

## **SPECIAL COMMITTEE ON AIRPORT ACTIVITIES**

**February 4, 2004**

**5:30 PM**  
**Airport Board Room**  
**Existing Terminal Bldg. (3<sup>rd</sup> Floor)**

Chairman DeVries called the meeting to order.

The Clerk called the roll.

Present: Aldermen DeVries, Gatsas and Porter

Absent Aldermen Garrity and Thibault

Messrs: Alderman Roy, Kevin Dillon, J. Brian O'Neill

Chairman DeVries advised that the business meeting will take place prior to the tour of the new terminal. We have a couple of updates that we'll get from the Airport Director, but I thought first that we have one new member present with us this evening and maybe some background on the Airport Authority. What sort of authority and what role they play, what sort of business they undertake, and then we can talk about what this Committee was set up for briefly.

Airport Director Kevin Dillon stated to answer some of those points that you bring up, we do have a seven member advisory commission. We meet with them every two months at the airport and generally they receive an update as to what's going on at the Airport, they review the Airport's financial position. Items such as parking rate increases, for example we will bounce off from them, to get their opinion on service levels at the Airport. Really what their role is, is to serve as representatives of various contingencies here at the Airport. So it is a good way to get community feedback from representatives across the City, but in particular we have representatives from Ward 8 and Ward 9, a labor representative, we do have a pilot representative on board as well.

Chairman DeVries stated that is an advisory commission or authority that is set up. The reason I asked Kevin to outline that is that it is my hopes that at one of our meetings, and we can figure out the date, we can stagger the Airport Authority first and have the ability for us to sit in at lease in the audience on their meeting,

get to know the Airport Authority a little bit better than I think we have in the past and then have our meeting after the conclusion of the Airport Authority.

Alderman Porter asked what is the make up and how do they get there?

Mr. Dillon answered they are appointed by the Mayor. Two of the members have to be representatives of Londonderry. Those representatives are appointed by the Town Council and approved by the Mayor. And as I said, one has to represent labor, one has to be a pilot. That's really the only requirements to be on the Authority.

Chairman DeVries stated and maybe you can briefly review for Alderman Porter's benefit the original purpose this Committee was set up for. My understanding is that it originated out of soundproofing and Airport noise related issues and became a forum for Airport related issues. Kevin, do you want to expand on any of the roles that you want to make sure this Committee covers?

Mr. Dillon answered that's probably why it was originally created. It was community concerns. Because of the impacts that we cause there is an awful lot of community interaction. We think that a priority here at the Airport is to try to reach out to the community, but certainly that's why you see the Aldermen from Ward 8 and Ward 9 sit on this as well as the Alderman from Ward 6, because there are starting to be impacts in Ward 6 as well. I think what we also involved this Committee in is when we moved forward with significant development, when we're about to propose bonding for example, we would take it to this Committee who would take it to the full Board. For example, we will be talking about potentially bonding again this fall for another terminal expansion and a parking garage. So it is generally those types of issues.

Chairman DeVries stated I'll lean on Alderman Gatsas a little bit for some feedback on...what I have noticed is that we have at each quarterly meeting, and this Committee tends to meet quarterly or as needed, we have always had a review of the financial statements and though that can be pertinent to conversations if we are headed into bonding, I don't know that that is necessary for us to have at each and every quarter and I wanted to get some feedback from this Committee to see if we could maybe shift this to be a little bit more community oriented to try to get a little bit better forums to show those residents in the southern part of the City or the whole City, if interest, what is taking place at the Airport. The projects they are planning and maybe shift away from just a strict review of the financial statement.

Alderman Gatsas stated I certainly believe that there are enough people looking Kevin's shoulder, the FAA and such, that the financial for us to review we certainly don't have impact, even if we saw something on the financial statements that we wanted to change or audit or look at. We don't have the ability. So I think maybe we need to allow that to move it's course and let him worry about the people he has to report to because it's not like we're dealing taxpayer's money and we're custodians of that money, the revenues that are generated to pay for the bills are all generated here at the Airport and I think that Kevin has enough people to talk about that and I think that some of the issues maybe we can assist him in, because obviously in the paper last week there was conversation about increasing the parking fee based on the cost related to labor or security at the Airport. I think those are some issues that we can look at.

Mr. Dillon stated that is a very good point that you bring up. I think people should feel assured that everything we do here undergoes the scrutiny of the FAA. Not only the FAA scrutinizes finances, but all of our development policies have to cut the mustard with Federal regulations as well. So there is a fair amount of oversight that we do receive outside the City.

Chairman DeVries asked is it fair then that we could leave it that the financials will be reported to us as requested by any of the Committee members, or to help be significant to support any projects that are forthcoming, any significant expense and anything that you are trying to alert us too, that you could general the financial reporting at any time that you felt so?

Mr. Dillon answered sure. I've got a presentation to go through and will try to do so very quickly and then I can answer questions at the end.

Mr. Dillon continued to give a little background on the Airport, this is a 1300-acre regional facility that's relatively described as a regional airport. As many of you know it started as a World War II military base, owned and operated by the City, but two thirds of the Airport actually sits on the Town of Londonderry. So as we talk about those groups that provide oversight, we also meeting quarter with the Town Council over in Londonderry to give them a review of what's happening on the Airport as well as surrounding towns. We routinely meet, for example, with Merrimack and Bedford as well. On the two runways; our main runway, which was just recently expanded out to 9,250 feet was a very important project for us. Our secondary runway was expanded out to 7,000. You can see on any given day we have about 212 commercial operations, 176 passenger and 36 cargo. We still have a fair amount of general aviation, that is the small privately owned, corporately owned aircraft as well. We feel that we've really accomplished a lot over the last decade and we can illustrate that point with the seasoned growth of the facilities here. We have gone from a 24,000 square foot terminal building to a

306,000 square foot terminal building. You can see the amazing growth in the number of parking spaces going from 480 to about 10,000 parking spaces right now. An interesting point, when there restrictions on parking within the terminal building, we actually had more parking here at Manchester Airport than Logan did. Parking is a very, very important business here for us here. We're going to talk a little bit about that later on. Right now it is bringing in about \$18 million worth of revenue at the Airport. You can see some great growth in passenger numbers; last year we did 3.6 million passengers and cargo as well. It went up from 45 million pounds in 1993 to 162 million pounds last year. We don't talk a lot about but it is a very, very important business for us because it brings in a lot of landing rate that helps us to subsidize the passenger carriers, but it also is a reflection of the surrounding economy. If you don't have a good cargo process, it means that the surrounding economy is not really performing that well, so we put a lot of emphasis on bringing cargo into the Airport. Then we have an individual depiction of what the airport looked like in 1993 and then what you see today. In the yellow box titled "Under Construction" is what we'll be touring in a little while. It is a four-gate expansion bringing a lot of capacity to the Airport, much needed capacity. Right now, all of our gates are leased. When we originally started that terminal expansion, we thought we were going to have two gates that the Airport could maintain and operate for new entrants to the Airport, but fortunately with some of the growth of the carriers, those are already leased. We are actually in the design phase of another terminal expansion at this point. As I said earlier, this fall we'll probably be coming back to talk about bonding for the terminal expansion as well as the garage. We put this map in here just to show you so you're not thrown when you come to the Airport the next time; we have renumbered the gates. When opening up this new terminal expansion, we have renumbered the Gates 1 through 15A. It was a little confusing to people, you had Concourse B on the left hand side and Concourse A on the right hand side and that seemed backwards to a lot of folks. Really how they got numbered was a function of how the terminal was expanded. Now that we have expanded as far as we can go to the south side of the facility, we started with Gate 1 on that side. As we continue to grow, all of the growth will be on the north side, which is adjacent to Gate 15A.

Mr. Dillon continued now a lot of people ask why we've been successful, well a lot has to do with the location. It is certainly a fact that we sit centrally in New England. We have the ability to draw a very wide-ranging area. We literally sit at the crossroads of two major interstates and access to the Airport is extremely convenient, particularly when people are comparing going to Logan. A population of over 6 million people live within two hours drive to the Airport and that's what we found in these market studies. People will readily take that two-hour drive to take advantage of the low cost structure here at the Airport. Low cost structure meaning low airfares as well as the low cost of parking. Even though we recently

raised the parking rates, if you compare for example, our 1-hour parking rate, we brought it to \$2.00 from \$1.00 an hour, Logan is \$5.00 per hour, TF Green, which we're frequently compared to is \$3.00 for 30 minutes, so we still represent a very, very good bargain for parking. We get great support from the community. I'm always fond to tell that the community groups that I worked out of New York and down to Logan, very tough communities. When you went to meetings you had to bring the State Police with you to make sure you got out alive. Here in Manchester people really understand the importance and the economics of the Airport and as a result, there is a lot of good community support. And I think because the community support is there it makes the political support very available on local, State, and Federal levels as well. Reliability is a huge factor for us. This airport hasn't closed in over a decade as a result of a snow event and if you compare that to Logan, they frequently have to close during a snow season because of the complexity of their airfield. At our airfield we have crews that can get out there continually during a snowstorm so we can keep the Airport open. That's a huge factor when an airline makes a decision as to what station they are going to operate from. Particularly UPS and FedEx, for example. They have a lot of on time guarantees that they have to meet, so they can't sustain an airport being closed for hours let alone a day at a time. This is where our passengers are coming from. As you can see, we do have the ability to draw from a very wide-ranging area. The interesting point on this slide though is if you look at 1998 on a 1 million passenger basis, you can see Massachusetts represented about 4.2 percent of our total traffic and if you look at the middle slide, that's a depiction just prior to September 11, 2001. That number has grown to over 12 percent, that's some very healthy growth in a very short period of time and that was on a 3 million-passenger base. If you look at how we're tracking today, 20 percent of our traffic is now coming from Massachusetts on a 3.6 million-passenger base. But you see we do have the ability to draw from a very wide-ranging area. Maine for example now represents 10 percent of our total traffic. What those numbers are is a reflection of people continuing to look at Manchester as a great alternative to Logan Airport, but it's also a reflection of some of the security concerns that have occurred since September 11<sup>th</sup>. We saw that 20 percent jump growth within three months following September 11<sup>th</sup>, so it's also a depiction of how people feel about security, not only the convenience of Manchester.

Alderman Gatsas asked when you have other up there on the slide, is somebody coming in from California to fly out of Manchester?

Mr. Dillon answered exactly. They are flying in from California to access the Boston market. This is a depiction of our total passengers in and out. So we do have a fair amount of traffic from outside this region that has discovered Manchester to say I have to do business on the 128 belt, let me fly into

Manchester. It is a reflection of the cost of the Airport, but it's also a reflection in cost of hotel rooms in this area and of the services as well.

Alderman Porter asked there's only so many that can be absorbed, but you have a triple from 1998 to 2001 and then about 20 percent...?

Mr. Dillon replied well as I was saying, you can't just look at it linear from 4.2 percent to 20 percent, because that 4.2 percent on a 1 million base, that's 20 percent on a 3.6 million base. That's huge growth in a very short period of time. So a lot of our marketing efforts have really paid off. We've put an emphasis to...

Alderman Porter asked but the growth itself will be slower, obviously?

Mr. Dillon answered yes, the facilities that we're building now are designed to handle 5 to 7 million passengers and I believe that's what our market will probably grow to. So we're about half way to what I think the potential of the Airport will be.

Chairman DeVries asked and that brings us halfway to the existing master plan for the Airport as well, or give or take...?

Mr. Dillon answered that's correct. Then we have a listing of the existing carriers. All of them are great success stories; all of them use load factors. Load factors mean the percentage of every flight that's flown. We have some of the highest load factors; we're consistently Southwest Airlines highest load factor throughout their entire system, so Southwest feels very good about Manchester Airport. Then our existing non-stop services. Again, a pretty healthy menu for a regional airport. The interesting thing though, if you look at this just four or five months ago, the furthest west you would have seen was Kansas City. Now you see Las Vegas up here. That's a direct reflection of our new runway. Prior to that we only had a 7,000-foot runway. It is a weight/balance issue. You could not take on a full load of passengers and then a full load of fuel to make the west coast. Now that we have that longer rollout distance, you can take on that full load of fuel and passengers and make destinations like the west coast.

Alderman Porter asked who flies to Sanford [Florida]?

Mr. Dillon answered Pan Am.

Alderman Porter asked do they still use Pease?

Mr. Dillon answered yes. They use Pease as well, although they have cut their service level somewhat over there, but they still have a presence there.

Chairman DeVries stated this might be an appropriate place. Because one of the comments I hear is the fear the Manchester's going to become an international hub. We've heard from you before, but maybe you could briefly address why we're looking at Continental flights.

Mr. Dillon stated certainly west coast flights are very important to us because we feel we've done a good job on the short and medium haul markets. You are going to see in the slides coming up we have essentially five west coast cities in our top ten, so people want that service and you can imagine if it is that popular on a multi-stop service, when we provide non-stop service now it is going to be even more popular. But when it comes to international traffic, we really don't see growth in that area. There will probably be some international charters to Mexico, the Caribbean; we've contacted about charters to the UK. That's probably the extent of it because even Logan Airport is still competing with New York to try to draw some of the scheduled international service into New England. So it's very, very unlikely that that will come to Manchester and if it did, international traffic did grow for some reason over the next decade or next few decades, if you look at the State aviation plan, it calls for that traffic to be directed to Pease. We have worked with Pease in the past to try to encourage to take on even the charter activity as well. We want to be the domestic service airport instead.

Chairman DeVries asked if we did increase the charter activity to some of these hubs, is there a regular frequency to those flights or are they very sporadic?

Mr. Dillon answered it is very sporadic. A lot of it is seasonal. Sometimes you'll have a once a week flight, one out and then a return. Typically in the winter months down to the Caribbean is the type of international traffic that we will see. We've already had Aruba service, for example out of the Airport.

Mr. Dillon continued with the presentation. These are our top 30 O & B markets. O & B meaning origination and destination. This is the point that the Alderman was bringing up before. You can see some interesting cities. LA, Phoenix, Las Vegas, San Diego, in our top ten. You can see we are very heavily oriented toward that long-haul west coast service here. So that's why it was very important for us to get that 9,000-foot runway. Right now, the only west coast service we have is Las Vegas, but I do feel very confident over the next year we'll start to see some additional west coast destinations as well. Next is our airline market share breakdown. As you can see Southwest is our largest carrier at 40 percent. It is interesting, if you went back probably just about a year or year and a half ago, Southwest and US Airways were neck-in-neck, so you can see some of the changing within the industry with the low fare carriers really grabbing much more of the market share. But we still feel very good about this spread. You can see all of our carriers have a pretty healthy share of the market, so that means we're not

really subject to the influences of any one particular carrier. You can see some very healthy growth from 1998, certainly 1998 was the banner year of this Airport. Of that one year alone Southwest started three other airlines and we grew by 75 percent in the one year alone. If you looked at what's happened over the past few years, we've grown by about 200 percent. We're still sited as one of the fastest growing airports in the country. An interesting point, if you look at what's happening in New England, we are one of the only airports that's showing positive growth. A lot of airports that show positive numbers are still trying to recapture some of the loss that they sustained as a result of September 11, 2001. We ended 2001 actually growing that year, so all of our numbers have been positive growth going forward. We feel really good about the market and it really shows you the strength of what's been happening in this area. We threw the next slide in just to show you some of the challenges we have in terms of the master plan here. This come right out of our master plan from the mid 1990s. As you can see we were trying to forecast out to 2015 the passenger activity levels. We show the high, the base, and the low. If you overlay how we tracked right through 1997, you see we're right on target with the base forecast. But if you look at how we're tracking today, that's right off the chart. In fact, last year we hit the high activity forecast level for 2015. So while we feel certainly our master plan is still very appropriate, we still need to complete all of the projects in that master plan. We are starting to eye the need, at least to update the forecast of going into a new master plan, and probably within the next 24 months we will look to kick off that process. And that's a process that we involve certainly the FAA, but we involve all of the surrounding communities as well, so that all of these communities have some input as to what is the future of Manchester Airport, where should this Airport go.

Mr. Dillon continued we'll take a look at the cargo airlines. By far FedEx and UPS really do the lion's share of the work. Between the two of them they handle about 90 percent of the cargo here at the Airport. As in passenger traffic, you can see some very healthy growth right from the mid 1980's. Last year they handled 162 million pounds of cargo. One thing you can see from the market reports in New England, we are right behind Bradley and Logan, FedEx and UPS have both talked about maybe continued investment here at the Airport and that's something that we encourage because cargo is such an important part of the surrounding economy. Again, it doesn't really give us a whole lot of return directly to the Airport, but it is a return that helps the passenger carrier rates and charges. But it's really the economy peaks and what it does to the economy that we focus on why it's so important to us. A lot of the growth has certainly led to the need to improve the facilities. I won't bore you with the details of this but we have about a \$500 million capital construction program. Airport standards across the country, not that big, certainly for a regional airport that's a huge size investment that we're making. Really the cornerstone of that investment is the runway reconstruction and extension. Both of our runways had to be reconstructed because of drainage

issues. Our runways go back to the World War II days. Some of the drainage has filled in, so we need to move the drainage to the side of the runway to bring it up to modern construction standards. And we took the opportunity to extend the runway at the same time. It is very important to us not only from a service level to get those west coast destinations, but it's also a community issue as well. One of the byproducts of extending our main runway is that we had to extend the secondary runway to serve as the main runway while the main runway was closed down. What that has allowed us to do is rotate the usage and we now have two very useful runways. In the past the communities in Londonderry and Manchester were really disproportionately impacted by noise. They were handling about 95 percent of the total noise impact. Now we're able to rotate that around and use that secondary runway as well, and we do expect that we're going to end up at a 65 percent to 35 percent split. And so far, since we have opened up the main runway, we're very much meeting that split. Right now we're at about 63 percent and 37 percent. We're starting to get right to the numbers where we thought we would be. So any other airport related projects that are being done by others, not with City or Airport money is the State access road, which is a very important project. The FAA is building a new air traffic control tower and it certainly shows their belief in what we've accomplished and for our future. FedEx and UPS are talking about significant investments going forward here as well. We know we're causing community impacts. We try to work very hard to minimize those impacts. Truly three programs that we have to deal with, first and foremost is the residential sound insulation program. About 1,400 homes are eligible. We go out and we install insulation into the homes. We replace windows and doors and sound intenerating windows and doors. We give central air conditioning under the theory it only works if you can keep the windows closed in the summer months. It is a good program because it does take care of the noise issue, but it also adds value to the home as well. Each home is running us somewhere between \$35,000 to \$40,000 to do, so it is a significant investment that we're making per home. It is a program that relies almost completely on federal dollars. We typically get about \$2.5 million a year that allows us to do 80 units. We've been very successful in our lobbying efforts over the past few years; we've been able to double that, so we've been able to accelerate the program. The good news is we have done 700 homes, the bad news is we have about 700 left and we are looking to expand the eligibility. We want to take the eligibility out to from the 65 DNL to the 60 DNL. I won't bore you with what that means but it's a geographic area around the Airport. That expansion will allow us to include another 2,500 homes in Manchester alone to the program. So we think it's important to reach that eligibility. The home acquisition program is principally those are the homes located in our RPZ's, runway protection zone geographic area off the end of each runway that the FAA would prefer to have uninhabited. So there 100 homes that fall into that category, we've already acquired 80. Again, a fairly lucrative program. A lot of people look to take us up on the offer to move them away from

the shadow of the Airport. Then lastly, we have the runway rotation program. As I said before now that we have two usable runways we're able to rotate that traffic, because what we have found over time it is the overall persistence of noise that annoys people. With that I mean if you have 12 hours of noise 12 hours in a row, it is far worse than 12 hours of noise over 12 days. So if we can keep rotating the noise impact, it is a lot more of a livable condition for the public. Just to point out why this is all worth it, what it means to the City, what it means to the region, it means quite a bit in terms of dollars. If you go back to 1994, there was an economic impact study done by Lee Fisher Associates that showed at that time the Airport was generating about \$170 million worth of total economic impact. By that I mean the payroll here at the Airport, purchasing power of the payroll and so forth. Those are relatively good numbers for a regional airport back in 1994, but you can see Lee Fisher updated it again in 2002. We're not generating \$716 million worth of economic impact. And that doesn't take into consideration some of the business relocations that have occurred in the State as a result of the Airport. For example, Fidelity over in Merrimack has frequently cited Manchester Airport as one of the top five reasons they chose this area to relocate to and we've heard that from a number of other companies and that's not included in that number. But if you take number and you apply a very conservative multiplier you can see by the year 2015 generating an excess of \$1.5 billion, so for a state the size of New Hampshire, that's a huge impact.

Mr. Dillon stated just to touch quickly on security. We have had a lot of changes in security here at the Airport. Most notably the federalization of security. We now have Federal employees that at our screening points. We are one of the few airports in the country that have been an inline explosion detection system. In fact, we were the first airport in the country to bring that on line. It is a great system for us because streamlining that we saw. If you go to a lot other airports, you have to check in to a machine at the lobby and then go the ticket counter and sometimes go back to the machine, here it is one-stop shopping. You check in at the ticket counter and your baggage is process all behind the scenes. So again, we believe it is one of the best technologies that are available and it's also one of the most customer service friendly technologies. The nice part about this system is because we were one of the first airports to sign on; the Federal government paid for the installation and supplied all of the equipment completely. There are a lot of other things and I won't bore you with the details that we put on line here. A lot of addition staffing and certainly a lot of things behind the scenes that unfortunately I'm not at liberty to share.

Alderman Gatsas asked what does biometric mean?

Mr. Dillon answered biometric is different things like face recognition. We have looked into face recognition; we are looking into all of our access controls. Every employee here has a unique access through any of our secure doors to get out to the airfield. We're looking to enhance that, for example, with iris scanning. For example, an employee would have to go up to the reader, put their eye against the reader and scan their iris, and it's a unique identification of that individual so we know who is getting on to the airfield.

Mr. Dillon continued I'll just finish up with the next decade. We certainly expect continued growth here at the Airport. There's no doubt we feel we're going to build this terminal out to the complete 23 gate positions that we're authorized under our permit. With completion of this terminal expansion, we will have 14 gates. I know you saw gate 15A, but some of them were commuter parking positions that are really stairwell locations, so we do have the ability to build out a number of additional gates going forward. Certainly we believe there will be new airlines, we are working with a number of airlines right now to try to bring their service to the Airport. Most notably Jet Blue. That's an airline that operates very similar to Southwest and we think we can compliment the services the here. But we're also working with some of the other legacy carriers such as American Airlines; we'd like to see American Airlines at the Airport as well. You see we believe the growth of 80 to 90 jet departures each day and as I said before, handling about 5 to 7 million passengers here at the Airport. The infrastructure that we're building right now will comfortably handle that 5 to 7 million passengers and we believe that's what the market will support here at Manchester Airport. But the nice thing that we're starting to see is there is a lot of investment of private money in and around the Airport. For example, hotel investment has been extraordinary in this area. There have been two hotels that have opened immediately adjacent to the Airport, as you know the Taje Inn has opened as well. So there's a lot of investment that's coming into the City as a result of the Airport being here.

Chairman DeVries stated listed on the bottom is a five-star hotel. Do you want to touch on that, because somebody is bound to ask us and we haven't heard a whole lot about that?

Mr. Dillon answered we originally were going to put an RFP out to encourage, hopefully a five-star hotel facility. By that, we meant an upgraded facility that also had conference facilities as well. That was something that we saw some real need for the City here. Right now the only hotel in the City that really has that type of conference facility is the Center of New Hampshire. However, we pulled back from that RFP when we started to see all of these other hotels start to spring up, because number one we'd much rather see the private money be invested, puts it on the tax rolls than having an Airport hotel. But we also thought it was starting

to impact the financial pro forma of the viability of that hotel with all of these other rooms coming on line. It's something that we are going to continue to monitor. You may be familiar that Londonderry recently conducted a planning survey for the 1,000 acres that sits to the south of the Airport. One of the things they talked about in that location is the potential of a conference facility. So we're going to monitor how that pans out as well. But I think what you're going to see a little bit later on is the site that were holding in that hotel development, we are now looking to put parking in that location.

Chairman DeVries stated okay. That would have been my next question.

Alderman Roy stated the 80 to 90 jet departures, currently I think you said it's 63 and 37. Does that include all cargo that every...?

Mr. Dillon replied that's all of the jets. Now there are other types of aircraft that operate here. We have turbo props and turbo props we do have a mix of cargo as well as passenger service. Although a lot of the airlines are shifting out of that for the passenger service anyway and going to regional jets.

Alderman Roy asked how many total planes in the Airport per day?

Mr. Dillon answered I think we have about 176 total operations and that would be in and out. 176 commercial and then about 150 general aviation operations as well on top of that. General aviation are small private planes.

Chairman DeVries stated I would add to that because it became fascinating reading at my household. The list of the monthly departures actually showing the planes, the destination, and the time of departures and arrivals. It became great fodder for parties, for people watching because I live with the planes coming over and they could identify what they were. But it was interesting reading it. If you're interested, Kevin Dillon can get you that so you can look at it.

Alderman Roy stated in looking at the 63 at knowing that there was more than that, even though it says 63, the public should be aware that there is a higher volume.

Mr. Dillon stated as you can see that the way the jet departures doesn't grow at the same rate as the number of total passengers, and the reason for that is we are very successfully in upgrading some of our smaller jets to larger jets. So that's how we're carrying more people but keeping the number jet operations as low as possible.

Alderman Porter asked is the Hilton on Airport land?

Mr. Dillon answered no.

Chairman DeVries stated you talked a little bit earlier about the FedEx, UPS desire to potentially upgrade. Would that include an upgrade of their planes? There's been some issues. I think FedEx is the one that still has a retrofitted engine.

Mr. Dillon stated we haven't seen that there in a long time, the 727. I do believe there are still some in their fleet, although as I said, we have not seen that FedEx aircraft here in quite some time. I would hope, and the industry is certainly pushing that all of the hush-kitted aircraft, which are really Stage 2 aircraft, that have had in laymen's terms a muffler applied to the engine, that makes them meet Stage 3 requirements. We are hopeful that they will all be phased out, because while they do meet the decibel noise level set for Stage 3, they just barely meet it.

Chairman DeVries asked so would part of that improvement be to their aircraft as well?

Mr. Dillon answered that's an overall fleet decision. I couldn't say specifically with that impact in Manchester. I think certainly the ability to grow the operation here will lead to them phasing out some of the smaller aircraft, which would be the 727 and hopefully bring in the DC-10 operations, which are a quieter aircraft.

Chairman DeVries asked so are all of the flights coming into Manchester today, cargo and passenger Phase 3 engines?

Mr. Dillon answered they're all Stage 3 compliant. There are still some hush-kitted aircraft that come in here.

Chairman DeVries asked just not FedEx? They have eliminated them? But others are utilizing them?

Mr. Dillon answered that's correct.

Chairman DeVries stated we have some updates that we need to cover from our last meeting in December. Kevin, you'd already spoken about the parking needs so we'll take these right in order.

The following updates were provided.

- a) Future parking needs

Mr. Dillon stated as I said earlier, parking is a very important business for the Airport. This year it will bring in about \$18 million. Next year we're projecting that we're going to get close to \$20 million here at the Airport. What we do here at the Airport is we try to stay ahead in at least one year of our projected parking need, and our peak period needs are certainly the Thanksgiving travel period as well as the school vacation period, where both Massachusetts and New Hampshire have overlapping vacation periods, which will be occurring here at the Airport within the next couple of weeks. What you see here in yellow you essentially see the existing lots as they appear on the Airport today. Lot E, which is just off the end or in the vicinity of the Highlander Hotel, which just recently opened, and that's what allowed us to meet this year's peak. We added 1,400 spaces to that lot. You can see Lot G is still available, another lot that we will open during those peak periods. So we've been very successful in terms of parking. As we look towards the future we realize that we're going to need a lot more parking here at the Airport. Today if you added up the numbers that are there and included the short-term lots A and B, we have about 10,000 parking spaces here at the Airport. What we're proposing is this summer to go out and pave the lot that we own on Brown Avenue behind the Taje Inn and we want to offer that at a reduced parking rate. It is going to accomplish a couple of things for us. Certainly it is going to help us meet the capacity, but it will also help us keep some of the traffic off from Brown Avenue as well, going forward. That is a 700 space lot, we believe we can maximize it to 700 spaces. What we will do is run a shuttle back and forth between that lot, probably offer it at a reduced rate somewhere in the area of \$5.00 per day giving folks that option of that level parking. We also are in the planning stages for the second parking garage. That area is sitting right next to the current parking garage and the new air traffic control tower site would be next to that. But you can see it is essentially a twin of the existing parking garage and we believe we can maximize that to 4,000 to 6,000 spaces. Why we have that wide a range is, is we are taking a look at can we go higher than the existing parking garage. One of the things that we have to take into consideration when we build anything in this area, is the imaginary surfaces for both of these runways. There's a point that we can't build a structure any higher we start to impact those surfaces. But we think we can actually put on an additional floor or two. So we may be to maximize the number of parking spaces in that area. And we're going to need to do that because a lot of these things that we're talking about are not just additive to the parking numbers, we have an obligation to the Federal government; this Lot B for example, 900 of those spaces have to be eliminated at some point because we have Federal obligations to return that back to airfield. That was built with Federal money, they've given us a waiver to use it as a parking lot with the understanding that at some point we will turn that back into parking. We'll most likely do that, although we do have the option to buy out the remainder of the grant, so we'll look at the economics of that before we make that decision. Lot E though, the lot that we just brought on line, when the State access road is built,

about half of that lot has to disappear because the State access road corridor goes right through that area. So when we talk about building the garage, when we talk about building Brown Avenue, a lot of these spaces are just to offset some of the loss we are going to sustain in the existing parking. You also see another proposed lot, 1,400 spaces back behind the Highlander area. That's what we refer to as the Woodlawn site. That's a site that we own that was programmed for that hotel that we had talked about earlier. It's about an 8 to 9 acre site. We believe we can develop that back to match 1,400 spaces that will also assist us in terms of some of these offsets. But it's also going to serve as a staging area for some of the parking that we're going to have to delete while we build this new parking garage. The new parking garage actually sits on a part of the existing parking Lot C. So we're going to have to take some of the surface parking out of commission. We've been pretty methodical as to how we've looked at this and staged it. As I said, Brown Avenue this summer, we will pave that and bring it on line for this coming Thanksgiving, then we will complete the design of the second parking garage, start construction of that second parking garage hopefully in construction season 2005 and then simultaneously we will look to build this Woodlawn lot and have the Woodlawn lot on line for Thanksgiving of 2005. While we complete the new parking garage we should be on line for the school vacation period in 2006. Again, we constantly taking a look at these numbers and updating the forecast. If we don't have to build, we don't want to build, but right now our forecast shows that we're going to need that. When you add it all together with what we would have to add/delete, we will probably end up in somewhere in the area of about 15,000 parking spaces here at the Airport. A little bit more parking than Logan Airport actually has. We're also looking in conjunction with this to try to start encourage the development of HOV services. One of the things that we just recently got permission from Massport was to use their Logan Express Lot in Woburn, Massachusetts. Logan Express is a high frequency bus service. They have three lots that surround Logan Airport. You can drive there, take a bus to the airport. We want to do the same thing, our version of Manchester Express from Woburn, Mass. It is a very high market area for us, it would be great to have our name in the market area, but we feel that it is an area that can sustain HOV services.

Chairman DeVries asked what does HOV stand for?

Mr. Dillon answered High Occupancy Vehicle. We're also very interested in working with the State to try and encourage additional bus service throughout the State. That's reports we frequently get. I think, for example, areas such as the seacoast would be a prime area to target. The population base is big enough to get it to a breakeven model. Some other areas we would probably have to subsidize but as we look forward, the Airport is trying to put together a program where we could actually subsidize some of that bus service from other parts of the State.

Chairman DeVries asked would you see that as a direct route to the Airport, or would it still go through the regular transit downtown and then...?

Mr. Dillon answered depending on our level subsidy; it could potentially have to be a direct to the Airport. There are a lot of customer service reasons for having it direct to the Airport as well, but if any Airport money is being involved to the shares of which we contribute, is the share to which we would have to prove a direct to the Airport. We don't have the ability to subsidize a mass transit in the State. But we're also very interested in train service as well. We're hopeful that the train will be brought up through Massachusetts into Nashua, then from Nashua ultimately to Manchester. What we would like to see is an interim stop between Nashua and Manchester, hopefully in conjunction with the State access road where we could run our buses back and forth from a train station that would be built in conjunction with the State access road. That rail corridor just happens to run in that same area where the State access road is being built. So we think there's a lot of synergies there that could be built as well.

Chairman DeVries asked is there any land that has been purchased to facilitate that?

Mr. Dillon answered not at this point. That would be something we would have to work out with the City.

Chairman DeVries stated backing up to your garage project. It appears that the only new proposed lot that would be in Manchester, is the Brown Avenue lot behind the Taje Inn? Unless part of your...?

Mr. Dillon stated I think part of the Woodlawn lot might be, but I'd have to actually check where that line is. But certainly the Brown Avenue lot is.

Chairman DeVries asked if you could check on the proposed Woodlawn lot? That would be good information for me. Maybe I could actually walk that with somebody at some point to get a better feel for where that would be located.

Mr. Dillon stated the only other thing you see here, is the rental car parking. Today I'll rental car parking is over near the Highlander. We have to relocate that because again, the State access road corridor comes through there. We are working with the State to figure out the obligations. The way it looks right is that the Airport will be giving the land for the corridor to the State, but we are looking for the State to pick up the relocation costs of those tenants, which would be relocated off the end of Runway 35 on the other side of Pittsfield Road. It's about a 24-acre site.

Alderman Roy stated the surface height of the proposed parking garage. Elaborate on that. How is that...?

Mr. Dillon explained off of each one of these runways there is a transitional surface. It is essentially a 7/1 slope that we have to keep buildings below, because it relates to aircraft landing requirements in case an aircraft had to abort an arrival here and would need to veer off the runway. We have to make sure that all of those surfaces are clear so that there's no obstruction. So anything we build has to fall below that imaginary surface that slopes off the runway.

b) Runway waiver;

Mr. Dillon stated I think as we met last time I told you that any time an airport does any major work on their runways, we have to comply with an FAA safety criteria, which says there has to be a 1,000 foot overrun and undershoot area at the end of each runway. We have approached the FAA for a waiver to that criteria because quite frankly when you look at the limited footprint that we have we would not be able to easily comply with that. There are many airports across the country that have that waiver. For example, Logan has that waiver on a number of runway ends, LaGuardia Airport as well. There are many airports and quite frankly you are many times more likely to be involved in an accident at Logan or LaGuardia than you would be at Manchester Airport. So we have approached the FAA for that waiver. Although, at this point, it is appearing less and less likely that we will get that. The FAA has asked us to do an engineering study to take a look at both runway ends to see what would it take to comply. And we have the firm called Delta Consulting that has been working with us on this and it has just about completed the report. We hope the report will be done by the end of next month, the end of March. Then we'll come out and show a preferred engineering option if we have to go with this for a project that's about a \$23 million project. The preliminary assessment from the FAA is that they feel it is worth their funding, the \$23 million, up to their 75 percent ability to do this work. They feel that we should meet this criteria. That's the initial indication that we're getting. So what it looks like we may do, on the end of Runway 24, what it looks like we'll have to do is actually put So. Willow Street in an underpass and then build the runway safety area on top of that underpass. Essentially what we would be doing is taking it out from the existing end of the runway about 620 feet. We would take it right to the edge of the tree line and build a retaining wall. There would be a transitional surface so it wouldn't be a big drop off off the end of that, but that would give us the 1,000-foot safety overrun that we would need in this area.

Chairman DeVries asked please say that again? You would take it to the tree line, so that means that the structure just before the tree line now, which is lighting?

Mr. Dillon stated the localizer.

Chairman DeVries asked that will be removed and relocated?

Mr. Dillon answered it will most likely be pushed back somewhat. We have a criteria to keep that from the end of runway, or the end of the blast pad area, about 400 feet, we will probably have to adjust that somewhat. We still have engineer some of that exactly how far we have to move it back.

Chairman DeVries asked in the construction of the additional 1,000 feet is not going to be tarmac? That's going to be turf?

Mr. Dillon answered a portion of it will be. Today the existing end of ends at So. Willow Street and what we will be adding will be paved surface; it is a blast area. So you have turf and as you have aircraft spool up it has a tendency to rip up that turf so we need to have a paved area. The edge of So. Willow Street essentially the blast pit will be about 250 feet beyond the existing edge of So. Willow Street, give or take. Then the remainder of the 1,000 feet out to the retaining wall will be turf.

Chairman DeVries asked will there be any change in the existing slope? Obviously it's going to be elevated in that area?

Mr. Dillon answered yes. This will have to be built up because it has to meet the existing runway profile, but we will taper it down. We will get to the point where we will need a retaining wall, so there will be some drop off, but it will not be as high as the retaining wall that we see now. This is about, as I recall it correctly, a three percent negative grade.

Chairman DeVries asked and have you already looked at the wetland impact?

Mr. Dillon answered we have and one of the reasons why we're looking to select this option is that it is the least impact on the wetlands. That is the Runway 24 end. Please keep in mind the runway has two departure ends. On the Runway 6 end, how we're planning to comply, this is a little bit more controversial with the FAA is with the relocation of the Airport entrance roadway, we can now extend the Runway 6 side by about 170 feet, build a retaining wall, so we picked up 170 feet. We would offset the threshold to essentially give about 700 feet of full safety area, 810 feet of safety area directly on the centerline of the runway. The safety areas are 500 wide. So we would not meet the criteria certainly on the corners of the safety area, but we'd be able to get out to 810 feet on the centerline. And the reason why we're trying to convince the FAA that that is better than giving you 1,000 feet, is we would pave this entire area and groove it, and we are working

right now with Virginia Tech who is doing research for us on this, that's actually demonstrated that a grooved and paved surface has a better friction coefficient than a turf area. Meaning that an aircraft could stop a lot easier on a grooved and paved surface than it can on the turf area and that 700 feet at least if not more equivalent than the 1,000 feet of safety overrun. Again, it's going to take a lot to convince the FAA because usually it takes years for them to accept that type of research, but we are trying to convince them that that's the way to go. One of the other things that they are asking us to look at in conjunction with this, is to install what's called an E-mass bed. It is essentially a foam arrestor bed that if an aircraft did overrun, it goes into what is a fibrous concrete that the aircraft actually rides up on to the bed and then as the weight of the aircraft increases on the bed, it pushes down and slows up the nose wheel to slow the aircraft down. So we may have to put a couple hundred feet of what is considered a foam arrestor bed on the runway as well. But these are things that we're very far away from gaining final decisions. We are still hopeful that we will get the waiver, but if we don't get the waiver, it looks like engineering wise this is the direction we'll stay in.

Chairman DeVries asked when do you expect that you would have more concrete information from the FAA?

Mr. Dillon answered we will hopefully complete the report by the end of March and I would suspect it will be at least 90 to 120 days before we hear anything from the FAA about a definitive decision following that report.

Chairman DeVries asked and what you expect you might hear because you're getting negative tones on operating under a waiver, which means you would not have to go through this exercise? So what you're expecting to hear is whether they accept this as you're presenting it or if they are going to, in fact, require you to go to the full compliance of absorbent concrete?

Mr. Dillon replied right. I do feel that the FAA will probably accept this as an engineering standard. It really I think is going to come down whether or not they accept this Virginia Tech research or will require us to put the foam arrestor bed in. But I do believe if we have to comply with their criteria, this will be the ultimate solution that they will gear us toward. Again, a lot of it comes down to a benefit cost analysis that we have to do to justify the \$23 million expense. But again, as you look at projects, for example, the FAA I believe has spent about \$25 million down at New Haven Airport on Conn. To put one of their runways in compliance and New Haven essentially has no commercial service. So I think the FAA is looking at this and saying hey if we justified spending that level of money at New Haven's airport, they will be able to justify this in Manchester.

Chairman DeVries asked do you anticipate any increased noise to the surrounding area? Particularly the Brown Avenue residential neighborhoods?

Mr. Dillon answered not on this end. If anything, the threshold of the runway actually shifts away from the community.

Chairman DeVries asked you mean what? The threshold of runway?

Mr. Dillon answered the point that an aircraft actually lands on the runway; they have to land beyond this threshold as far as there is considered this threshold. An aircraft taking off from this end is already set by the taxi weight feed in, so the aircraft would be lining up essentially in the same position where it is today. There potentially could be some feet closer, but it is immaterial. On Runway 24 end, there will be aircraft essentially will be lining up with departure on the edge of So. Willow Street. So that's the difference in your potential noise profile. You see where the aircraft starts off today, its takeoff roll. If we did this, it essentially would start its takeoff roll on the far side of the edge line of So. Willow Street. So that would be the difference. Really from my perspective would be immeasurable, but certainly as we do noise contours if we made this change, we would go out and update the noise contours and take a look at that specifically.

Chairman DeVries stated you say it is immeasurable. Can you give me a more value tool in explaining whether or not people will hear the difference of that?

Mr. Dillon stated the thing is, is you would be trying to measure the noise distance in a community, the distance that it is from the end of runway today, bringing noise essentially 620 feet closer. I am saying it is a difficult thing to pick up a measurable difference between those noise levels.

Chairman DeVries asked any other impacts that you're aware of other than tunneling South Willow Street? Any additional takings of properties through...?

Mr. Dillon answered this potentially could require us, I believe the estimate is to have to pick up an acre of property here that we don't own today. So it is a relatively small acquisition.

Alderman Roy stated Kevin, you were talking about putting the takeoff 620 feet closer to the end of the runway, will it be the reverse also? Would they be up in the air quicker, higher elevation over Bedford?

Mr. Dillon answered that's true. The takeoff profile of aircrafts will vary depending on loading and size of aircraft, but if everything was equal today, yes that is exactly correct. I say 620 feet, again, we have to...

Chairman DeVries asked that's for landing as well?

Mr. Dillon answered it's approximate.

Chairman DeVries asked is that the landing as well as lining up to takeoff?

Mr. Dillon answered yes. You can see the threshold location is the threshold today. The red would be the new threshold location, so you can see that this would set it back. So they would be touching down that much earlier.

Chairman DeVries stated that's not so good for me, but that's okay. The good news for the neighborhood is this will shut down this runway for a period of time if this happens?

Mr. Dillon answered that is true. We would have to shut down the runway to accomplish this work.

Chairman DeVries stated we have to end this on a positive note. It might get us a year of relief?

Mr. Dillon answered it very well could.

Chairman DeVries asked can we make it last two or three?

c) Sound testing.

Mr. Dillon stated just to tell you that we did receive proposals to update the contour. We are looking over the proposals now and we're expecting a March 1<sup>st</sup> start where we'll actually go out do some field measurements and we hope to complete the updates within six months. So at the end of August we'd like to think that the work would be done.

Chairman DeVries asked that's the fieldwork?

Mr. Dillon replied well we hope that we'll have a completed contour that we can present to the community within six months.

Chairman DeVries asked and that would be updated by how this proposal works out?

Mr. Dillon stated this would not impact it. We're looking at what exists today. If we went with this, at the time we built this, we could do that.

Chairman DeVries asked you could do another adjustment?

Mr. Dillon answered that's correct.

Chairman DeVries asked we were expecting some language for the new DNL?

Mr. Dillon answered we have Delta Consulting as part of this work is doing a complete redo of all of the Airport district zoning. Once we get that back from Delta, that will be given over to Wiley and they'll insert that piece. We're going to get that back from Delta within the next two weeks, so I'm hopeful that Wiley will be able to turn that around within two to three months following that and then we'll be able to move forward with that zoning request.

Chairman DeVries asked if it's going out to the consultant, Delta, does that mean that their actually giving you better update of the level of impact by the 60, or are they just addressing the language for zoning change?

Mr. Dillon answered what Delta is doing, some of the zoning language for Manchester is outdated based on FAA criteria, so they're updating all of those imaginary surfaces so that people in the are know when they build something they know what height they can go to. The Airport district has it's own zoning so they're updating the general zoning, and that has been given to Wiley as the noise expert to deal specifically with the noise issue and then incorporate that language into the overall zoning of the Airport district.

#### d) Legislation

Mr. Dillon stated as I said last time, the Airport did propose legislation to go forward for a number of administrative and operational reasons here at the Airport. There were five things that we submitted. The law enforcement piece that I talked a bit about last time has been pulled. The request has pulled that legislation. But we're still going to go forward with the rest of the legislation, which will include the make the carrying of weapons through the screening point, whether it's a registered handgun or not, a crime. Giving us the ability to issue certificates of occupancy in compliance with the Londonderry Inter-Municipal Agreement. Give the Airport the ability to tow vehicles. Again, towing vehicles today can only be done by police officers or peace officers. We have private security requesting a lot of those tows right now, so we need to get the law adjusted for that. And then we have a section on real estate disclosure, which would require the disclosure in any residential real estate transaction within 10 miles of the Airport to disclose. We're talking thousands of feet difference with runway lengths. We have a geographic center point that we have to identify to the FAA that gives the center point elevation and location of the airport, so that's what we would use. One of

the other potentials are to just use what's called the 55 DNL contour. For example, in Hawaii that is the required disclosure. We chose 10 miles because it becomes very arbitrary to people, 60 DNL, 55 DNL, 50 DNL what it really means. The 55 DNL is well within the ten-mile radius that we've selected. Certainly we're open to having that adjusted, but based on the types of complaints that we get in, and what we hear from people, we think 10 miles is a good point for them.

Alderman Roy asked could you just elaborate more for the public, and I know this conversation is going to come up later, what type of complaints? You mentioned seasonal changes in runway use. How much of that is out there? Just so there's an understanding of why you state that.

Mr. Dillon stated there is quite a bit. Particularly when we had the runway shut down for a long period of time. A lot of folks moved in and then all of a sudden we started using that runway again and they were very surprised to see that they were living that close to an airport. This is something that we've been asked particularly by Londonderry. Londonderry has had a big issue with this and their constituents not having this level of information. We just feel it is the right thing to do. But people should understand where they are living in relation to a flight path. Again, most of the impact certainly would be within the 2 to 3 mile radius of the Airport, but it becomes very difficult to figure out where that dividing line is and that's why we picked those out. But typically that's the complaint that we get is I bought my house, there was no disclosure and right now as best we can tell right now it is not required under law for that to be disclosed as to the location of flight paths.

Chairman DeVries asked Kevin, do you think you could give us quickly final improvements to Brown Avenue in the spring? What is left to be done out there?

Mr. Dillon replied essentially it is really punch list type items. The majority of the work involves the final paving. We weren't able to get that down before the winter, but as you can see we do have some excavation piles out there that still need to be cleaned up. That will all be trucked off site. But essentially that's really the remainder of the work that needs to be done.

Chairman DeVries asked so it's mainly landscaping issues other than the paving?

Mr. Dillon answered that's correct. We do have an IOU to the folks over the Cascade Circle area that we did tell them that we would work with them on the landscaping in that area.

Chairman DeVries stated I 293 and Brown Avenue, and I know we didn't talk about this, but briefly the time line? Are you familiar with how that intersection's going to...?

Mr. Dillon answered I've been told by the DOT that it's supposed to be completed by the end of this year.

Chairman DeVries asked this construction year?

Mr. Dillon answered this construction year. Again, a very important project for us because it really increases the car storage capacity on Brown Avenue as people come off those ramps and people queue up for those ramps. The traffic out there, that's what the problem is, is the people try to get onto those ramps. In some cases they're actually doubling that capacity so it's going to help quite a bit.

Chairman DeVries stated on that note I would mention for any viewers at home if they're on the Brown Avenue, frequently the lights fall out of synchronization at I 293 and Brown Avenue and if there's quite a back up which occurs from the Airport entrance down to Brown Avenue it seems every 2 to 3 months we make a correction. Feel free to let either Alderman Garrity, since he's not here, he has the control of that intersection, or myself know so that we can make the appropriate calls. Certainly a call to the Airport to get State DOT making a fix for that. Sometimes it occurs for a week or more before somebody finally gets angry enough to start complaining and it's a fairly simple fix to work on that computer. We should talk about future meetings and already approached this. I think it would be good for us to look for one our meetings to sync with the Airport Authority. It doesn't mean that we will be meeting jointly, it means that we will meet after the Airport Authority. Their next meeting is February 26<sup>th</sup>, which won't work for us, but if you're interested in going at 3:00 PM. After that I think it might be tentative for April 22<sup>nd</sup> at 3:00 PM. That's a Thursday. Are you still in session Alderman Gatsas? Could you make a 5:00 PM meeting?

Alderman Gatsas answered I would never trust the month of April or May on Thursdays.

Chairman DeVries stated we'll look for a later one then to synchronize that. So I guess I just would note in case somebody's looking to meet the Authority and partake in their business. It is February 26<sup>th</sup> at 3:00 PM and April 22<sup>nd</sup> at 3:00 PM for the next two scheduled meetings.

There being no further business to come before the Committee, the Committee agreed by consensus to adjourn the business meeting to take a tour of the new terminal facility.

Chairman DeVries, Clerk Fysh, and Mr. Hayward, representative of the Union Leader, were present for the tour given by Mr. Dillon and Mr. O'Neill.

A True Record. Attest.

Clerk of Committee