable obstacles to get over. I think you also need to keep in mind that the airport is contributing to the City economy in a lot of ways that may not be that apparent. I think I sent you all recently a copy of our economic impact study that shows you the amount of economic impact that is being generated by this airport and the employment that is being generated by this airport. Again, what you are asking in terms of Brown Avenue and policing and potholes would be similar to asking if Logan Airport should pay for repairs on the Mass Turnpike. There is a pursued obligation that if the City is to have an airport it also has to provide the infrastructure to support the airport as well. I would hesitate to say that the airport has not paid its fair share in terms of the economic development.

Alderman Vaillancourt stated let me conclude my part. I want to table this until I do some more research, but I have three lawyers, including a private attorney, who have assured me that there are ways that something like this can be done. Now if they come back and tell me ways and you haven't come up with the ways, then I will look pretty ascant at the people we are paying to make our decisions for us if I go out and get private counsel that comes up with a solution to this. I think that the people we are paying should be able to come up with some solutions for this as well.

Chairman Pariseau asked are you talking about the parking surcharge.

Alderman Vaillancourt answered I am taking about the entire overview of how we can generate some more money coming back to the City from this facility. There is something that we can do and if we cannot come up with it then private attorneys might have to do it. I have already been told by a private attorney that there is a solution to this and she is going to submit it.

Mr. Dillon stated I don't want you to lose site of the last item that I brought out. Runway 1735, that becomes a cornerstone of what we need to accomplish at this airport and is going to cost \$65 million. We just recently applied for \$58.5 million of that through the Federal government. If I don't get that grant through the Federal government, that is bonded money. Anything that can be generated by this airport would then have to be dedicated to that runway. Again, I would urge you to realize that the airport is not the cash cow that I think everyone may think it is. It is a very successful airport, but quite frankly to build the facility that has been built here cost millions and millions of dollars.

Alderman Shea asked to your knowledge is there any airport in the country that receives Federal funds that has any type of condition that exists that would allow this.

Mr. Dillon answered the port authority of New York and New Jersey, for example, operate three airports, tunnels and bridges and they can take money that is generated at the airport to pay for things at their tunnels. There are certain grandfathered airports that fall into that.

Alderman Shea asked this is not one of them.

Mr. Dillon answered absolutely not.

Alderman Vaillancourt asked I want to ask you point blank are you implying that if we say raise our parking fees by 10% we would dry up the traffic and people would start going to Logan or Burlington, VT or someplace. Are you implying that we are maxed out as to what we can get vis a vie the number of people coming in here the parking fees are at the highest level they can go?

Mr. Dillon answered I am not saying that they are at the top level that they can go. Keep in mind that there are a lot of things that we are trying to accomplish by our pricing structure here in terms of how we need to market the airport. What I am trying to say is if I had the potential to increase the parking revenues again on the heels of the parking increase that was done this past December, I needed to pay for improvements at the airport but for marketing reasons and reality reasons of how we price this airport, I am not going to be able to increase the parking rates again for quite some time.

Alderman Vaillancourt asked so when my cousin drives down here from St. Johnsbury, VT they are thinking I better not go to Manchester because they have raised the parking fee by \$1. Is that in the back of his mind when he comes down here?

Mr. Dillon answered keep in mind that you need to understand that people will stop to think that way, quite frankly. In some respects if you look at it and that is one of the reasons why we just imposed a \$60 weekly max on the garage. When people start thinking about I am going to pay \$84/week to park in the garage it starts to become cost effective to take other modes of transportation to the airport. You can take a limousine instead of parking here. Now while they may start paying the same amount of money, they now have a more convenient method of coming and going and that is money that the airport has just lost that we depend on very heavily to pay for this facility. There is a balance that needs to be struck as you price all of these services here at the airport.

Alderman Vaillancourt asked you will get us that data on parking from other airports versus what you are charging.

Mr. Dillon answered I can tell you right now that Logan Airport is \$18 for their garage parking. Their long-term parking is \$12. Our garage parking is \$12 and our long-term parking is \$6.

Alderman Vaillancourt stated if you could get us something in writing, I would appreciate it.

Alderman Vaillancourt moved to table the item.

Alderman Vaillancourt stated as I said I have attorneys that are looking into the ramifications of all that we can do. The NH Municipal Association, I have three names there and I have some private attorneys that are looking into things. Frankly, I expected a full report rather than just a few words from the City Solicitor.

Chairman Pariseau stated this is just a discussion. I don't know if we need a motion. You can just bring it up at our next meeting.

Chairman Pariseau stated before we call it quits, Mr. Dillon, there was some discussion about placing the old terminal, wherever that is, somewhere as a historical type attraction at the airport. Where is that going and when is it going?

Mr. Dillon replied we don't have a final location for it. We think we know where it is going to go. The old terminal building that is here has to be relocated as part of the Runway 624 project just as we have to relocate the fire station. We are trying to do it somewhere along the airport entrance so it will serve as a visitor information center.

Chairman Pariseau asked what is the status of the King property. Is that still in litigation?

Mr. Dillon answered it is not in litigation now. I have been having discussions with the King family. We would still like to acquire that site to fulfill the mitigation requirements that we have. We have recently made a new offer to acquire the site and I am waiting for them to respond back to that offer. I had hoped to have heard about two weeks ago and we just placed a call to them to ask for a response by the end of the month.

There being no further business to come before the Committee, on motion of Alderman Pinard duly seconded by Alderman Shea, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee