

SPECIAL COMMITTEE ON AIRPORT ACTIVITIES

April 23, 2002

5:30 PM

Chairman Pinard called the meeting to order.

The Clerk called the roll.

Present: Aldermen Pinard, DeVries, Garrity

Absent Aldermen Gatsas, Thibault

Messrs.: Kevin Dillon

Chairman Pinard stated, I would like to give a couple of quick remarks with what this committee is supposed to do, it was established a few of years ago between the Airport and City Hall. We will learn as we go along what our official duties will be.

Chairman Pinard advised that Kevin Dillon, Airport Director, would update the committee.

Mr. Dillion stated that there are a couple of items that I wanted to go over tonight, first is the financial update to give you where we are in terms of financial performance at the end of February. You should have a spreadsheet in front of you. I will explain the columns, the one on the right is our fiscal year 2002 budget allocation. The column in the middle is our performance for the month of February only, and the column at the end is the budget performance year to date for the first two thirds of fiscal year 2002. I will go quickly through line by line to tell you exactly where we stand in terms of overall performance. In terms of revenues, for landing fees we get \$1.71 per one thousand pounds of landed weight at the airport. As you can see our overall budget is about \$4.4 million dollars on an annual basis. At this point in the year we are about \$181,000 ahead of projection on that revenue source, principally related to some additional flights that the airport has received post September 11. In terms of automobile parking, again you can see the budget number is \$13.2 million. At this point in the year we are about \$578,000 thousand dollars ahead. Because of some of the growth that the airport is experiencing as a result of some of those additional flights and some of the demographic shift that we have seen throughout New England. Following 9/11 we are picking up a number of passengers from Massachusetts.

Massachusetts now represents about 18% of the total passenger count at the airport. Rental of facilities, which would include airline rentals for gate and terminal space at the airport. The overall budget is 8.6 million for the year, but at this point we are about \$59,000 under budget. That is related to some budget rental credits that we have given to airlines in the past for additional service announcements as part of an overall incentive program that exists at the airport. We from time to time will offer rental credits to airlines if they start service to particular hub cities.

Alderman DeVries asked if Mr. Dillon could repeat the amount that you are under budget again.

Kevin Dillon replied we are under budget by about \$59,000.

Alderman DeVries replied thank you.

Kevin Dillon stated by the end of the year that budget line will probably equal out in terms of an overall \$8.6 million dollar revenue source, \$59,000 is not to far off the mark. In terms of other aviation fees, which would include for example aircraft registrations from the state. We do get a portion of that allocation back to the airport. Fuel flowage fees would be included in this, we get a cents per gallon levy on general aviation activities and cargo activities. This would also include apron rentals, the actual place where the aircraft park. You can see that it is budgeted at \$741,000 for the year at this point we are about \$7,000 under budget. Quite frankly we are pretty much on target for the budget line. Concessions are rental car payments, food and retail concession payments to the airport. Principally they can consist of either a terminal rental and or a percent of the gross revenue that a concession will take in. An example of that would be gross revenue arrangements we would get 10% of a particular concession gross. You can see it is budgeted a little bit over 1 million dollars, at this point of the year we are at \$148,000 ahead of budget principally because of some of the success that we have had in terms of post 9/11 traffic. In terms of total operating revenue if you add all that up we are about \$841,000 ahead of budget or 4.4% ahead of our revenue projections. In terms of non-operating revenue, we have our interest income, which is the interest we receive on our operating account, basically the cash flow for the airport. At this point we are about \$91,000 under budget. Interest income is a very difficult thing to project because of the even flow of cash flow. If you can see the interest income on the restricted accounts, which would be all of our bond accounts, and our O and M reserve. All the accounts by bond covenant the airport is required to maintain. You can see that we are way ahead of our annual projection, and at this point we are about \$428,000 ahead in terms of interest payments on our restricted accounts. PFC's, which are the passenger facilities

charges for every departing ticket we get a \$3.00 levy on the departing ticket. We projected 4.2 million dollars of revenues from PFC'S at this point of the year we are about \$69,000 ahead on PFC collections. Customer facility charges or CFC's are a levy that we put on each car rental day at the airport. For every car rental day we get an additional \$2.25 at the airport. It was budgeted at 1.7 million, but at this point in the year we are about \$294,000 ahead. So in terms of total income at the airport for the year is budgeted at \$35.8 million, but at this point we are about 1.5 million ahead or about 6.4% ahead of our projected revenue. I do not know if there are any questions on revenues before I quickly go through the expenses.

Alderman DeVries asked as part of the concession in miscellaneous is any part of that earmarked to the city? Or is the revenue you have stated 100% designated to the airport?

Mr. Dillon stated that, yes all of the revenues here have to stay on the airport because of the grant assurances that we sign.

Alderman DeVries replied, okay, thank you.

Mr. Dillon stated in terms of expenses, salaries, wages and benefits you can see we budgeted almost 4 million, at this point of the year we are about \$216,000 under budget. We are predominantly under budget because we have not filled a few positions that we have authorization for. We have been incurring some additional or overtime expenses related to additional security requirements at the airport. Quite frankly if you net those things out we are about \$216,000 under budget at this point. We are going forward with filling the auditor position that we have been holding vacant. We still have an attorney position for the airport that we are going to hold vacant, as well as two airfield operational jobs that we are going to also hold vacant for the time being until we see how the end of the year performance pans out. In terms of purchased property services this would be all of our contractual arrangements, professional services that the airport utilizes. You can see we have budgeted about 10.2 million dollars. This includes are law enforcement contract with Rockingham County, it also includes our fire fighting contract. I think you are aware that we have our own police services and our own fire fighting services out at the airport. If you look at where we it's about \$481,000 under budget. The primary reason for this is because of our legal line. We also carry about a \$213,000 legal line for if we had to utilize legal services outside of the City Solicitor's Office. Quite frankly we have not had to utilize any of those legal services this year and don't anticipate that we will. We are also under because of utilities due to the addition of things at the airport such as, the moving walkway and a lot of increases to the terminal facilities. We had to project what are utility cost would be and in particular our electricity coming in

well under what we had projected, so we have a savings there as well. Supplies and materials that we supplied are about one million dollars. By the time we get to the end of the year we should be pretty much on line. Right now we are about \$58,000 under, but I do expect to make those acquisitions before the end of the year. The next line is the reimbursement to City of Manchester we budget \$68,000. That is were we have to reimburse the City for other departmental services for example, Human Resources, or the City Solicitor's Office. It is relatively low charge, we are pretty much self-contained out at the airport. Year to date we have only been charged back \$186.00 for services by other departments. I do expect that by the end of the year that the full \$68,000 will come to the City. The next line is equipment and capital purchase. This is a line that we carry to purchase for example, snow plows for the airport, fire trucks for the airport, and all of our major capital equipment purchases are on this line. Again you can see we are way under budget. The typical strategy that we have adopted at the airport is we wait till the end of the fiscal year to make these capital purchases that serves as a hedge for us going forward. If for some reason we had a continued catastrophe for the September 11th or on that order of magnitude. That would be the line that we would go to, to borrow from and basically serves as a hedge. If you look at our total operating expenses at this point in the year we are about 2.2 million dollars under budget. We are about 18.6% under on our operating expenses, but keep in mind that the number is very misleading because we will spend this capital equipment line by the end of the year. In terms of the non-operating expenses, you can see are principal and interest these are our debt service payments for our capital program out at the airport. We are right on track and will spend the entire 14.9 million by the end of the year for debt service. That is an accrual that we have and you can see that it comes out exactly each month. We also have a capital improvement account, again we handle this account the same way that we handle the capital equipment purchases. We wait until the end of the year to utilize this account. This is the account that we would use for example if we had to go in and make repairs to parking lots or repairs to the runway surface at the airport. Certainly it would be something larger than standard maintenance, but not large enough to fit into our standard capital program. By the end of the year if you look at our total expenses we are about 3.6 million dollars under budget, or 15.2% under budget. After we make the capital purchases and improvement and use those two accounts. I expect that we will probably end the year at about 3% under budget, or a little over one million dollars under budget in expenses. We are expecting that the revenues for the rest of the year will remain constant so we will be about 6% above budget on revenues or about 2.1 million. At this point it looks like the airport will show a net income of about 4 million dollars by the end of the fiscal year. Does anyone have any questions on that?

On motion of Alderman DeVries, duly seconded by Alderman Garrity, it was voted to accept the report as submitted for the airport financials.

Chairman Pinard asked Kevin Dillon what is your next item for discussion?

Kevin Dillon replied that he would like to talk briefly about the major projects and the Capital Programs construction program out at the airport. Again we have a number of projects out there but principally they consist of the roadway project, the runway extension reconstruction and the terminal project. I am going to spend some time following this talking in some level of detail about the terminal project. In terms of the roadway project the airport has essentially completed the improvement to the on airport roadway system. That is the roadway that has been put beneath the taxi way extension that serves the end of runway six. I am going to come over and talk to the aerial. In terms of the roadway project there are two roadway projects that the airport is concerned about. One is our project and one is the state project. What the airport has done is improved the on airport access roadway. If you go in onto the airport today you will see that we have substantially increased the capacity of this roadway. We have actually depressed the roadway so that it is underneath a new taxiway that we have just built to serve the end of runway six so we can get greater utilization of this runway. We are now looking to progress into phase two of that project which would include the widening of Brown Avenue. The airport has gone out and purchased just about all the homes on the West Side of Brown Avenue, with anticipation is that we will widen it into two lanes in each direction from Goffsfalls Road down to the airports entrance. If you are familiar with Brown Avenue you know you go from 293 today three quarters of the way to the airport on two lanes in each direction then it narrows down to three lanes, and one common turning lane and then one lane in each direction. We are going to improve that to provide the improved access to our on airport entrance roadway. We are going to enhance the intersection of Airport Road and Brown Avenue. We are going to move that down to the area of where St. Francis Church was. We had anticipated that we would be under construction on that phase of the project already this year however we have run into a situation an eminent domain situation out on Brown Avenue. There were nineteen homes that we had to acquire, we have acquired all but two of them two homes belong to one property owner. It is not being contested in terms of the actual sale of the homes, what is being contested is the value. The airport has the ability to pay market value and then a premium above market value if in fact it looks like we would end up in court we can take that into consideration in terms of what we are willing to offer for the home. Unfortunately we are so far apart with this homeowner that there is no way that we will be able to settle this and we are actually proceeding into court. It is not going to the land and tax appeals jurisdiction this will end up in Superior Court because the homeowner has decided

to contest the actual public need of the project. About a year ago we went forward and got a finding of public need from this board, he is contesting their findings. It will probably tie us up in court for a number of months as we go through that process. What we are looking to do is to position ourselves that we ultimately believe we will win that court challenge. This will be the first project that the airport will under take next construction season. It is very important for us to have these improvements completed on Brown Avenue. Once we complete the extension of runway 1735 out to the 9,000 feet we are anticipating that the airlines will add an awful lot of traffic, once that 9,000 feet is available. We would like to have the improved Brown Avenue available to handle the increase traffic flow. Quite frankly the work we are doing on Brown Avenue is really a band-aid to get us through until the state access road is completed. The state access road will come from Rte 3 over in the area of the Bedford tolls across the Merrimack River and curve into the airport in that fashion, and come into the Southern part of the airport. That will serve as our new front door, and quite frankly we will need that access to handle the 5 to 7 million passengers that we expect will be using the airport by the year 2010. Just to put that in perspective, last year we handled about 3.2 million passengers. The improvements on Brown Avenue are truly band-aid improvements until this roadway is done. The other major project that we are advancing is runway reconstruction and extension project. You may be aware that runway 624 which is our secondary runway which goes to the east and west. We completed the actual extension area as you can see by this docor pavement last July. We started to transition traffic off of this runway onto that runway. We are able to get all of the traffic in a position were we could utilize the runway this past November when we fully instrumented the runway. We had to put navigational aids on it so that aircraft can land in all sorts of weather conditions. We have closed the main runway effective March 11,2002, it was completely closed, and all of the traffic has transitioned over on to runway 624. That is why you might be hearing and reading that communities know to the East and West are increasing in terms of the number of noise complaints. In the past about 95% of total traffic at the airport was on runway 1735. The communities to the South and Londonderry, and to the... principally in ward 9 were really disproportionally impacted by the noise at the airport they were handling 95% of the traffic. Now this is a shift and this is new to people who are living in Bedford, Merrimack and out in Ward 6 and portions of Auburn as well are experiencing a fair amount of traffic here at the airport for the first time. When I say 100% of the traffic is on that runway, keep in mind that runways can be used in each direction it is wind and weather dependent. Aircraft need to take off and land into the wind, so theoretically if there was an even split Merrimack and Bedford are experiencing 50% of the traffic and 50% is out to Auburn and the Ward 6 area. It doesn't work that neatly because the winds aren't exactly 50/50 out of the North and then switching around to the South. On an annual basis it does get close to a 50/50 split. Just to finish up on runway 1735

we are planning on bringing it out to 9,000 feet and turn it into a Cat 3 runway. Cat 3 means essentially that aircraft can land in zero visibility with greater capacity enhancements as well as a safety enhancement for the airport. We expect to have portions of it open this December 1st. We will have 6200 feet back so we will be able to start shifting traffic back off of 624 and onto that runway. Ultimately we will get into the final configuration in June of 2003. We anticipate at that point 35% of the traffic will remain on the East West runway and 65% of the traffic will go back to the main runway to the North and South. We did not come up with those percentages by magic that's based on the prevailing wind conditions here in New Hampshire. The thing that is confusing to people is when I say 35/65 that is on an annual basis. So on any given day this runway could handle 100% of the traffic, but then it may disappear for 3 days and all be on the other runways. So 65/35 is the percentage split on an annual basis, not a day by day split.

Alderman Garrity stated I've been getting some phone calls where Brown Avenue meets Bow Street down where 293 comes off and they have cleared all that land down there. Alderman Pariseau is out-of-town and I haven't been able to ask him, is there a plan, was that put out to public hearing and when was that put out?

Mr. Dillon replied I think that the project that you are talking about is at the 293 inter-change at Brown Avenue. That is a state project, it is not an airport project. It certainly will benefit the airport as well as all of the communities to the South along Brown Avenue. What the state is planning to do is enhance the capacity of 293 as well as make some minor improvements underneath the 293 bridge to aid some of the traffic turning movements that are occurring as people are trying to get from Brown Avenue on to 293 North and South. That is not an airport project, it is a state project.

Alderman DeVries asked would you (Mr. Dillon) would you be familiar with the DOT engineer that is heading up that project?

Mr. Dillon replied that I have met with him, but I do not know his name.

Alderman DeVries asked Mr. Dillon if had a time estimation to complete the actual construction project there? You stated that you were trying to coordinate them obviously you would be off? Are you looking for a year or six months?

Mr. Dillon replied I think it all depends on how much preliminary work we can do at this point. We will look to continue to start putting on line the detour roadway. We are actually going to detour traffic off of Brown Avenue. If we can complete that this construction season, and all that is left is the actual widening work I am estimating that we could probably do that in one construction season. I would like to think that we could do it as quickly as four or five months. There is some complex construction that is involved with this. The City is participating with us. Not only is the airport dealing with this section, but also the City is actually doing the widening of the bridge area and the roadway to the North. I am not to sure we are going to align our schedules so that the work is all being done at once, but I am not to sure how their schedule is laid out at this point.

Alderman DeVries asked the detour that you are putting in, that is actually for the new access bridge, not for the Brown Avenue widening?

Mr. Dillon stated this is for the intersection improvements that we are going to make. As we start to get into the area where St. Francis was and improve that intersection to be able to maintain through flow we have to take traffic off of Brown Avenue. We are building a detour road that runs along the properties that are along the river.

Alderman DeVries asked would that detour road will be utilized now as well as when the access abridge is built over Brown Avenue a few years from now? Or are we talking a different detour?

Mr. Dillon replied that it ultimately turns into the driveways for the properties that are going to remain in that area.

Alderman DeVries asked in the actual detour road as it sits today?

Mr. Dillon replied it runs from Devon down to just short of Cascade Circle, generally in that area.

Alderman Garrity asked the lights at Brown Avenue and 293, is the airport involved with the light cycles? Can you explain that for me please?

Mr. Dillon replied that it is more of the City traffic department that would be involved in that. Certainly the airport has been very out spoken in terms of the need to make sure that those signal are synchronized and that is why we objected to some of the changes that were being proposes for Winston Street in conjunction of the hotel development. They also wanted to change the street from a one way

street to a two way street because we are that concerned about how these traffic signals work. The work that the state is doing quite frankly will aid quite a bit all of those turning movements that occur in and around 293 down to about that area of Winston Street.

Alderman Garrity asked is the airport involved with the light that is North of 293 on Brown Avenue where it is almost to Bows Street? That traffic gets backed up at 5:00pm almost to where Calef Road begins or Gold Street. Is the airport involved at all in the light cycles of that light?

Mr. Dillon replied that no we are not. A lot of this work that is being done for 293 will take care of the problem that you are referring to. They are planning to add additional lane capacity and stacking capacity for those lanes. What is happening is as people who are heading South are trying to turn on 293 South and traffic that is heading North on Brown Ave is trying to turn on to 293 they are impacting one another, so they need more stacking capacity. The airport does not have control of that light cycling.

Alderman Garrity asked are there plans to widen Brown Avenue North of 293?

Mr. Dillon replied no, not that I am aware of, that certainly would not be airport work.

Alderman Garrity asked how is that going to take care of the stacking that I was talking about going North on Brown Avenue?

Mr. Dillon replied you would have more capacity in terms of some of the widening that is occurring from the bridge to just south of the bridge. Then they will be able to improve some of the light cycling. Will it be the complete answer? No and that is part of the reason why as you hear some of the testimony regarding the airport access road people have said that Brown Avenue should serve as the preferred alternative instead of building this roadway. It could never handle because of a lot of the issues that you are bringing up. This is truly just a band aid to get us through till 2006 when this roadway is completed. The only other thing that I wanted to mention in terms of the residential sound installation program, in terms of the total number of eligible units in the program are 1,368. In terms of remaining eligible homes, in Manchester we have completed 585 and in Londonderry we have completed 35 homes. The remaining eligible in Manchester is 745 and in Londonderry it is 3. We are now going to be focusing on the runway 24N that is where we will be putting most of our resources. What we have tried to do is chase the activity level and devote the resources, which I do have a break down by runway end as to the number of homes that have been completed. Off of

the end of runway 35, which would be predominately Londonderry, we have completed 35 homes with 3 remaining. Runway 17, which would impact Ward 9 predominately, we have completed 459 homes, with 497 remaining. Runway 24 which impacts the communities to the East Ward 6, and Ward 8 we have 84 completed and 198 remaining. That is where we are going to be focusing a lot of our attention. On the runway 6 end we have 42 completed and 50 remaining. Following the runway 24N we will come down to runway 6 and try to do some down there as well.

Alderman Garrity asked with the sound installation taken into account that runway 17-35 which effects Ward 9 and 65% are taking off and landing there. Do you folks take into account that I am sure there are some homes to be completed in other surrounding towns or flights that take off from the other runway and that being 35%. Do you complete the homes by percentage basis like 65% more homes vs. 35% more homes in other surrounding? Alderman Garrity requested an explanation.

Mr. Dillon replied we look where they are located within the contour.

Alderman Garrity asked do you take into effect that 65% of the time planes are flying over homes on Titus Avenue verses..... some other?

Mr. Dillon replied yes, the contour in how the formula is put together determines the contour and takes that into consideration, the actual use of a runway and the different profiles that are located at the end of that runway. The contour itself takes that into consideration, but if you have eligibility off on runway 6 and then eligibility off of runway 17 up on Ward 9. What we look at is the relative position of those homes within the contour. The contour is this squiggly line that goes around the airport and there is a 70, 65, and hopefully out to the 60th. We will look at where that home falls between that 70 and 65 line and the homes that are closer to the 70 get the priority.

Alderman Garrity asked the fact that runway 17-35 is being used 2/3rds of the time verses runway 24 are you going to do 2/3 more homes in the pattern of the airplanes that land on runway 17?

Mr. Dillon replied how that is answered is relative to the number of homes that are eligible off of each end. You will note that there are more homes eligible off of that end and that takes into consideration the higher use. All of the homes that we have been completing have been closer in towards the airport. The remaining homes off of that end are further out than homes that are over in Londonderry.

Alderman Garrity stated that 2/3 at a time they are hearing more noise than 1/3 of the other folks. I would hope that we would come out of the contour a little bit. I am sure that is set by Federal

Mr. Dillon replied we are trying to be fair, and trying to take care of the homes that are closer.

Alderman DeVries stated that she would like to check the numbers. You had told me on the Ward 8 and Ward 9 side off of runway 17 that you had completed 459 of 497 eligible?

Mr. Dillon replied that we completed 459 and have 497 remaining.

Alderman DeVries replied thank you.

Chairman Pinard asked Mr. Dillon if he would like to give an overview of the airport terminal expansion.

Mr. Dillon stated you have probably heard that the airport is planning to move forward with the 4-gate expansion. This is a project that has been approved now for about a year. We have been working with the airlines to actually find their capacity needs. The airport has made a decision that we will expand the building out to the south. That is relatively new for in the past we had talked about expanding the building out to the north. We have the ability out at the airport to ...all of our environmental permits at the airport refer to total number of gate positions, we have the ability to have 23 gate positions. We can expand the building from what it is today by another 8-gates, we have 15-gate positions. What we are planning to do is not go out to the north and add 8 gates. We are planning to go back and redo the terminal C Concourse that is a regional jet out at the airport. Regional jets are the small jet aircraft that handle about 50 passengers. What we have found is because of the success and the enormous growth of the airport airlines are phasing out of the regional jets a lot more quickly than anticipated five or six years ago when that facility was first contemplated. Today regional jet operators, most of the parent companies are at the Manchester Regional Airport. Regional jet operators are for example Com Air their parent company Delta now operates at the airport. For efficiency purposes they like to operate together, and because the larger size jets are there they have to operate off of a jet bridge gate. These regional jet positions are ground loading positions so it is not a desirable facility or location for the airlines to operate from. We are going to go back and redo this terminal. We have taken a look at the compatible cost to go 4 gates out in this direction. I am going to talk about building cost for a minute, the building itself not roadway improvements, or apron improvements.

We are talking about a cost of about 30 million to go out to the north to do the 4 gates. If we go out the other side of the building the actual building cost drops down to about 16 million because we can make more efficient use out of the space that is already there with some of the construction that exists. There are some other benefits to going out in that direction, this is the first level drawing. Here is the existing end of the building today. This is all the space that would be added, the colored space over there. You see we get the benefit of this expansion, which would not have existed on the other side of the building for having a new security check point. As we continue to grow at the airport and there are new security restrictions being imposed we need more capacity in our security checkpoints. We have the ability to build in a new checkpoint at this location. You will also notice that we can build an additional bag claim space as well. That was contemplated on the other side of the building, but we can actually maximize the size of bag claim that is available on this end of the building as well. People will circulate off of a new ticket positions here. We have about 30 feet of ticket counter space that we are also going to build in. You can utilize this side of the building from either the existing building or this new ticket lobby. People will circulate in through the security checkpoint and go to the existing elevators and escalators. We are going to use the existing vertical circulation systems of the building to bring folks up to the second floor. Then they will transition down the existing corridor that we will add a second level too. They will pass all new concession space that we are building to enhance our concession opportunities, and bring people into a common boarding lounge. Although this is one big area, if you divided it by the four gates that are here we have more space per gate in this boarding lounge area than you would have on the linear gates. There is a lot of space on this boarding area. People coming in on flights would then come into this boarding gate area and then transition down the vertical circulation into the bag claim area and claim their bags and circulate out. One of the nice parts about this and going in that direction this piece of the building can actually operate as a separate terminal facility. It has all of the terminal needs incorporated right into this four gate expansion, the security, bag claim and it will also have its own pick up and drop off frontage in front of the building. It will help us greatly in terms of traffic congestion on the remaining piece of the building. We are working with the airlines right now, and there is no doubt that we need the terminal space in terms of the over all needs of the airlines. We are trying to figure out at this point which airline to take and put into this expanded area.

Alderman DeVries stated that she had missed the beginning of Mr. Dillon's presentation. She asked if this was the existing terminal? Can you place me on the map?

Mr. Dillon replied if you were to go there today, this walkway exists today, here is the end of the existing building. Today if you were at gates A6 and A7 where Continental operates you go down this escalator and walk along a walkway to get into a common boarding gate area for regional jets, it's ground level. What we are going to do is simply reutilize this corridor and put a second level above, there is a lot of head room in that corridor. We will still have the ground access to that location, but then what you would do is continue on the A Concourse as it exists today and just walk right into this boarding gate area. As people come up from the lower levels this will all be new building space that gets added in front of what is the existing terminal C location today. People will walk in on ground level after they go through ticketing, go through security and then circulate up through existing escalators that serve that area today. You do not see them today because there is no connection from the ground level ticket. We are going to open up that side of the building. It also has the convenience of minimizing the walking distance not only to the gates that are located in the Concourse C area, but it will minimize the walking from gates A7, A6, and A5 as well. People using ticketing can go essentially to the West instead of circulating to the East and going up through the center of the building.

Alderman Garrity asked a start up date, have you requesting funding or bonding, or anything of that nature for the project.

Mr. Dillon replied that this project was approved about one year ago. We are going out to bonding this June for a variety of reasons. For this project we are going to bond 30 million related to the terminal expansion. Even though the building itself we are anticipating when you incorporate the new systems the bag claims system come in around 23 or 24 million. We are bonding 30 million because we are going to make substantial roadway improvements and we are still not sure on the extent to which we will have to modify the ramp. That ramp area was originally stressed for regional jet aircraft, and now you will be operating heavy jets out in this area and we may have to go back and redo portions of the ramp and stress it for heavy jets. We are also bonding 25 million related to runway 17-35 even though the Federal Government is going to give us funding of 56.7 million which is roughly 90% of that project. This project will be completed over 18-month period. The commitment from the FAA is to pay out that 56.7 million over eight years. So there is a cash flow need because the construction is being done so quickly. We are borrowing 25 million to satisfy the cash flow need, we will borrow that on a variable rate basis versus a fixed rate basis for the terminal. On a variable rate we can pay it back as quickly as we get the money from the FAA. If for some reason FAA delayed that eight-year payment schedule because of diverting funds for security needs, or bio terrorism needs. We would be able to sustain the debt service on that because it is on a variable rate basis. We

are also borrowing another 6 million dollars, which is related 2 million dollars for property acquisition. We have another 2 million that is related to the roadway construction on the airport. The airport ran into contamination issues. This airport is a former military base and they are known for contamination issues, so we had a number of cleanup issues that we had to take care of as we progressed forward with that roadway project. A lot of the property acquisitions that we made on Brown Avenue are actually coming in alot hire than the airport originally anticipated. We are borrowing some additional funds to refund some accounts that we utilize money for to make those acquisitions.

Alderman Garrity asked what is the estimated completion date of the terminal expansion?

Mr. Dillon replied we are hopeful that we will be able to start some of the foundation work this fall and we would like to think that if we can fast track this it would be complete by October of 2003. We are trying to tie all these things together with the completion of the runway. Runway 1735 would be complete June of 2003, and we are hopeful that Brown Avenue will be summer or 2003.

Alderman DeVries asked what is the number of added trips that this will bring? Can you anticipate that at this point?

Mr. Dillon replied what we are building here will accommodate 5 to 7 million passengers and still maintain the hallmarks of convenience and access that we work very hard at the airport to maintain. I am anticipating that the number of jet departures will only increase for about 54 today to some where between 70 and 80. While we are going to double the amount of traffic we don't double the amount of jet departures simply because the 9,000ft allows us to make greater efficient use of larger size aircraft.

Alderman Garrity asked are they quieter aircraft?

Mr. Dillon replied yes to a certain extent they are, 757 aircraft which will be the predominant aircraft operating at the airport because that is what all those terminal gates have been sized for is a very quiet aircraft. It is probably one of the biggest misconceptions on the part of the public they think that the runway is being built to accommodate larger size aircraft. What really dictates the size aircraft that operate at the airport is the gate sizing. If we tried to bring in a 747 onto these gates we would have to collapse two gates to accommodate that one aircraft and

then there are all kinds of wing, tip and tail clearances issues at the airport. People should rest assure that 757 are the predominant aircraft, and that is not to say that we will never have a 747 or a DC10 in there. We have already had a 747 Airforce One and DC10 is a cargo aircraft.

Alderman Garrity stated I think that it is important that the public does not get.....the longer the runway the bigger the aircraft, but the quieter they are. Am I right Mr. Dillon?

Mr. Dillon replied that yes stage three aircraft are the aircraft that we had to phase into following December of 99. There are still some stage two aircraft still operating that are hush kitted, but slowly but surly we are getting rid of those aircraft. So stage three aircraft are quiet aircraft and that would be the 757 type aircraft.

Alderman Garrity asked if the UPS airplane that comes in is that a 757?

Mr. Dillon replied that it is a 767.

Alderman DeVries asked how does this fit into the master plan?

Mr. Dillon replied this is probably.....we are winding down know in terms of this generation of master plan. The master plan that we are working on was updated in 1997. Under this master plan we still have the ability to progress out for those additional gates that I talked about. We also plan under this master plan to build a second parking garage. It is not that we will net out additional parking spaces we have a commitment to the FAA to take parking lot D which sits on the airfield and bring that into a new parking garage. We only will probably net out somewhere around 2,000 additional spaces. We do not foresee the building need until the 2005 time frame. There will be some additional roadway improvements as well at the airport once we build that second parking garage.

Alderman DeVries asked the last master plan had a passenger anticipation built into it, up to about 7 million.....?

Mr. Dillon replied if you look at the last master plan again, I am trying to recall these numbers off of the top of my head. It projected out, the activity level through 20/15. In terms of that activity level we are probably already at what was projected for 20/13 handling the 3.2 million passengers. Again we feel comfortable that what we are building can accommodate the 5 to 7million. If you look at what was projected out, I think they were probably in the area of about 3.5 million by 20/15. The interesting part of that is while we are exceeding or will

certainly exceed the passenger numbers we are still well below the operations numbers. That means the airport has done a very good job in terms of convincing the airline to upsize aircraft. That is how we are accommodating additional passengers and that is why we are making this move in terms of getting rid of this because we are not seeing the growth in regional jets or turbo props we are seeing all of our growth in standard size jets.

Alderman DeVries asked so that 5 to 7 million that you are quoting is inclusive of the current passenger load?

Mr. Dillon replied yes it is inclusive not additive.

Chairman Pinard asked if there were any more questions in regards to Mr. Dillon?

OTHER BUSINESS

Alderman DeVries stated Kevin Dillon and I have had conversations in reference to the changing of the sound perimeters from 65 decibels as they currently are considered to be noise impacted and lowering that to 60 decibels which would give a much larger area of eligibility for soundproofing. This is an item, which was with in the zoning look back period meaning that it was eligible to be handled on last year's City Rezoning. They decided at that point it was either too difficult or controversial to handle so they put it into a one-year look back period. They should be revisiting that at some point this spring. I have had casual conversations with Bob McKenzie in reference to this and he is aware that we would like him to look at that, but has not moved forward. I might ask at this point if the committee would like to send a formal recommendation from this committee to Bob McKenzie asking him if he would address that with in the zoning look back.

Alderman DeVries moved to request that the Director of Planning review the Zoning look back provisions to review the sound perimeters currently established at 65 decibels to a level of 60 decibels for that area surrounding the Airport. Alderman Garrity duly seconded the motion.

Chairman Pinard asked do you have anything to add on that?

Mr. Dillon replied that is currently something that the Airport has proposed so we certainly support going to the 60 DNL...we've done some rough calculations and we believe in Londonderry it would probably increase the number of homes by 200 that would be eligible, additional homes and in Manchester on the order of about 2,500 homes. I would want to be very clear though there are impacts to

what's being proposed...the first impact is the federal government has agreed to allow the Airport to utilize our funds to go beyond what is standard eligibility across the country on the basis that the zoning regulations would be changed to declare the area between 65 and 60 DNL as a noise impacted area. The obvious implication to that is there are implications to property values. If you now live in a noise impacted zone and try to sell your home that would be an official disclosure under zoning regulations. The other impact would be that any future construction in that area in between 60 and 65 would have to meet FAA Noise Attenuation Standards...we have calculated that and that could add as much as \$10,000 per residential home to the cost of new construction and we feel that that is a high number and we feel though that that is a relatively inexpensive amount of money to assure future residents that they're not going to be impacted by noise and when you compare it to the Airport having to go in and retrofit homes at a cost of about \$25,000 to \$35,000 per home we feel it's a relatively inexpensive amount to add to the cost of construction, but those are two things that are out there. The other thing you should understand is that the FAA will not be providing the funding for those homes, this would ultimately be Airport money that would be utilized. The Airport right now is financially not in the position to divert money, in any large scale, to this program although we do feel down the road we will be in that position. But, we will not be able to undertake any of these homes between 60 and 65 until all of the homes within 65 are completed, that would be an FAA requirement.

Chairman Pinard stated maybe you should communicate with Bob MacKenzie and report back to us at the next meeting.

Mr. Dillon replied sure.

Chairman Pinard stated before we adjourn I'd like to ask the members how often you would like to meet, every two months or every month.

A brief discussion ensued between the members regarding setting meetings and it was agreed that for the time being meetings would be held monthly and that the Clerk would schedule the dates and times in conjunction with the availability of the Airport Director.

There being no further business to come before the committee, on motion of Alderman Garrity, duly seconded by Alderman DeVries, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee