

SPECIAL COMMITTEE ON AIRPORT ACTIVITIES

May 28, 2002

5:30 PM

Chairman Pinard called the meeting to order.

The Clerk called the roll.

Present: Aldermen Pinard, DeVries and Garrity
Aldermen Gatsas and Thibault arrived late.

Messrs.: Kevin Dillon, Robert MacKenzie

Chairman Pinard advises that Kevin Dillon, Airport Director will update the Committee as follows:

Airport Rates and Charges:

Mr. Dillon in reference to the terminal building stated effective rates beginning July 1, 2002 would be \$62.10 per square foot noting this year's rate was \$55.06. For Signatory Airlines, a signatory airline is an airline that has signed an operating agreement with the Airport, is \$1.71 per 1,000 lbs. of landed weight; that number is staying exactly the same from what it is this year. The Non-signatory Land Rate would be itinerant aircraft, private aircraft owners, aircraft that do not have an operating agreement with the Airport...that charges is always 25% higher than the Signatory rates, so that is where you come to the \$2.14. We have Overnight Parking Fees...on a jet gate it's \$50 per night to park the aircraft, the aircraft parking charge and on the regional jets...those are the ground loading gates is \$25 per night and then we have our Apron Rental Rate...the Apron Rental Rate is based exclusively on the debt service that we incurred for bonds to construct that ramp and this year it factors out based on our interest costs to \$.89 a square foot. I don't know if you have any questions on those.

Capital Program & Airport Security Federalization:

Mr. Dillon stated a quick update...again, Runway 17-35...that project continues to progress very well. The contractor is actually ahead of schedule. As I explained previously we do anticipate getting portions of Runway 17-35 open for this December so that we have two runways going through the winter and we are very

much on track for completion of June of 2003. As I explained before, once that is completed we do expect some substantial growth in terms of airlines increasing flight activity at the Airport. The terminal building...we continue to progress the design. We are reviewing, right now, our options in terms of managing the construction as it goes forward. We plan to be under construction this fall with a completion of fall/winter of 2003. We are considering coming forward to the full Board and asking for the ability to go forward on a design/build basis. It will be a lot easier for us to manage the construction and we think we can keep a much better handle on change orders as we go forward, but we will be coming forward with a recommendation to the full Board should we elect to do that. We just reach an understanding with Wiggins Airways, Wiggins is the FBO (Fixed Based Operator) at the Airport that provides the majority of the ground service to airlines which would include fueling. We just reached an agreement with them in principle for them to make roughly a \$4 million investment in the Airport to create a fuel farm. Today, we have a temporary location where we can store about 180,000 gallons of jet fuel which is only about enough for a day to a day and a half worth of supply and it's all trucked in, so if we did have a problem with the trucking schedule we could have some significant issues at the Airport in terms of the availability of fuel. They're going to construct a fuel farm which would be just to the south of the terminal building. As I said it's roughly, at this point, calculated to be about a \$4 million investment and will give the Airport the ability to have about three day's worth of supply on-hand at the Airport. They're going to start with a little bit over 300,000 gallons. The capability is to grow the fuel farm up to a million gallons of fuel should we get to that need, but certainly with the 300,000 gallons it will give us enough capacity to handle what we need right now.

Chairman Pinard asked is that in the area of Federal Express.

Mr. Dillon replied Federal Express is located in these two buildings right here. As I said this fuel farm will be right across the way from the terminal building on the other side of the new taxiway that was just built.

Alderman Garrity in reference to the fuel farm stated I know Wiggins Airways is on the other side asked why did they put it so far from their facility?

Mr. Dillon replied that's a good question. The reason why it's over on this side of the field is because of the time constraints involved in terms of getting fuel back and forth, we don't want the fuel trucks crossing the runways. So, if they didn't

cross the runways they'd actually have to get out onto public roadways...not really a good thing for fuel tankers to be traveling along the public roadways. So, we've given them the spot on this side so that they're in easy reach of all of the aircraft gates.

Alderman Thibault asked, Kevin, isn't that where the old farm was there beyond Wiggins Airways, the old gas farm.

Mr. Dillon replied if you go back to the military days, I do believe there was fueling that was conducted in this same location that we're talking about. Right now, the fuel farm is on the other side of the terminal building just off the terminal building in this location right next to Parking Lot D. Again, we haven't signed off on a formal lease. We've merely signed a letter of intent to enter into this arrangement with them. It's kind of a complicated transaction, we will be giving them rental credits throughout the life of this deal which is a 35-year term in exchange for them turning over this property to us that's known as the AeroHex property which will allow us to do the cargo expansion that we envision at the Airport down the road. So, once we actually get to the point of signing the lease we will be coming back to the full Board to notify the full Board of all the terms in the lease.

Alderman Thibault asked is that in Londonderry or Manchester?

Mr. Dillon replied it's in Londonderry. Actually, about two-thirds of the Airport is in Londonderry, the town line essentially runs in this location. Manchester has the noisy end of the runways. The Airport is going forward with a face recognition system. We have face recognition which is one of the newer biometrics coming out that's available for airport security. MRIF (Manchester Regional Industrial Foundation)...it's a private foundation that was created back in the 60's to promote industrial development in and around the Airport...has gone out and purchased this equipment and is actually giving it to the Airport. We intend to install two units at each of our security checkpoints. As you come up to the security checkpoint if you've been to the Airport recently you know you now have to get your ticket check because only ticket passengers can go through the security checkpoint, people at that location will now surrender their ticket to be viewed by security and at the same time their face will be scanned by this face recognition equipment...that's a very quick process, we anticipate each passenger will only take about a second to be processed through and the face will be scanned and compared against a database that's being supplied to the Airport by a number of Federal law enforcement agencies (i.e., the FBI, FAA security, etc.). The other item in terms of capital that we will be coming to the Board next week is a property acquisition. The Airport is in the midst of a bonding process right now.

Part of that bonding process is that we will be going out to borrow \$3 million for acquisition of an off-airport piece of property...\$2 million is related to the acquisition, a million is related to the eventual paving of the location. The property is located right off of Brown Avenue essentially at the interchange of 293 and Brown Avenue, it's the Moore Business Center...there's a piece of property that's being sold, it's actually a 9-acre site that has been subdivided into two lots. Three acres up front along Brown Avenue will be utilized for a restaurant and hotel, the six acres in the back is what the Airport will be purchasing and we envision using that for parking. This past holiday season we got very close to maxing out parking on the Airport before we had to go into our reserve parking. We do have one reserve lot on the Airport, we got to within 20 spaces of having to utilize that lot. So, we are getting close in terms of needing to enhance the inventory of parking spaces on the Airport. This 6-acre site will give us the ability to park about 800 cars on the site which is equivalent to roughly one floor of the garage. That will give us enough breathing room to push out the building of the second parking garage which is part of the Airport's Master Plan. We do, in our Master Plan, have plans to build a second parking garage, a second 4,800 space garage right behind the existing parking garage...it would be a twin of that garage. However, half of that parking garage will be dedicated to taking just some of this parking from Lot D and putting it into that garage...about 2,000 spaces. We have a commitment to the FAA...this parking was to be considered temporary all along, we have to restore it back to the Airfield, so again we will be building 4,800 spaces in the future, but netting out only 2,800 spaces. So, as I said, to get this additional property down off of Brown Avenue will meet the peak parking needs that we have at the Airport and it's also very helpful because it will keep 800 cars from traveling along Brown Avenue. What we will be doing is running buses back and forth between that location so we will be cutting down on the level of traffic that is going to be on Brown Avenue and that is going to help us with some of the growth at the Airport until the state access road is built.

Chairman Pinard asked is that the Peter King property?

Mr. Dillon replied no this is property that is owned by Moore Business Forms and, again, the 9 acres is being purchased by the Singer Family and we are buying the 6 acres that they are subdividing, so the actual purchase agreement will be between the Airport and the Singer Family.

Alderman Garrity asked what property are you purchasing?

Mr. Dillon in reference to a map replied here's Brown Avenue, here's the existent Airport entrance and exit...you travel along Brown Avenue, you come up to 293...it's right in this location here, to the west of 293.

Alderman Garrity asked is that Winston Street?

Mr. Dillon replied yes, it's right off of Winston Street...it's at the corner of Winston and Brown.

Alderman Garrity stated the hotel is going to go in the front of the property.

Mr. Dillon replied that's correct. It's a hotel and a restaurant planned by the Singer Family and then the Airport would take this 6 acres here, the bigger piece of the lot and utilize that for the Park & Fly.

Alderman Garrity asked how do you plan on transporting folks from Point A to Point B...mainly the terminal?

Mr. Dillon replied we already have a bus fleet at the Airport that we operate because we provide busing between the remote lots and the terminal building. So, we will be utilizing those same buses to make a run out onto Brown Avenue. Then, again, as I said it's beneficial because it takes care of our parking inventory need, but it also helps us in some of the traffic flow on Brown Avenue in terms of keeping those cars off of Brown Avenue and keeping them from coming down into this residential area. So, you'll be taking 800 vehicles and putting them in that lot and sending a bus back and forth maybe once every half-hour.

Alderman Garrity asked don't you feel that's awfully remote?

Mr. Dillon replied I don't think so, we've analyzed any available space between the interstate and the Airport that could be used for Park & Fly and that's probably the only available lot that could handle that volume of parking. This is very similar to what you see at a lot of airports across the country. Most of the time it's operated by private business instead of the airport itself. But, no, we think it's in a prime location, quite frankly, to pick up that traffic coming along Brown Avenue. We already have a Park & Fly that operates at the Highlander (here) that is frequently maxed out because of the popularity of the rate that can be offered because it's not directly on Airport which if we did go into this parking lot we would offer a reduced rate off of the surface lots. Again, we haven't set the rate schedule, but the parking garage is \$12.00, the surface lots on Airport are \$8.00...I could envision charging \$6.00 per day for this parking to make it conducive for people to utilize it.

Alderman DeVries stated you do not anticipate any need to change Winston from its current one way status.

Mr. Dillon replied no.

Alderman Thibault asked wouldn't it be more advantageous to go up with the garages as far as height is concerned or do you have height restrictions there?

Mr. Dillon replied we do have a height restriction. The category ratings of the Airport rely on us not going any higher than the parking garage. In fact, that is something that we have to take a very good look at exactly how we position that second parking garage, so that it does not impact on those runway surfaces that we need to protect, so that's really as high as we can go.

Alderman Thibault stated I can understand the other thing you're saying as far as putting those people there, but how much longer would it take for somebody that's going to take off on a flight to park there and get to the terminal and do his business and get on a flight, how much longer would you envision...an hour extra.

Mr. Dillon replied no because you have to understand that there are people that park in parking Lot C right now who will park their car and will wait for the bus to come along, so it's all a matter of when is the bus down there...just as much as you would have wait in parking Lot C you may wait in this lot or you may catch the bus right away, so you could have a difference of maybe five minutes in terms of parking there versus Lot C.

City of Manchester Zoning Look Back Provisions -
Lowering Soundproofing DNL level from 65 to 60

Mr. Dillon stated we have talked in the past...the Airport had submitted a request for consideration when the City went through its zoning review about a year ago to designate areas that fall within the 60 DNL as noise impacted. We reached an agreement with the FAA that they indicated they would allow us to utilize Airport money and subsequently be eligible for FAA money if we declared those areas as noise impacted and also put into the zoning that any future construction in there that developers would meet the noise reduction standards that the Airport has to meet when we go out and soundproof homes. We submitted that and last year it was reviewed and put into what's called the "Look Back Provisions". I've been discussing this with Bob MacKenzie who's here tonight, so I'm sure Bob can jump up if he wants to add anything, but one of the concerns that we both have, quite frankly, in terms of moving forward with this is the fact that you would declare these areas noise impacted zones. What that means essentially is that there could be penalty in terms of market value when somebody went to sell a home, if it was officially declared a noise impacted zone. Certainly, the Airport wants to

maximize the number of homes that are eligible for soundproofing, but quite frankly, we would not be able to proceed into these new areas until we completed all of the homes that fall within the 65 DNL. Right now, we have roughly about 800 homes that fall within 65 that we still have to do. Those would be the priority even if we made the other homes eligible tomorrow. Right now, the Airport can bank on about \$2.5 million per year from the Federal government for soundproofing. Last year and the year before we got double that allotment so we were able to do double the number of homes, but we can only bank on the \$2.5 million and that allows us to do about 80 homes. So, if that's the level of funding that we get it would take us about 10 years to progress into these new areas. Now, at some point, I'd like to think that the Airport was generating sufficient income that we could use some Airport funds to supplement the Federal dollars and get some of the soundproofing a lot more quicker than we're doing it today. But, I couldn't tell you exactly when that's going to be. I would like to think that within the next couple of years we will be generating sufficient income to do that. So, in terms of discussing this with Bob we've pretty much come to the consensus that what we want to recommend to you is that we delay going forward with this initiation of making these additional homes eligible in consideration of the fact that we didn't want to put people under this penalty that they may take a drop in property value while they were waiting for the Airport or the Federal government to come up with this money that I do think is going to be down the road. I think we both agree though that at some point in the future it would be very appropriate for us to go forward and look to do this.

Mr. MacKenzie stated if I could just add that while it would be a good program, although it's relatively rare as I understand it in cities that have airports to go to the 60 decibels and that's probably something that Kevin and I should research a little bit more, but I think I would be somewhat concerned about the raised expectations...if you're declared an area and there's certain liabilities about what you could do with your house and maybe banks are more hesitant to loan in that area and yet you might not be able to get funding for six or seven years to soundproof. So, there may be some frustration with people getting their homes determined noise impact and then not having any money for six years. So, whereas it may be a good program, it maybe just a little premature until the Airport can catch up with all of the homes that it has backlogged right now and if it can accelerate it and its, four, five or six years out rather than ten then the Board may want to revisit that and look at the extra designations.

Alderman Thibault asked, Kevin, would the new airplanes that have come in...not as noisy, if I can use that term, has that helped a lot, have you noticed a difference in the people that are asking for soundproofing?

Mr. Dillon replied we've seen a reduction in the number of noise complaints that we do believe was directly correlated to the phase-out of Stage 2 aircraft that you're referring to; that occurred in December of 1999. Unfortunately, what has happened is because the runway configuration changed some of our data is now skewed because we see this anytime we change a runway configuration, we get a higher level of complaints just because people are trying to be proactive in terms of trying to prevent the Airport from staying with a particular runway configuration. So, again, though I think we did get sufficient data between December 1999 up until this past March when we made the runway configuration change to say that that has helped.

Alderman Thibault asked do they recheck the decibels as far as these new locations, if you will as compared to what was there before and do they still come up with there is still a noise problem?

Mr. Dillon replied the contours that we're working on right now are anticipated contours. These contours were put together, I believe, it was September of 1999 and they anticipate what the noise configuration and the noise level will be in 2003 once the runway work is completed. So, what's going to happen in 2003 when we complete this runway we would probably give it six months for us to get acclimated to the new runway lengths and then we'll go out and recheck all of our assumptions that went into making these contours back in 2003. If we need to adjust them, we will adjust them. In any case, just because airports typically like to look at these things every five years we would go out and do this in 2004 anyway, so the timing is very good on that. I think what Bob was alluding to and he brought up a very good point that I forgot to mention there are not too many airports that have gone forward with this 60 DNL...a lot of that is related to funding, quite frankly. There are not too many airports that are willing to spend their own revenues for soundproofing. But, there is one airport that I am aware of that has done this...Dulles Airport down in Washington and this will also give us some additional time to go out and research not only Dulles and how well that's worked, but also to see if we can find any other airports across the country that have done it. Again, I have to stress now I do think this is a very good idea for the City to move in this direction at some point, but again recognizing that the burden we may put on some folks while they are waiting for this soundproofing...that is what we are taking into consideration.

Alderman DeVries stated, Kevin, if you could touch base with me because we have had a few conversations about this and in past discussion you've indicated that it's much more cost-effective to have construction built to standards rather than have the Airport or the FAA need to retrofit to bring under the noise impacted

standards...how do you feel about this because there's a lot of construction obviously that's taking place in this particular area that you will miss if we do not go forth today.

Mr. Dillon replied we would certainly like to see contractors pick up this burden, if at all possible. I guess ultimately that gets transferred to the homeowner, but our quick calculations we feel that at most it would add about \$10,000 to the cost of a single-family home versus when the Airport goes out and does it depending on size, it runs anywhere from \$25,000 to \$35,000, so yes, to the extent that we could get contractors to make that part of the Building Code, if you will, for those particular areas yes I think it's good, but unfortunately and again I'm not the Building Code expert, but I would imagine that in order to do that and justify levying that requirement you would probably have to go forward and declare this area noise impacted, so you're trying to balance those two things.

Alderman DeVries stated in past conversations I think we started to discuss this issue because there are many homeowners that are falling just outside the current decibel levels that would beg to differ whether they are sound impacted. Are you going to be able to offer these neighborhoods in the immediate area any kind of relief while they wait for us to take action?

Mr. Dillon replied a difficult question to answer. In the past, the Airport has been very successful in terms of getting some of the homes that fall just outside the contour if they were contiguous to homes that were being soundproofed and there wasn't a natural break such as a vacant lot or cross street. The FAA has stopped us from doing that in anticipation of us having to go forward with these new noise contours in the 2003-2004 timeframe. Their rationale was that all of those homes that they allowed us to do outside the contour were put at the back end of the priority list so they were again this 8 to 10 years out...the FAA said well before that, you will be going out and doing this contour, so we'd rather see if you can officially include them in the contour versus trying to get this agreement. So, there is a chance that when we redo these contours that either: (a) they will fall into the contour or, (b) if the same situation exists that we can go back to the FAA as we have done in the past and see if we can get them included, but that is something that I could never guarantee would happen, quite frankly.

Alderman DeVries, Bob, you had alluded to the possibility that homeowners would have difficult obtaining mortgages or getting lending if they were declared noise impacted. Have you seen evidence to support that?

Mr. MacKenzie replied I guess I don't want to allude to the fact that there may be trouble financing but there is another issue that when a bank goes down through a checklist that they will investigate further if there is a noise impact area and they'll look at the soundproofing and other issues. I guess I'm just hesitant to put any more hurdles in the way of financing that are not absolutely necessary. So, I would hate to prematurely designate noise impact areas and have that carry through every time a bank goes through, does title search and finds out that a noise impact area that that raises any type of red flag and that they ask the homeowner to do something about it. So, I'm just hesitant to prematurely put at risk any homeowners prior to the time that the City could actually go out and start soundproofing some of these homes.

Alderman DeVries asked is this your personal opinion or have you ever seen evidence to support that they ever had difficulty obtaining financing in a noise impacted area? I know it's a very hot market now and it's tough to judge today when the market is slower...are you aware of anybody who has been denied...?

Mr. MacKenzie replied in a sense black listed or somehow...

Alderman DeVries stated black listed is a good term.

Mr. MacKenzie stated I do know that in general property values (in general) near the Airport are generally lower than other parts of the City and I don't know if that's directly related to the Airport or the perception of the Airport or other traffic issues on South Willow Street, but...

Alderman DeVries stated but not difficulty getting financing, you've never actually seen that.

Mr. MacKenzie replied no.

Alderman DeVries asked, Kevin, have you actually heard any evidence to that.

Mr. Dillon replied no, I haven't. My concern is just anecdotal. I think there's probably equal the number of people out there that would say, hey, I'm already noise impacted, do what you can for me even if it is to put me on a list and there's probably other people out there to say hey, I'd like to try and sell my house a year from now and don't put that burden on me, but I have no definitive information.

Alderman Garrity stated to say that someone is in the 60 decibel or whatever it is is not impacted, they're already impacted. People go out for refinancing or something like that...their home values are lower than what they should be simply

because of the Airport. So, I think we're kidding ourselves to say that if we put them in the 60 decibel, it's going to impact their property values or their financings...I think it already is. Personally speaking, it's affected me when I went out for refinancing, so I think if you make it 60 I really don't think it makes a drastic change, in my opinion, because I think we're already there...the people that are in the 60's. You've got people down on one side of South Beech Street qualifies for soundproofing and the other side of South Beech doesn't. The people that are on the east side of South Beech Street their homes are all soundproofed and they're going to see for more. The other ones...it just impacts those people in the 60's and to say that we don't want to do this because it's going to impact the possibility of their getting finance or home values, it's already impacted...just an opinion.

Mr. MacKenzie stated just to respond to that...on balance you have to look at what are the benefits and what are the disadvantages and right now there would be no realistic advantages to these homeowners to become designated noise impact. If there's no money for the next six years to soundproof and what you're saying is new construction...contractors are going to have to pay \$10,000 more that money gets directly transferred to the new homeowner. Whereas, if we wait until we actually get potential monies then the Airport can take care of the soundproofing in those cases and I recognize it costs more, but in essence how much do you want to charge the owner of that particular building. So, I don't see any particular advantages to the homeowners in this area, but there are some potential disadvantages.

Alderman DeVries stated I think I would take deference with that. The one advantage with that would have been recognized is as Kevin and I know is the switching of the runways there's been an awful lot of upheaval for the neighborhoods to the east of what is now the primary runway. Many of those homeowners didn't even realize that they had bought into an area that was going to be so sound impacted because it's not something that shows on their deed or is made reference on at the time of purchase. At least by going ahead and taking a formal stance on this and declaring this there would be a little bit more notoriety and people would understand where they're living and where they're buying into.

Mr. MacKenzie stated if you don't mind, Mr. Chairman, I would just check with Kevin to see if they had any temporary noise contours during this switch to using Runway 6-24 as the primary runway. Whether there's any temporary changes in contours to somehow would be funded...I see you shaking your head no...

Mr. Dillon stated no, unfortunately, we cannot go with temporary contours. Again, that's why we're working with projected contours. The FAA looks at this merely as a temporary condition that people need to put up with until 2003 rolls around.

Alderman DeVries stated if I may make a suggestion as opposed to kicking this around forever today that we go forward at least with a formal overlay on a map of what terrain we're talking about for the 60 decibels so that we can actually see which streets would be impacted and how far into the City it would extend.

Mr. Dillon stated sure. In fact, I believe that information already exists through our noise contractor.

Alderman Garrity stated but with the new contours when we open up the new runway in 2003, with those new contours...you keep talking about new contours. Can we have a map of what the 60 to 65 would be because those are going to change from what they are now, is that correct?

Mr. Dillon replied no. Again, we have those contours out to the 60 already today. We can tell you what that is but again that's based upon projected activity levels in 2003. What may change is when we take a look at the contours six months after we open up the extended runway we will go and verify the assumptions that we made to come up with those projected contours. If they're accurate those contours will stay the same, if they're not accurate they will change and they can expand or they can shrink.

Alderman DeVries stated I was just going to say, I think to answer your question as well the noise contours that exist today were built on the Master Plan as it exists which is looking at the 35/65 split of traffic, so it will be as traffic lays when all of the extension of the runways is complete.

Mr. Dillon stated that is correct. In reality today, all of the traffic now is on this runway and because you can use a runway in two different directions it doesn't work as neatly as I'm about to say but theoretically 50% of the activity level is here impacting Merrimack and Bedford, 50% is here impacting east Manchester and Auburn. When this runway is completed the majority of the traffic or 65% of the traffic will go back to this runway and then the impact is to Londonderry and these sections of Manchester. These folks get 35% and again if everything was equal, if the winds chose a direction equally throughout the year 17% of the activity would then be left here, so far different than what they are experiencing right now. But, still more than they experienced prior to this runway work starting. Prior to this construction about 95% of the traffic was on Runway 17-35

and you only had smaller aircraft operating on 6-24 because of runway length issues. So, the contours that are out there are projected on that 65/35 percent split and that's why you will hear people say yeah but I'm getting activity today. Yes, we know you are, you're getting more than those contours anticipate, but I can't change them on a temporary basis because the FAA will not recognize a temporary condition.

Alderman Thibault stated that's a good point you bring out because when the runways were the other way we were in the landing path and we were the ones getting it and although we're way over on the west side, we cannot get into the noise level of the airport, but I'll tell you when these plans come low enough near my house that I can see passengers inside the windows that makes noise.

Alderman Garrity stated may I request that at our next meeting that we have the 65/35 split with the noise contours, just a map type thing from 65 to 60.

Mr. Dillon replied sure.

Chairman Pinard stated prior to adjourning seeing that we're going into our so-called summer schedule may I suggest that we meet either after Labor Day.

Alderman DeVries stated both Alderman Garrity and I would think that two months from now would be more appropriate for us.

Chairman Pinard advised the Clerk would notify members of the next meeting in a couple of months.

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

A True Record. Attest.

Clerk of Committee