

SPECIAL COMMITTEE ON AIRPORT ACTIVITIES

April 12, 2010

5:30 PM

Chairman DeVries called the meeting to order.

The Clerk called the roll.

Present: Aldermen DeVries, Craig, Corriveau, Shaw

Absent: Alderman Roy

Messrs: M. Brewer, M. Steer, R. Fixler

Chairman DeVries addressed item 3 of the agenda:

3. Report of the Airport Director.

Mr. Mark Brewer, Airport Director, stated I have a couple of items I would like to go over before the main event, which is the presentation about the Master Plan. First and foremost, I want to thank everyone for participating this afternoon. We had a false start trying to get this meeting organized at the Airport, and unfortunately there was a budget hearing that same night so this got rescheduled for this evening. Our attempt at that time was to get, especially new members to the Committee, out to the Airport and give a behind the scenes tour and also spend a lot more time getting into the details of operations. That invitation still stands. Anyone who wants to come out as an individual we would be glad to give you a behind the scenes tour, except for the air traffic control tower. You may recall that there was an air traffic controller in New York who allowed a child to clear some aircraft for take off and the FAA has, on a national basis, suspended any tours of the air control towers except for official business. We did actually go to Washington to talk about the Airport Committee and whether or not that would classify as official business and they declined. There is a 90 day moratorium on any visits to the control tower so as soon as that is completed we will try again.

Chairman DeVries asked when did that start, the 90 days?

Mr. Brewer replied the day after the news broke about the investigation into the child landing some aircraft out of JFK. Just a reminder from the budget perspective that what you will hear tonight about the Airport Master Plan as well as our budget, is that we are a self sufficient Enterprise. We operate off of revenues that we generate. We can only expend revenues that we generate. There are a great number of federal grant assurances and guidelines and so on that protect the revenue so the Airport can only spend them on aviation or Airport related items. Because of the downturn in the economy and the downturn in the number of seats that we have available, there have been challenges that the Airport has been facing in the last year and a half or so and we have been working very diligently to keep our costs in line with the revenues that we anticipate. Thanks to all of our staff who have worked so hard, led by Brian O'Neill and Teresa Avampato, our CFO, we have been coming up with great ways to keep our costs in line without sacrificing any safety, security or customer service. I also want to remind everyone, especially for new members of this Special Committee, we also report to the Manchester Airport Authority. It is a seven member committee, five members from the City of Manchester and two from the Town of Londonderry. You'll see that they are very well respected individuals from the City of Manchester who are represented on the Airport Authority. I want to thank you again for your confirmation of the last two names on the list, Dick Danais and Marcel Mercier. Both will be representing Manchester and will fill the expired terms of Bobby Stephen and Gary O'Neil. Both of them bring a great deal of depth and breadth to the Airport and have been very involved in the Airport Authority so far. Another item that I wanted to bring your attention to, and it is one that has made the media, is dealing with the relocation of the Bedford tolls to the south. If you are not already aware, it not only has a potential impact on the Airport, but also to Londonderry and the potential for economic development in the 600 or 700 acres to the south of the Airport, adjacent to the new Airport access road. The Town of Londonderry Town Council as well as their Planning Commission has voted to oppose the relocation of the Bedford tolls booths and have written letters. I can't recall off the top of my head if they went to Commissioner Campbell or if it went to the Governor outlining their objections. That may be something we want to discuss here to take action or talk about in front of the full Board of Mayor and Aldermen. The Mayor has been quite outspoken in his opposition to it. He may be coming before the Board at some point to take an opinion on your own. If you look at the top ten destinations where our customers are coming from or going to in Massachusetts and the top ten destinations of where they are coming from and going to in New Hampshire, 58% of the passengers come to the Airport would use the Everett Turnpike and would be subjected to this toll and 42% would be coming up I-93. I did talk with Jeff Brillhart of New Hampshire DOT. He told me that yes, the New Hampshire DOT did design the Airport access road to intentionally avoid the Bedford toll booths.

It was done so at a time, believe it or not, where there was an expectation at the time that the State was taking in too much money at the tolls and that they were looking for a way to bleed off revenue. Passing on what I was told, the expectation was that it would bleed off between \$5 and \$7 million worth of revenue. The State has now commissioned another evaluation as to what it would bring in if those tolls were relocated. What I am told by Mr. Brillhart is that it is anticipated that that \$5 to \$7 million is significantly lower than what is anticipated in the current day revenues that would be generated if the toll booth was relocated to the south. More to come on that, but I wanted to brief you on where we stood and the utilization that we get and the fact that Londonderry has taken action.

Chairman DeVries stated thank you, Mr. Brewer, for the presentation. As you suggested, it is to the best of my knowledge that the roadway was designed as you indicated to avoid being a toll roadway for numerous reasons, one being the Airport, but also to avoid our own constituents from being tolled just to try to go across the river to access shopping or whatever on the other side of the river. What do you feel? You suggested that possibly having a motion from this Committee to the full Board might be helpful. What still needs to be done in order to register our satisfaction of that decision?

Mr. Brewer replied well, I think notwithstanding the State's financial condition, notwithstanding the State trying to raise revenue, where this hurts the Airport is our credibility in dealing with the airlines. When we go out there, both domestically and internationally, and deal with the airlines we have told them for over a decade that this Airport access road was going to be the new front door and it was going to open up the highway down to our constituents in Massachusetts as well as other areas in New Hampshire and was going to be toll free. Now, if we go to them and say that the State has changed their mind, it makes them wonder what else we have told them that is now inaccurate as well. So the credibility is a key component of this. I don't know what the State's study is going to demonstrate in terms of lost revenue and that study is underway. You may elect to not make a decision until we know what that study shows, but I can tell you that from an Airport perspective, relocating that toll to the south is problematic.

Chairman DeVries asked what is the timeline on the study to be done by the State?

Mr. Brewer replied I don't know. I know that it is underway as we speak. In my discussions with Mr. Brillhart, the schedule for the Airport access road is to open up at the end of June in 2012. Even if they wanted to today, they do not have the land or the environmental approvals to relocate the toll booth anyway, and that would take longer than the Airport access road to come online so there would be a period of time where there would be no toll.

Chairman DeVries stated it would be my recommendation that because our Committee doesn't meet on a regular basis that we come up with a motion for the full Board as part of our report this evening. I believe it would be useful if the Airport would assist the full Board of Mayor and Aldermen in putting together a resolution that would maybe bring to the State DOT's attention items such as...whereas you produced X amount of jobs and revenue for southern New Hampshire and the State of New Hampshire regions, whereas 58% of your traffic is coming in... Do you understand what I am saying?

Mr. Brewer replied absolutely.

Chairman DeVries stated we could put together quite a lengthy list of things that could be impacted if we tinker with the design of that roadway which was studied for many, many decades prior to finally being adopted.

On motion of Alderman Devries, duly seconded by Alderman Craig, it was voted to recommend to the full Board of Mayor and Aldermen that the Committee endorse such a resolution or letter to the State Department of Transportation objecting to the relocation of the Bedford tolls.

Mr. Brewer stated thank you for your support on that. I do have one last item that is quite good news actually, if I could pass these around. I am not going to go through this whole presentation in deference to time, but I just wanted the Committee to be aware. As you know, the original terminal building, which was the terminal building until 1961, has been relocated to the east side of the Airport and is now the aviation museum. The aviation museum has received a \$1 million grant, actually a gift from a gentleman by the name of Mr. Slusser, with the intent that the money be used to create an aviation learning center and in this presentation are some schematics on where this new aviation learning center would be. There is expected to be a ground breaking ceremony later next month in May and hopefully a year of construction to get this underway. This would be a great asset, not only to the museum, but to the Airport and to the community as well. I just wanted you to be aware of that and if you would like further information, I would be happy to arrange for a member of the Aviation Historical Society to come to speak at our next meeting.

Chairman DeVries stated that is a clever ending to the end of your handout, the end of the beginning.

Alderman Shaw stated I just want to tell you that I have been there several times and I absolutely love going. Every time I go there is something new that I learn and a lot of it brings me back to my past because I grew up in the south end. I absolutely love that museum and I'm contemplating becoming a member of the

society. It's on my desk and is one of those things when I have the extra money it is going in there.

Mr. Brewer stated well there are a lot of very well intentioned people who put a lot of time into it and they do a great job.

Alderman Shaw stated they do and they do a wonderful job with a lot of things for children and adults. It is just a great place, it really is.

Mr. Brewer stated that is the end of my report, Madam Chair.

Chairman DeVries asked is there any other legislation or bills that you are tracking?

Mr. Brewer replied no, the bills that we are tracking are on the RFID tag that has gone over to the Senate and as you know, we are objecting to that.

Chairman DeVries asked did you send a formal letter off?

Mr. Brewer replied we did.

Chairman DeVries asked that's the only other one?

Mr. Brewer replied that's it.

Chairman DeVries stated that's always nice to hear. Were there questions from the Committee before I move on? The meat of our meeting today is the Airport Master Plan Presentation.

Chairman DeVries addressed item 4 of the agenda:

4. Airport Master Plan Presentation.

Mr. Brewer stated if I may, I'd like to introduce Mr. Mike Steer who is a principal for URS, the lead consultant. As you can see, there is a cadre of consultants who are helping us through this process. The Master Plan started a year or so ago and should wrap up by the end of this summer. We have met with this Committee in the past to give them an update on how the process was going to work and we have made significant progress since then, but we are not done yet. We have asked Mr. Steer to come up to give you an update of the current standing.

Mr. Mike Steer, URS Principal, stated Madam Chair and members of the Committee, I work for the URS Corporation and we are the primary consultants doing the Master Plan Update for the Airport. We did meet with this Committee to tell you what we were going to do and now we would like to present the status and some of the early findings as to where we are to keep you informed about the update and then answer any questions you may have today or any comments that you may have in the future through Mark and the staff. I would like to follow this agenda. I would like to start us with the goals and objectives to give you a sense of where the Master Plan begins and some of the things that are important to an Airport Master Plan. The next four bullets really touch on several of the planning elements. Some of the early tasks we did revolved around Airport access. Forecasts are very important to future facility requirements. We are going to talk to about how we do forecasts and we do have projections to show you. This Master Plan has a focus on the terminal so we will talk about some of those elements that are in progress. Some of the other elements that surround the land field and the air side we would like to give you an update on and the involvement of the public and the stakeholders and then talk about the next steps that we will need to finish over the next several months. We are certainly glad to entertain any comments or questions you may have. The goals of the Master Plan are very closely tied to the Airport's vision for the City and for the region. The Master Plan itself provides guidance for development and operation of the Airport. It focuses on following those needs that are either operational in nature, safety in nature or economical in nature that will satisfy the demand that this Airport can fulfill in its role. This Master Plan document becomes a decision-making tool which the Airport staff can use on a day to day basis to address future aviation needs for the region. We will present this in a phased, demand-driven plan, meaning that development at the Airport is going to be triggered by demand and not before. We don't want to build things we don't have the revenue for or can't maintain properly so we are going to do that in a demand-driven way, but with sensitivity not only to the environment, but to our financial capacity to do that as well. If you go from those overall goals from the mission and the vision and you look at the objectives, I know there are a lot of words there, but the seven things tell you what the focus or the standout items for the Master Plan update are. Number one is the ability to realistically predict in this day and time of economic recovery the other competition in New England to give the Airport a realistic view of what activity levels in the future would be. I mentioned the terminal focus. Looking at the terminal space now and how it might be optimized, and how the passenger process from the curbside out to the aircraft gates could be more efficient or be improved so we are looking at that in the short term and focusing on that. We want this Master Plan to maintain its status in the region with respect to multimodal options. If there is a regional commuter rail system that develops in the region, we want to make sure that this Master Plan provides that consideration or connectivity that allows for the best connection of transportation. The last

Master Plan was completed in about 1997 and had an airfield focus. It called for the extension of two runways and other airfield items that have taken place. There is more of an emphasis this time on looking at the land side from the terminal to other uses for parking, access, rental cars and other factors so we shift a little bit to the land side of that. We are going to incorporate environmental factors and constraints. We know that there are some new de-icing regulations that EPA has promoted and the Airport needs to be in compliance with them and with the State regulations. We are going to test for alternatives with respect to the environment. We are also going to test for alternatives with respect to our financial capacity to develop them. We have an understanding of debt and revenue for the future and what that might allow us to do in the short term or the long term. The Master Plan horizon covers 20 years. That is really our focus. We are going to do this within the exchange of information with stakeholders, this group, users, neighbors and the general public who have attended two of our meetings. This is an aerial plan view which showed the original DOT proposals for access to the Airport. Right now, this is the existing Airport road that comes under the taxiway here. This is the roadway that comes across the river from the turnpike. The Airport recognized that in the plans there was...here we have the benefit of great regional access and that is part of the presentation that the Airport makes for community and users. The future road would have a signalized intersection. The perimeter road south of the Airport would also have a signalized intersection. The road that was originally proposed from DOT was to have three signalized roads leading into the Airport. We would really like the study team to take a look at how passengers could arrive and depart more efficiently. We looked at the idea of using more rotaries or roundabouts or circles at least at Perimeter Road on the south and the main Airport road further here. The configuration and the traffic projections for the future Pettengill Road didn't really allow us to do that. Right now, after this signalized intersection, we have roundabouts. We'll bring them in and the next slide indicates that there are some advantages to these two roundabouts. They are efficient; they will increase the level of service because autos will have less delay getting through a roundabout than a signalized intersection. Therefore, it reduces pollution and fuel consumption. It allows for aesthetics treatment and signage and they are safe. These have not only been discussed, but taken to the New Hampshire DOT and New Hampshire DOT has agreed and authorized the redesign for those two roundabouts. One of the early things that Airport asked us to look at was access that now has the ability to be improved. The other thing is that the DOT was looking at was the new entrance to the Airport access road with the new enhanced format of our signage. Signage is important to our passengers just because of convenience and efficiency to make sure that they have the right directions to get here. We have looked at this subject with the DOT as well and even more signs as far out as the borders and that is a discussion that we are having with DOT so the right amount of signage for primary access from the toll road would reflect the proper consistent message and it becomes part of their

budget to provide in the future. Those were some of the early access tasks that we looked at. Then we needed to look at forecasts because forecasts of activity in the future, whether it is air carriers, aircraft, autos, or cargo tonnage, translate to or drive the facilities the Airport would have to provide over time to meet a forecast demand. The first thing we did was look at what is called the Airport Forecast Region. Here is the Airport here. We found that the three counties of New Hampshire and the two counties of Massachusetts that are in the primary service area is over three million people who could use or would be able to use the Airport. If you look at a secondary region of expansion into New Hampshire, Maine and Massachusetts, there is another 1.6 million people. The idea is that between four and five million people in the service area of the Airport is a great supply of potential passengers.

Chairman DeVries asked how does that compare to other similar-sized airports for potential passengers?

Mr. Steer replied I think that in the northeast is it typical just because of geography. As you go further west, you would not have as many commercial service airports in such proximity, which is part of the issue that we are dealing with in terms of future competition. I think it is a pretty good position for Manchester.

Alderman Craig asked this is the potential?

Mr. Steer replied this is the potential service area, yes, where we are going to draw most of our potential passengers from.

Alderman Craig asked what is the actual? How does it relate to who we actually serve?

Mr. Steer replied I will get to that in a minute. This graph reflects enplane passengers, which are the total passengers that board and leave the Airport.

Alderman Corriveau asked since the slide about potential, have you done any studies about how commuter rail would impact or increase usage of the Airport if people don't have to drive into the Airport and can take the train?

Mr. Steer replied when we scoped this out and began the studies, commuter rail was not a particular part of our scope, but having become more familiar with it and learning the potential that is out there, we still think that it is a small percentage of total passengers, so we think that for planning purposes now and the activity levels that trigger change, the pure addition of commuter rail passengers won't make that much difference so we want to make sure that we capture in the most financial

responsible way possible. What this shows is that the last Master Plan was done right here and you can see that this is half a million enplaned passengers or about a million total passengers in a year. The Master Plan in 1997 looked at the what-if of a low cost carrier coming to Manchester. Here you see the Southwest effect beginning in 1998 and taking us past 9/11. The growth at Manchester is still up in 2004 to 2005 where we hit our peak so we had two million enplaned and four million total. Since that time due to economic reasons and due to the development of air service in New England and the growth and entry of other low cost carriers throughout the region, we are noticing this decline in total passengers at Manchester. This estimate for 2009 of about 1.5 or 1.6 million and enplaned passengers of a little over three million is a very close estimate to what 2009 actually did. This sort of established a record of what was happening now and why, and it will help us project forward for another 20 years what that passenger level might be.

Chairman DeVries asked have you broken that out with freight?

Mr. Steer replied yes, I'm going to show you freight as well. That is a pretty solid picture, even though it has declined. The basic premise for forecast...we looked at how many people are in the region, we looked at traffic from 1997 to 2005 and it largely increased, mainly due to challenges in Boston and also due to the launch of service from Southwest and other airlines responding to that. Also know that we have declined levels here. We learned that the traffic here is mainly supply driven. We have plenty of demand. This 4.7 million people relates to a lot of demand. It comes down to traffic depending on additional service and competitive fairs. The history here is that the service is nonstop service so Manchester will get its share of regional traffic from that particular destination. We did look at cargo and it is primarily fed by FedEx and UPS integrators. We have talked to them about expansion plans. Their air traffic in 2009 also declined a little bit, but they are very comfortable managing their facilities now. They were hit a little bit, but they expect the recovery, just like the rest of the folks in aviation, to come back to the 2007 levels and will grow again. The general aviation traffic, which is our corporate and private general aviation activity, is really down in comparison to the commercial operations of 30%. Those operations are down 71%. Again, with that understanding we look forward to...we felt that for the purposes of our forecast, that economic growth and those criteria that help to stimulate air travel, disposable income, will resume in 2011. We see 2010 as the turnaround year in our forecast as you will see in a minute on the graph. Energy prices will probably rise through the whole planning period and we will continue to be served by a variety and mix of airlines. Airline fees will generally increase faster and these are all factors that our finance consultant used. The share of regional traffic will decline through 2011 and then stabilize. What we did was look at a regional approach to growth so we looked at Manchester, Providence and Boston and we looked at the total

percentage of the total passengers at those three airports that Manchester has historically served. That increased percentage from the Southwest early days has declined, but we do think that that is going to stabilize throughout the planning period. We don't believe that our regional share of the traffic will decline further than the turnaround period of 2010 and 2011. That is a positive factor looking forward. The factors on each aircraft we don't feel will change materially. We look for modest growth in cargo. Generally aviation, as I said, is down, but is tied to the economy of a lot of individual flyers and their private business operations. In the military operations we don't expect much growth at all. This shows the historic operations. This peak occurred in 2005, a little over two million enplanements or four million passengers. It is interesting that we said that there were 4.6 million passengers in the service area and generally, the total passengers were over four million when Southwest peaked. Because of the recession and other competitive factors, we have seen up through 2009 the decline that we just talked about. Looking forward we did a couple of things. We took some of the premises and assumptions that I showed you on the last two slides and we translated that into how it would affect passenger travel. We started with passengers and then we looked at how passenger levels might be translated into pure commercial operations. This red square projection indicates a base forecast. We made basic assumptions about the carriers that would continue to serve here and we showed that this turnaround time, years 2010 and 2011 where it starts to pick up again...and you can see that it might take a very good while to reach the peaks that we did have, but we do expect that kind of growth, generally averaging about 2% throughout the planning period, as a base forecast. That is our perspective forecast that we might look for and plan for. We also looked at a high forecast because we thought it was a good idea in planning that if certain what ifs happened, the Airport would be in a position flexible enough to plan for a higher growth. You can see the difference of 1.6 million and 1.7 million and that could be over a half million passengers that we would have to account for in three or four years. This was based on the fact that you might get a new airline. One of the factors there was that maybe international service of some variety and frequency could occur. If that occurred and you had another entrant, like a Jet Blue at Manchester you might start to see this road, which would mean that the activity levels would occur sooner. You can see that this level of two million enplanements would occur several years sooner than the base forecast, but to the Airport, that means that when they start to see this high trend they need to be able to put facilities in place and plan and design them at the right time. That would be a planning trigger if they started to see too many passengers being approached, it would mean to them that they might need a new development sooner.

Alderman Corriveau asked now the base forecast, does that mean potentially taking everything that is flat, the current service providers or airlines, and everything stays the same essentially? Is that the base?

Mr. Steer replied yes, that the negative curve is going to end and we expect it to increase, but I would say that those individual carriers would have a modest growth. They are not going to stay flat all the time, but they are going to come back and grow. I don't want to give you the impression that it is flat. It is a growth scenario, but a modest growth scenario.

Chairman DeVries stated this is a 20 year projection and you are hoping...with the last Master Plan it was about one and three quarter million new passengers. You are hoping that with, I guess I'm not going with the high scenario, I'm going with the base forecast...

Mr. Steer stated I didn't get to that line yet.

Chairman DeVries stated that looks like it is about three quarters of a million growth. I'm trying to put it into a framework that those listening at home might understand. There won't be as much growth as you saw with the last Master Plan over the next 20 years, but still growth.

Mr. Steer stated look at this growth with Southwest while the rest of the country was doing this. This is a hypothetical of passenger traffic growing and with the ability to attract a low cost carrier, you experienced a wonderful growth period here, which started to tail off then peaked again. We think it will grow here. You can see how this slope is much more gradual than anything that happened before.

Chairman DeVries asked as far as looking at actual flights, would that look the same when you factor in...

Mr. Steer interjected this next slide will show commercial operations. When you translate passengers to commercial operations to carriers that you do have and carriers that you might get and what aircraft they use and what destination they use or could use, you can see that again, our operations historically through the first decade peaked when Southwest started, went back a little bit and then started to come down, but we do expect gradual growth in operations. With these new factors like the new entrance or international service, we would expect to see more operations. I did want to mention that the blue box on both sides represents the FAA's most recent forecasts so they also looked at some of their own factors and how Manchester might be affected with all the other New England influences with which they are familiar to see if they see the same trend. It is hanging a little bit below our base which isn't so bad because we have a little bit of a lower limit and we have a higher limit that we can look for as we move forward.

Chairman DeVries asked are the differences between the two projections somewhat based on larger planes versus smaller planes? I'm trying to interpret what operations might actually mean.

Mr. Steer replied that is a very good question. I think that our projections show a slight decrease in the larger jets and an increase in the regional jets.

Chairman DeVries asked looking at this slide and the operations, would it be one flight?

Mr. Steer replied operation is a landing or a takeoff. Together, that is two operations for everyone that comes in and goes out.

Chairman DeVries asked so this shows us 20 years from now not having more actual landings or takeoffs than what we experienced with our peak?

Mr. Steer replied that is what it is showing. Given the recovering growth in New Hampshire and Manchester, with conditions that appear today to be influencing the level of operations, it means that our passenger levels are still increasing but our operations are still increasing rapidly, but not the same as before.

Chairman DeVries stated for me to understand that, it would have to mean larger planes in order to have the same number of flights in and out. I'm missing something here and I'm not quite sure what.

Mr. Steer stated it doesn't necessarily mean that there will be larger planes. It means that they may be filling up and having higher load factors on the planes that they do operate. We do expect some of that growth, but it is not a one to one growth of operation per passenger because we do fill up the aircraft and there is a load factor that we have a plan for so it is not a one on one. It is not a pure similar issue.

Chairman DeVries asked were there vacancies with the flights even when we were at our peak in 2005?

Mr. Steers replied there were vacant seats depending on the airline and the time, but at the time of the peak, we had more operations which totaled more passengers back then.

Mr. Rich Fixler, Assistant Airport Director of Engineering and Planning, stated if I may be of assistance, I think the airlines have made a fundamental change in the way they do business. They have taken airplanes out of service so they are pushing their load factor up so every airplane that flies now, and if you have flown

lately, are pretty filled up. That contributes to the fact that you can have more passengers, but not necessarily have significantly higher operations.

Alderman Craig stated just going to the slide on potential, there were about three million customers and the way I looked at it, you were saying that about 65% were coming from Massachusetts, which surprised me. Maybe you haven't gotten there yet. Is that what we are seeing today in terms of passenger's actual numbers?

Mr. Steer replied it is 26% that comes from New Hampshire, 22% comes from Massachusetts, 6% from Maine, 2% from Vermont and the remaining percent comes from outside that four state region, meaning that they fly in and then they go back.

Alderman Craig stated you are suggesting that there is a very big opportunity for us.

Mr. Steer stated I'm saying that there is a wealth of a potential passenger base and the ability to capture more of that is based on service, especially nonstop service, and fare structure that would help to build that up.

Mr. Brewer stated that is quite frankly our biggest challenge. The per capita income in the Manchester area is higher than Boston, Providence and Portland, Maine. The people who live in this area have a high per capita income. Our challenge in this economic environment is to have the number of seats to hold them. Back in 2005, we had about 65,000 seats per sale per week. Now we are about 35,000 or 36,000 so that is a significant change. Getting the same number of flights with larger aircraft is certainly our goal. We have been somewhat productive in that regard. We have gotten Delta Airlines to bring back a MD88, a larger jet versus a regional jet so hopefully that turn will continue.

Mr. Steer stated that's passenger and operations. If you go to the next one, I apologize for not having a graphic of it, but this is a graph that shows cargo tonnage, which the majority of it is from all cargo carriers and passenger carriers. The tonnage in 2006...there was a peak in 2007 with 96,000 tons of cargo. You can see as I go along that the tonnage has dropped off a little bit, but if you look in the five year increments of the planning horizon, there is your 88,000 which is similar to what it was in 2008. In talking with the carriers they do expect to absorb this recession area feeling and get back to where we are going to plan for more cargo growth in the future which would then translate into our ability to provide parking positions or buildings for them to meet that growth in the long term. That is what we have for cargo projection, which looks favorable, but it is a relatively slower or more gradual increase than what we experienced in the last two decades. We have made progress in the study of optimizing the terminal

function. You saw one of our goals. We made some progress in breaking down all of the elements of the terminal, from the airline check in process where you check bags, which are screened by TSA and then put together and made up to the particular aircraft to airline check in for passengers. This is the TSA screening and the couple checkpoints where we are screened and our bags are screened. Hold rooms are the areas that we wait for the aircraft at the gate and assemble for that. FIS is Federal Inspection Services and potentially, we wanted to make sure that we look for the opportunity in the long term of providing these facilities in this terminal so that it would be a much more efficient operation. We are looking at what that might mean. On the other way, when you come in, there is a bag claim function because many of us have to get our bags. We looked at that element to see if that has to be expanded. Concessions are a very important part of Airport function, not only for passenger convenience and comfort, but also as a revenue source for the Airport. These are the food and beverage shops, and retail outlets. Some are on the secure side on the concourses, and other are on the non-secure land side, before security. We have looked at how the concessions operate now and how they might operate and how they might be located in the future as we try to integrate all these needs for concessions, either pre or post security, whichever would make sense to happen. Airport systems involve the Airport security and communications and IT systems, which the Airport has and is planning to develop. The curbside, where the car brings us, should be at the top because that starts the process of airline check in. We are looking at how efficient the curbside is and how efficient the curbside could be in the future. For example, given airline check in and the change in how people get pre-ticketed, you do not have to go to the ticket counter for check in, but can go directly to security for screening. That has changed the requirement for more airline check in counters. We think that the airline counters that we have now are suitable to serve most of this planning period ahead. As we go to passenger screening, we have passenger check points in the main area that serve the main part of the terminal near the observation lounge. We also have passenger screening to the south that primarily serves gates one through four, six and eight. We are looking at how that might be done more efficiently. Right now, it is a split operation; it takes place in two areas. It might be more efficient for TSA to have all passenger screenings in one location and balance that with level of service to passenger flow. The issue with checked baggage screening, the bags you check at the counter and then TSA screens them behind the counter, is that we are looking at the integration of new technology and new baggage screening systems with might have an effect on the conveyors and belts that are needed to screen the bags properly and get them out to the gate.

Alderman Corriveau stated one of the things that I have always been a little curious about is that the State has no sales tax so they say come shop in New Hampshire and when I go to airports in different parts of the country there are

almost mini malls where you can buy virtually anything under the sun and I have always wondered why Manchester had not yet reached that point in terms of retail. Maybe that is part of your planning, I don't know.

Mr. Steer stated I think part of the planning is looking to see...a lot of the Airports that you may be referring to have some of the name outlooks that have come about. I think Manchester today has a lot of good locale connections to what has been developed. I think it is a matter of space and the right amount of concession space for the passenger level that would make sense. We are looking forward to more retailers and food and beverage locations and whether they should be before or after security. I think the mix you have seems to be working or generating business. There is enough foot traffic that it is generating the right levels. You just got the new Sam Adams restaurant on the non-secure side that is a name brand. I think we are making efforts all the time to bring that mix of concessions.

Chairman DeVries stated well of course, Mr. Steer, we know that at the Manchester Boston Regional Airport there aren't many delays for flights. We go in and out so there is no loitering time for shopping.

Mr. Steer stated in our studies, we look at when passengers arrive for their departure. There is a curve that will show that distribution. Some people will be there two hours ahead and others only a half hour and hope to get through security. Just being in the terminal and watching, you will see groups of people in the food court right by security a good hour before they go. I may be sitting there and then I see them going to get into the security line. I think that there is a distribution of passengers when they arrive. When they are coming in and you are interested in your car or luggage, but maybe you need a donut or someone is waiting for you at concessions...We have looked at that and that is part of our analysis. We are looking at hold rooms, which are the areas near the gates. Our analysis tell us that based on the mix of future aircraft and air carriers, we may have to add two or three gates to the concourse area. Again, how that is laid out would depend on the type of aircraft that might be serving us. It might be regional jets or commercial gates.

Chairman DeVries stated meaning higher gates. Isn't that one of the restrictions or limitations at the Airport today, the height of the actual gate, which doesn't meet all aircraft specifications? Has that been rectified?

Mr. Steer stated the height of the gates...

Chairman DeVries interjected go back to your predecessor who at one point made a comment about international flights.

Mr. Fixler stated our terminal is sized for a 7227 class aircraft and if you were to bring in a larger group four or five aircraft, there would be some limitations on how you could use the terminal.

Chairman DeVries asked when you speak of changes to the gate, are you saying that you need to change something at the terminal in order to accommodate different flights? Those are the kinds of things that our constituents watching at home are hoping to learn and glean from a presentation.

Mr. Steer stated the requirements I'm speak of now are based on that base forecast. If we saw a new entrance in the next year or two or we saw the potential for international service, then we would plan sooner to be able to accommodate that, but if you stay on the base forecast, there are a couple gates that we should be planning for in the future, not right away, but we would put more out there in the longer term.

Chairman DeVries asked and that would require construction at the terminal?

Mr. Steer replied it would. You would probably want to increase hold rooms and you are probably going to have to increase your inbound baggage claim because the claim devices now are telling us that we are going to have to improve that capacity in the future anyway.

Chairman DeVries stated there had also been discussion about possibly working towards a charter business and really trying to increase that market. Is that something where you have seen the projections?

Mr. Steer replied yes, those are in there as part of the forecast. In fact, there could be charter operations that aren't necessarily starting internationally to come home. There could be a charter operation to the Caribbean if the travel industry and the region is looking for that kind of market. We have the capability to handle that now from the ticket counter to development and accommodate them and we know that as we look, this federal inspection for international, we know that we have the ability at some of the gates to handle those international aircraft. That is part of the projection and the need for terminal space.

Chairman DeVries stated the perennial question, for me at least, is always the noise element with the planes. Is there anything in the study that would be of concern for somebody who thinks it would bring more noise?

Mr. Steer replied we are going to show you some more information about the noise forecast.

Mr. Brewer stated if I could, while we are on this subject of utilization and concessions and so on, to build up the infrastructures is very expansive and you would only do it if you were really going to gain some advantage to it. What we are looking at doing is identifying spaces that are already in the envelope of the terminal building to see if we might be able to reorient or get more efficiency out of them. As Mr. Steer indicated, one of the focuses of this Master Plan is the terminal area with the intent to be more efficient at how we are operating, not necessarily to build on because we might get a charter. We have some airlines, like Southwest, that get terrific utilization out of the spaces that they have and other airlines that have one, two, three, or four flights a day and don't get nearly the efficiency out of it. We are looking at how we can build the IT infrastructure to cross-utilize some of these under utilized gate spaces so these airlines can perhaps be more efficient.

Mr. Steer stated we talked about the emphasis on the terminal, but perhaps we don't want to forget the other areas that are important in this planning update. We said that we were looking at some non airfield things like parking. We have a couple of parking lots that are closed right now, representing or reflecting the lower demand, but looking forward we need to understand what the passenger growth will translate into in terms of reutilizing those parking areas and the fact that it may push way out to the planning horizon any requirement for another garage. We are also looking at the demand for rental cars. We have a good function now within the first level of the garage. We think we are going to need some more rental car spaces like that in the near future. One of the options might be to continue to add spaces in the garage to optimize the utilization of the garage of what it is today. I have mentioned in cargo a couple of times that they are working very well with the facilities that they have. UPS and FedEx both expect a recovery and have the space available to do that when the time comes. We are also looking at reserving the proper amount of cargo space for the future. General aviation is the corporate and the private airlines, primarily handled on the east side of the airfield, near the museum. That activity is down so the need for parking spaces for aircraft is diminished. We are looking at maintaining our position now. We do hope to experience a good deal of air volume during political and sporting events. It is a good airport for those because with the navigation age and the space that you have here, with that kind of traffic for those kinds of events, they like to be able to go to an airport that has those navigation needs. For roadway capacity, with looking at the access road and looking at the curbside, the roadway capacity picture for the Airport looks good for the plane period at a standard or acceptable level of service for all of the connecting roadways to the Airport land side itself. We are looking at those as well. We have had an advisory committee with stakeholders and we have had two meetings with them. This is the second meeting with the Aldermanic Committee. We have had two public information meetings and we understand that in the near future we may be asked to provide a

full briefing to the full Board of Mayor and Aldermen. We look forward to that opportunity as well. We are looking at the terminals and all these elements. How do they fit together? There are alternative ways and we are going to integrate those with all the gate access and the landside elements of parking and rental cars. We are going to subject these alternatives to our financial and environmental evaluations, leading to a preferred overall Master Plan alternative which will be phased as I mentioned earlier in the presentation. That concludes our formal presentation for that part of the agenda for the Master Plan update.

Chairman DeVries asked do you see any shift in any of the businesses that the Airport supports, FedEx or UPS, in additional jobs created or anything on that front as part of the Master Plan growth?

Mr. Brewer replied it is hard to say whether or not FedEx or UPS were to add anything based on the Master Plan. I will tell you though that the economic impact of air freight is tremendous. We will be reaching out to both FedEx or UPS at their corporate headquarters about ways we can expand air freight sooner rather than later. You may remember that in December UPS won the L.L. Bean contract and all of the L.L. Bean shipments now come out of Manchester so the downturn we have seen in air freight, which is 100% related to the economy, may be turning around sooner rather than later because of the L.L. Bean contract, which is a three year contract.

Chairman DeVries asked do you see any change in the types of phase three or the phase two engines, the old ones? I think you had none at one point. Are you without any of them?

Mr. Brewer replied stage three.

Chairman DeVries stated the old, noisy ones.

Mr. Brewer stated the stage two were the aircraft that were the old and noisy. They had the ability to be retrofitted to meet stage three standards. For the most part back in 2008 when the airlines were phasing out the least fuel efficient aircraft because fuel prices were up to \$147 a barrel, a lot of those airliners went away.

Chairman DeVries asked have they come back? Do they just go to another airport?

Mr. Brewer replied no, a lot of them have been taken out of commission. There are some of the older DC9s that Northwest Airlines/ Delta continue to operate, and they continue to operate the retrofitted stage three engines.

Chairman DeVries asked built into your Master Plan is there a projection on when they might be retired and out of service? Is there a life?

Mr. Steer replied I think that any projects that we are forecasting for noise would be for stage three and none of those returning that weren't retrofitted...just because of fuel efficiency as well. They are not being manufactured.

Alderman Corriveau asked are there any updates on Jet Blue and our campaign to bring them to Manchester? In terms of the public, anything they can do to help...

Mr. Brewer replied where we stand in the downturn in air traffic, the airlines are trying to right both their schedules and the equipment that they fly. We have been reaching out. Recently, we met with seven different airlines that ranged everywhere from cautiously optimistic to probably not in the near future to be starting service in Manchester. The one who was probably the most optimistic was Jet Blue, but that doesn't mean that they are coming any time soon. They were very positive with the information that we provided them, the rates and charges, how we control costs and so on. I think we have a very good opportunity in the out years to attract an airline, if not Jet Blue, than another.

Alderman Shaw asked is it possible in your negotiations with Southwest that when they offer a special rate like \$49 out of Boston that it would be the same for Manchester? Since it is Manchester Boston Regional, it bothers me that they can offer a \$49 rate out of Boston and they can't offer it out of Manchester.

Mr. Brewer replied well, they could, but they won't and I'll tell you why. There is a supply and demand model. There are so many seats that are flying out of Boston right now that are low cost carriers, Southwest, Jet Blue, Spirit, Air Tran. There is a lot of competition going on at Logan. Notwithstanding that, the fares that they charge out of Manchester have load factors that are extraordinarily high. In fact, I believe it was March that was the highest load factor in Southwest's time in Manchester and they started in 1998.

Chairman DeVries stated that's incredible.

Mr. Brewer stated they are making money and their loads are high. There is very little incentive for them to lower their price and frankly they are competing for market share down at Logan and that is a challenge for us as well, to have that much capacity just down the street. Good question.

Chairman DeVries asked were you planning on covering at all the soundproofing? Actually, that is our next agenda item.

Mr. Brewer replied yes.

Chairman DeVries addressed item 5 of the agenda:

5. Discussion regarding Soundproofing Program.

Mr. Fixler stated basically, at this point we are winding down the program as you probably already know. We have completed a total of 1,233 units. That would be condos, apartments, houses and so forth. As you can see, the majority of those, 1161, were in Manchester. Construction was completed on the last roof in February. We put a notice on our website that the program is winding down, but we are maintaining the Wyle office and we actually brought them into the Airport offices. We have one person remaining from Wyle who is our program manager for the residential sound installation program. She is there to answer warranty questions and coordinate startups because some of the work that was done in February...we couldn't tune up air conditioners because we have to wait for the warmer weather. She is coordinating the closeout of the project and she will be with us probably until the end of the summer.

Chairman DeVries asked what will happen to that facility on Goffe's Falls Road?

Mr. Fixler replied that facility sits in the runway protection zone. When we extended the runways we relocated the threshold at that end and that brought the building into the runway protection zone so we are going to have to demolish that building at this point. We already have a contract that we are ready to sign to do that. At this point you can see that we also did three schools, three daycares, a couple churches and a fire station. The financial summary for the project, just so you can see the level of finances that went into the program, totaled \$46 million of federal dollars, \$2 million of State and \$6 million of Airport dollars for a total, which I don't have up there, of \$54 million. The program started in 1993 and it was a very successful program; we got very few complaints. We believe that most people who participated in the program were very pleased with the improvements to their homes. Wyle Laboratories that managed the project throughout that time did an excellent job with community relations and handling the program for us. I'll be brief and if you have any questions...we're going to get into the new noise contracts. We're going to have Mike talk about those. We have draft contracts. Are there any questions on the status of the sound installation program?

Mr. Steer stated one of the tasks that we were asked to do in this Master Plan update was to update the noise exposure created by the aircraft operations at the Airport. There are four main factors that go into predicting noise: the number of operations and how those operations are distributed among the fleet. We talked

about a slight increase in the regional and commuter jets in the future as opposed to the larger aircraft so we have numerous of types of aircraft and the runways that they utilize based on the efficient operations by air traffic control and other weather factors. We know that there is about a 65-35 split or distribution of operations of 65% being on the runway, 1735, the longer runway north south, as opposed to 35% being on runway 624, the cross runway. Once you get off of the runways, the aircraft follow general flight tracks to and from the Airport to get here from their other destinations or from where they departed. If you look at how operations, types of aircraft and how they are used on the runways and their flight tracks by air traffic control you use a computer model that the FAA has confirmed. It is an integrated noise model. You put these factors together which looks at forecast operations. We are going to assign those to runways and then have them come in and out on certain flight tracks. If you do that for the new flight paths that we have developed as part of the Master Plan, you will see a set of noise contours. This contour represents points of equal noise exposure. You can tell if it is off the center lines of the runway directly under the arrivals and departures where it gets extended out from Airport property slightly. For planning purposes around the Airport, you look to evaluate the level of noise based on those factors we just talked about and how those levels are integrated into a day/night noise level, DNL, around the surrounding environments. You look at those noise levels with respect to the land uses that are experiencing those noise levels. That is how FAA and Airport owners and managers will determine compatibility of their operation with the various land uses in the vicinity. This is a graph contour. If we use the projections for ten years until 2018 and you recall that our operations have been reduced over time, you'll see that the basic limit is this yellow line, LDN 65, which comes out of the FAA model, which says that generally, residential areas outside of the 65 are compatible with aircraft operations. Areas inside the 65 are considered non-compatible and we would like to do something to create compatibility. We are going to refine these and present them to Airport staff for scrutiny and evaluation, but this is generally what we are showing. You can tell the departures and arrivals that this represents on the exposure around the Airport on an average day of the year. Certain times of the day and seasons, aircraft assignments due to weather and winds have to use certain runways, but this represents a distribution over the year of an average day of noise exposure. Again, this outer limit describes what is compatible and the areas inside are not residentially compatible with aircraft operations. To put this in perspective, we compared this to the noise exposure that was used for the sound proofing program. The dashed lines, I know this is a little busy, but they are from the previous study. These dashed lines go out further than the yellow line that we showed you that our study now would project for ten years. You can see that the previous sound proofing program was based on greater noise exposure or further noise exposure because of the number of operations that were generating back in that timeframe when Southwest had come in and things were growing. What this is showing us is

that the sound proofing, even our LDN 65 and even our green line, the LDN 60, which is another criteria in the general area of better compatibility, is generally even less than the dotted line that the sound proofing program was based on from data ten years ago. We expect the noise environment to have improved because of the nature of the demand in the forecast, but looking ahead generally by ten years, which the FAA is asking us to do, we are showing that our noise exposure along the center lines, the yellow area, is less than what the previous sound proofing program was based on.

Chairman DeVries asked is this telling us that there are no new federal dollars that will be flowing into soundproofing at the Airport, which was anticipated?

Mr. Steer replied yes, ma'am. Their area of contribution, which is trying to maintain good compatibility with this LDN 65 level, it looks to me that the Airport has covered most of those areas previously.

Chairman DeVries asked if there are no federal dollars flowing in is there more flexibility that goes into our noise contours? In New England in the winter, people aren't outside so much so if the majority of flights occur in the summer when windows are open, can that be weighted to its proper position in our concourse?

Mr. Steer replied this is really an average day, which would say that if you looked at how the airlines are going to operate over the year with seasonal adjustments, that is generally what you would use as a planning tool. Some days might be a little higher, some days less, because of the weather or how else it was distributed, but on the average day, this is how the 200 operations that the Airport will experience will be in this pattern. That is generally the planning tool.

Chairman DeVries stated I guess we can continue the conversation, but I'm not understanding. Are you saying that...it had been explained that at this Airport wind patterns shift. The winds are different and stronger in the summer so you see higher utilization of the east-west runway in the summer because of the shift in prevailing winds. I don't know if that is correct or not. What I am trying to figure out is if that is true, and I'm not 100% sure how true that fact is, but if the summertime use of the east west runway is greater, is that taken into consideration of the assumption?

Mr. Steer replied the overall assignment of operations...the best source we have is the air traffic folks themselves and we visited with them to try to understand how they operated under all situations so we have a cumulative answer. It does include summertime runway utilization as best we can estimate with their concurrence.

Chairman DeVries stated so I guess maybe seeing the actual equation or assumption might be helpful.

Mr. Brewer stated this is all based on the FAA's Integrated Noise Model and that is a computer driven program that is used nationally so it is a single standard of which data is inputted and it generates these contours.

Chairman DeVries stated right, but does that mean that it couldn't take in any of those individualized factors?

Mr. Brewer replied no, it takes those all in because of the utilization of the air traffic in and out of the Airport for every season, not just summer, and which runways are utilized. As Mr. Steer indicated, it is a 65-35 split on average.

Chairman DeVries stated there is no doubt that there is a split. You can see it from the runway lens. The planes like to use the longer runway.

Mr. Brewer stated as you can see and what we talked about before, the noise mitigation program talked about the 65 DNL, which is louder than the 60, and the new draft contour for the 60 is actually inside of the 65. Even if you were to say let's go beyond that and get fewer impacted homes and see if we can find federal money or another source of money, we are already at the 60 projected forecast utilization for ten years out.

Chairman DeVries asked do we know what happened with Londonderry, that one address where the 60 is outside of the old? It is contained within everywhere except for one spot in Londonderry. I'm looking at the green which appears to be outside the old.

Mr. Steer stated it does and I can't explain that. It is slightly more and the other ones are not like that. That is at the 60 level. Mark, I think that's all we have. We do have the noise contours that the staff needs to critique and make sure we have the right assumptions and then we finalize that and send it off to FAA. Again, it says in the upper right hand corner that they are drafts and will go to the FAA for final approval.

Chairman DeVries stated let's talk about what I just heard, making sure that we have the right assumptions. Is there flexibility in the assumptions? As far as something for the Committee to review, I think the assumptions in the noise contour would be something that this Committee would want to see and be engaged in.

Mr. Brewer stated I'm not familiar enough with the integrated noise model to know if there is flexibility.

Mr. Steer stated we very well can provide the assumptions that we used and they will be in those categories. We'll tell you what year we used in the forecast, the breakdown between fleet mix and the range of aircraft, whether they are 737s or something smaller, we will indicate what percentages per runway and then we will show the tracks or the various distances and various altitudes for departures. All that is data input for the model. If the Committee would like to see some of that documentation, we can make that available to that staff.

Chairman DeVries stated I can't speak for all of the Committee, but this is my number one concern and number one question that is posed to me so the more detail, the more intimately informed that I am, the better it is for me. On our schedule we are on the last item and we are well beyond the time. I would like to know, at our next meeting, if the members would find it helpful to get some background on the Airport access road and maybe bring in some detail on that?

Mr. Brewer replied certainly. We can ask Alex, who is the State Project Manager for DOT, to come in and make a presentation.

Chairman DeVries asked do you also think you could give us an idea of what you think the planning build out is? We have the access road and the new industrial park in Londonderry, which will be a significant change in the area. Is there anything else that you know of on the horizon?

Mr. Brewer replied the key component to the success of Londonderry, which is the 600 or 700 acres to the south, is going to be completion of Pettengill Road. We need to connect the dots of where Pettengill Road with the Airport access road.

Chairman DeVries stated there is a piece of Pettengill Road that I think we need to continue and that is coming in through a residential neighborhood. I don't think it is part of the plan of the relocation, the old, original Pettengill. We'll have to take a look at that.

Mr. Brewer stated there was a charrette down by Londonderry years ago that talked about what may or may not happen on that acreage. There are 21 acres of Airport owned land that could be opened up and that is part of what the Master Plan will look at, the best use of that piece of property. I can arrange for Londonderry to come in and talk about the charrette and what may or may not happen.

Chairman DeVries stated thank you for making the information available to us. I'm just thinking that that would be...we're getting to the point where completion might actually happen in the next year or two so we should be looking ahead to what else is going to happen with that.

Mr. Brewer stated I would be happy to arrange it.

There being no further business, on motion of Alderman Craig, duly seconded by Alderman Corriveau, it was voted to adjourn.

A True Record. Attest.

Clerk of Committee