

HOUSE OF REPRESENTATIVES
COMMONWEALTH OF PENNSYLVANIA

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: The Select Committee to Investigate :
: Bureau of Aviation Pursuant to :
: House Resolution 259 :
: :
: :
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Pages 92 through 151

Main Capitol Building
Room 104
Harrisburg, Pennsylvania

Thursday, November 1, 1984

Met, pursuant to notice at 9:00 a.m.

BEFORE:

REPRESENTATIVE VICTOR JOHN LESCOVITZ, Chairman
REPRESENTATIVE BARRY L. ALDERETTE
REPRESENTATIVE BENJAMIN H. WILSON
REPRESENTATIVE RICHARD GEIST
REPRESENTATIVE JOSEPH PITTS

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1 **ALSO PRESENT:**

2 **KAREN S. FLEISHER**
3 **Legislative Assistant to Representative Wilson**

4 **WILLIAM F. LYONS, III**
5 **Legislative Assistant to Representative Wilson**

6 **SCOTT CASPER**
7 **Executive Director of House Transportation Committee**

8 **PAUL LANDIS**
9 **Executive Director of Republican Transportation**
10 **Committee**

11 **PAUL PARSELLS**
12 **Legislative Assistant to Representative Petrarca**

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P R O C E E D I N G S

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2 CHAIRMAN LESCOVITZ: The time being 9:00, I would
3 like to call this public hearing to order, House
4 Transportation Committee to Investigate the Bureau of Aviation
5 according to House Resolution 259.

6 First on the agenda today is Mr. David Sims.

7 MR. BRYAN: I can offer as information, Mr. Sims is in
8 District 12 today on a scheduled visit with his staff there.

9 REPRESENTATIVE WILSON: I wrote to Sims, got no
10 answer. I assumed from Larson's comments yesterday that none
11 of the staff of PennDOT, except yourself and himself would be
12 here.

13 MR. BRYAN: That is correct.

14 CHAIRMAN LESCOVITZ: The Honorable Shirley Dennis,
15 Secretary of Community Affairs?

16 REPRESENTATIVE WILSON: I got a letter from Dennis.
17 She said she had another commitment.

18 CHAIRMAN LESCOVITZ: Mr. Francis Strouse, Airport
19 Engineering Section, State-owned Airports?

20 (No audible response.)

21 REPRESENTATIVE GEIST: Do we have subpoena power?

22 REPRESENTATIVE WILSON: No, not yet.

23 CHAIRMAN LESCOVITZ: Mr. Lawrence Hamacher, Jr.,
24 General Manager, Harrisburg International Airport?

25 MR. BRYAN: He is not here. Let me say,

1 Mr. Chairman, he's in Canada engaged in some negotiations
2 hopefully that will bring some air service into Harrisburg.

3 CHAIRMAN LESCOVITZ: Mr. Charles Hostetter, Director,
4 Bureau of Aviation?

5 (No audible response.)

6 CHAIRMAN LESCOVITZ: Mr. Don Bryan, Deputy Secretary,
7 Local and Area Transportation?

8 Okay, Don.

9 MR. BRYAN: Good morning, gentlemen. I am here, I
10 have no statement. I am prepared to answer questions if I can
11 for you, or otherwise supply information.

12 CHAIRMAN LESCOVITZ: We will start with Rick. Do you
13 have any questions.

14 REPRESENTATIVE GEIST: No questions here.

15 CHAIRMAN LESCOVITZ: Barry?

16 REPRESENTATIVE ALDERETTE: I think I asked everything
17 I had to ask at this time yesterday. I have no questions.

18 CHAIRMAN LESCOVITZ: Representative Wilson.

19 REPRESENTATIVE WILSON: Mr. Bryan, in light of the
20 fact that Raup and Hamacher and others are not here, I had
21 developed some questions to ask them. You are designated by
22 Secretary Larson to be the omnipotent one this morning.
23 For Raup, I was concerned and you and I were just chatting
24 about it, I was concerned about the aircraft and aircraft use
25 and judgment of what aircraft was utilized at different times.

1 I can only pick out different examples.

2 Back in September 9, 1981, the Secretary went to
3 Meadville and used the King Air. He stayed in Meadville. The
4 King Air was deployed back to Capital City to pick up the
5 Governor to go to Kansas City and back to Pittsburgh.

6 The Baron you had under lease was sent back up that
7 same day and picked up Secretary Larson in Meadville. The
8 stupid question arises, why didn't he go in the Baron in the
9 first place, instead of sending one plane to take him and send
10 another plane to bring him back. This was all within a few
11 hours. It didn't seem to be good planning of the utilization
12 of the aircraft.

13 Is there a written policy setting forth what aircraft
14 will be used, when it will be used, when it will chosen and
15 this kind of overlay?

16 MR. BRYAN: There is not a written policy, but the
17 manager does exercise in his judgment trying to match the
18 aircraft with the mission. In that case I cannot tell you
19 here why the Secretary wasn't taken to Meadville originally in
20 the Baron. It could have been something having to do with the
21 availability of the Baron.

22 REPRESENTATIVE WILSON: Baron was available,
23 absolutely, we checked that. It went up to pick him up at the
24 point in time shortly afternoon. He went up early in the
25 morning, typically, opened a highway or something, and went up

1 to pick him up and bring him back, which is on official duty.
2 I have no problem with that. It's just using the two aircraft
3 seem to be a duplicated effort. We found that happening quite
4 a bit.

5 As I said to you earlier, in that same context, the
6 King Air came back and took the Governor to Kansas City. TWA
7 flies out of here nonstop for \$538. The Governor spent \$5,000
8 going out and back. I realize you can't tell the Governor he
9 can't use the state plane.

10 We talked to the folks in Ohio and they have a firm
11 written policy that says in that type of case, the airline
12 guide will be consulted and that offer will be made to, if it
13 is, in fact, the Governor -- they don't stop the Governor from
14 using the state plane, but they might suggest that that is --
15 I wondered, if in fact, you have ever in your six years looked
16 at some sort of a written policy that might speak to that sort
17 of thing?

18 I also found, as I told you earlier today, 1980
19 through 1984, you averaged \$100,000 a year in outside
20 charters, a lot of which were spent when other aircraft were
21 available, state aircraft were available. We did touch on that
22 yesterday.

23 Again, the question is: Why not a written policy of
24 some sort, a rule or regulation? If you have a rule or
25 regulation, then it is less bendable, less amendable when

1 somebody comes in. I realize you are dealing with officials
2 here and you have a touchy subject, particularly when you get
3 to telling the Secretary of Transportation, look, pal, you
4 can't use that King Air today; you have to use the Baron. He
5 says, who are you working for? -- the Governor, also. There
6 are others that wouldn't it seem to me to be prudent to
7 promulgate some rules?

8 MR. BRYAN: I believe that a written policy would be
9 desirable. When the Legislative Budget and Finance Committee
10 talked to us on this subject, we asked their consultants at
11 that time if they had any policies or had knowledge of any
12 policies. They did not and were not able to provide us with
13 any. We, frankly, weren't surprised at that because our
14 manager, Mr. Raup, has been in touch with other states and
15 with other corporate lead operators in an attempt to find some
16 written guidelines for aircraft utilization.

17 To date, we have not found any unified or written
18 policies, although we have collected information that he is
19 using to compile a policy that we would use.

20 REPRESENTATIVE WILSON: It would seem, you know, I
21 couldn't help but think while you were stating that, you have
22 taken great pride and credit for the recently passed Senate
23 Bill 785. It would seem to be terrific innovative and
24 leadership on your part to, instead of following the other
25 states, perhaps we could lead them and develop a policy.

1 I find other states are following us in some of the
2 other things, the act that just got passed, they are, and
3 rightly so. You should take pride in that sort of thing. I
4 would think a written policy seems to be, and everybody that
5 we have talked to, Mr. Dario's operation and others, seem to
6 indicate that not having any written policy or rule or
7 regulation on the use of the aircraft seems to lead to -- I
8 don't want to use the word abuse -- but perhaps, a little
9 misuse and perhaps not intentional. But if there's guidelines
10 there, then at least Mr. Raup can say, these are the
11 guidelines. You have to talk to somebody else. He then does
12 not get massaged because of his position.

13 MR. BRYAN: We agree with the desirability of having
14 such guidelines. As I said, we are developing them. If there
15 are others in existence, and we have no knowledge of them, I'd
16 be pleased to have them. We do intend to lead the other
17 states as we indicated here, by developing such a policy and
18 getting it out before any others because, as I have said, we
19 have no knowledge of these in existence at the present time.

20 REPRESENTATIVE WILSON: I believe Ohio does. We are
21 waiting for copies of Ohio's. We will be glad to share that
22 with you.

23 MR. BRYAN: Thank you very much.

24 REPRESENTATIVE WILSON: That was Mr. Raup's
25 questions. We will move to Mr. Hamacher now.

1 The staff calls my attention to a statement made by
2 Secretary Larson yesterday on the second page, when he said,
3 tallying the greatness of the Bureau of Aviation, he said
4 "There is an airport directory, an aeronautical chart", a big
5 smile when he said that, "published on a regular basis, a
6 written manual that governs state flight operations." We
7 don't have one, do we?

8 MR. BRYAN: You have one now. I did bring one for
9 you.

10 REPRESENTATIVE WILSON: Flight Operation Statutes?

11 MR. BRYAN: Yes, that's a written flight operations
12 manual, yes.

13 REPRESENTATIVE WILSON: It doesn't speak to the use
14 of aircraft?

15 MR. BRYAN: No, it is the manual for the operation of
16 the flights. It's for the pilots and mechanics in operating
17 the aircraft. The point the Secretary was making, in '79, we
18 didn't have that. Flight was just conducted.

19 REPRESENTATIVE WILSON: I understand that. I didn't
20 think your predecessor ran a good show, either, believe me.
21 If you heard some of my comments to them in the past, you
22 could appreciate it.

23 Let's go on to the airports at this time. Capital
24 City, somewhere last October you closed the main instrument
25 approach runway, 8/26 for an overlay toping and also for, I

1 think they renewed the lighting system at that time.

2 MR. BRYAN: Yes, and the drainage.

3 REPRESENTATIVE WILSON: Summer of '83, 8/26, it was
4 closed for a \$2 million capital improvement program. By
5 November, the engineering studies determined serious sinkhole
6 problems. The runway is still closed. That's better than
7 that year. Is there a master plan for the Capital City
8 Airport? As I know it, the federal government requires for
9 others -- I don't know if they do it for the state -- receive
10 federal monies that you probably would receive for that
11 overlay from the Federal ADAPT Program. You would have to
12 submit a master plan on a regular basis in order to
13 participate.

14 Is there, in fact, a master plan?

15 MR. BRYAN: Yes, there is, and there was at that
16 time. It was revised during the course of the last year, as a
17 matter of fact, to provide for clearance of property for a T-
18 hangar and corporate hangar development. It is only recently,
19 as a matter of fact, revised to reflect our latest thinking.

20 REPRESENTATIVE WILSON: That's an ongoing situation,
21 the revisions thereof. I have been on the authority of
22 Doylestown and we constantly have to update that almost every
23 couple of years. We have to tell the federal government what
24 we project in the future as the projects we see coming and
25 needs in the future.

1 MR. BRYAN: That is correct.

2 REPRESENTATIVE WILSON: Does that master plan -- I
3 tried to get a copy, but nobody seemed to have one.

4 MR. BRYAN: We'll get a copy of it for you.
5 Actually, the plan is really embodied in one document which is
6 called the Airport Layout Plan. There is some documentation.

7 REPRESENTATIVE WILSON: You have two engineers, one
8 from Virginia and one from Pennsylvania that serve as -- I
9 think Wilbur Smith volunteered from Virginia and Geo-Technical
10 Services in Harrisburg, if that information is correct. It's
11 not very, very important, but you had two engineers.

12 I find and I just got to be a little facetious, the
13 phone book for the Capitol has a page full of highway
14 engineers that are allegedly great at taking care of 45,000
15 miles of blacktop. It behooves me as to why we didn't
16 understand and know that there were those sinkholes and those
17 problems at Capital City Airport. I have got to go through
18 the chronology for the benefit of the rest of the members of
19 the committee.

20 They closed this runway last August and discovered
21 two months later that they had these sinkholes and then
22 decided it was going to cost seven and a half million, or
23 something thereabouts, to improve and fix the sinkholes.
24 Somewhere in the middle of the summer -- it's a two-page
25 chronology on this runway. In June, I think, they announced

1 they really don't have to spend that 7.7 million but go back
2 to the original plan and that is what they have done, is do
3 the overlays as proposed August a year ago.

4 I find that very confusing to have all these
5 engineers say that we are going to repair some overlays;
6 November it's going to cost 7.7 million and suddenly after you
7 sit on it for six months, it isn't going to do anything but go
8 back to the original at 1.2 million.

9 MR. BRYAN: Let me try to clear away the confusion.
10 First, let me say we have not returned to the original plan.
11 We are doing something that is essentially the original plan,
12 but it is modified in some important ways.

13 We did know that there were sinkholes at this
14 airport. The airport has been in operation for many years,
15 and sinkholes have been an annual and continuing problem at
16 the airport. They have been dealt with on a maintenance
17 basis; and by that I mean, when one occurs, we simply fill it
18 with whatever material it takes to fill it, and then make
19 repairs on the surface. It was regarded as a nuisance
20 maintenance activity.

21 Low and behold, when we began our reconstruction
22 program that involved replacing the old drainage system, the
23 runway lighting and repaving the runways, the contractors
24 began their work on the sewer replacement system first. As
25 they were digging up the old sewage system, and it was found

1 to be collapsed and generally, no longer functioning, they
2 uncovered not just sinkholes of a maintenance, nuisance
3 nature, but they uncovered large voids under the runway that
4 we did not have knowledge of until that work began.

5 As they went further with their work of replacing the
6 drainage system, we ran into more and more of these very large
7 voids -- some of them approaching close to the surface and
8 suggesting that we could be threatened with eminent collapse
9 of parts of the runway system.

10 Then we hired the engineers that Representative Wilson
11 made reference to, to look at this pointed problem of the
12 extent of the sinkhole problem underneath of the airport,
13 which had never been investigated totally before. They did
14 that and they told us that we didn't have just a surface
15 nuisance problem, but we, in fact, had a piece of real estate
16 that was seriously undermined by an extensive system of
17 sinkholes in some cases with large voids involved.

18 There were actually two testings conducted. One was
19 a radar system as I recall, and another was an electrostatic
20 sort of testing system. These produced maps, if you will, of
21 what it looked like underneath.

22 Based on that information, we asked our engineers to
23 tell us whether we should continue to proceed with the
24 resurfacing of the runway as originally planned, or whether
25 some additional action was needed.

1 It was at that point that they recommended that we
2 change our plan and proceed to a structural runway repair, not
3 just a resurfacing with asphalt over the old asphalt runway.
4 But actually, that we go in with structural concrete sections
5 over the voids --

6 REPRESENTATIVE WILSON: When was that? In a point of
7 time, when was that decision made?

8 MR. BRYAN: That was part of the investigations of
9 late summer and fall a year ago, and that was when the \$7
10 million estimate was produced.

11 REPRESENTATIVE WILSON: Wait a minute. I missed the
12 chronology in time. The summer of '83 you closed the runway
13 for the \$2 million capital improvement project. We have been
14 down to Mr. Raup's office and that chronology you filed with
15 him to get federal funds. For lighting and drainage, now you
16 tell us that at that time you also knew about the sinkholes
17 and had a plan to do something? What summer are you talking
18 about?

19 MR. BRYAN: That summer. The work began, as you
20 indicated, the work began during the late summer and fall of
21 last year.

22 REPRESENTATIVE WILSON: Right.

23 MR. BRYAN: And when that work began, we uncovered
24 sinkholes that were more extensive than were contemplated.

25 REPRESENTATIVE WILSON: Everything is fine up to

1 there, Don, but at that point you just said something about
2 knowing in the summer of '83, you hired engineers in essence.
3 I don't think that rhythms with the chronology. That's this
4 summer.

5 MR. BRYAN: No. The engineers had been retrained to
6 design the work that was underway. We were proceeding based
7 on that work. But when the contractor got on the site and
8 started the work, what he discovered were sinkholes more
9 extensive than what the engineers had thought were there. We
10 then went back to our engineers and asked them, "Well, what do
11 we do now?" They responded, suggesting that we modify the
12 project, doing one of a couple of things. Actually, they
13 outlined several options.

14 One of them was a total structural runway, as I
15 recall, of \$13 million or so, which was just rejected out of
16 hand.

17 The other was replacing major sections of the runway
18 that were threatened by these large sinkholes at the cost of
19 seven and a half million dollars as you mentioned.

20 We went to the FAA and asked whether or not they
21 would be willing to participate in a project modified to that
22 extent. Frankly, they said no, they would not.

23 We continued to work with engineers and others on
24 finding solutions to the sinkholes that would be long-term
25 solutions. We explored using flyash and other various

1 modified techniques.

2 In the end, what we came down to was modifying the
3 original project basically, in the following way: reducing
4 the amount of asphalt overlay that is to be placed and,
5 indeed, is now being placed on the runway and using some of
6 the cost savings of the reduced paving material and putting
7 that into repair of the sinkholes.

8 So, what's happened over this last summer is that we
9 have plugged the large sinkholes as we found them, using a
10 combination of techniques of gabions, and concrete and flyash
11 and a whole host of things, and are now finally repaving
12 the runway with an overlay that is at the original thickness
13 in the center through the main part of the runway that is
14 normally used, and then feathers out to a thinner paving on
15 the edge. The material that was saved through that
16 modification and the cost of that material is what we used to
17 deal with the sinkholes.

18 We had a great deal of difficulty, let me say, in
19 obtaining successful test results from the paving contractor
20 for the density and compaction on the runway repaving itself.
21 That finally was achieved only a week ago, and they are now,
22 actually as we talk, completing the paving of the runway. We
23 expect that to be done, weather permitting -- that is, having
24 no serious rain -- over the next several days, the runway
25 would then be lined; and next week grooved thereafter, and we

1 expect to have it opened in the next two weeks, finally.

2 REPRESENTATIVE WILSON: I suppose one thing has to
3 strike at this point. You have an enginner, Francis Strouse,
4 is your Resident Engineer on airports?

5 MR. BRYAN: That's right.

6 REPRESENTATIVE WILSON: He's qualified and capable to
7 determine sinkhole depths, sizes, problems, capacities,
8 underlays of runways, highways, or whatever?

9 MR. BRYAN: No, he's not. He does not have either
10 the technical equipment available to do that, or I would say
11 the specialized knowledge which is why we retained the
12 engineers we mentioned.

13 REPRESENTATIVE WILSON: You knew the sinkholes were
14 there, but not to their size?

15 MR. BRYAN: Not to the extent.

16 REPRESENTATIVE WILSON: But they didn't indicate any
17 problem to you because they were there before?

18 MR. BRYAN: They had always been a problem but it was
19 a problem that was dealt with as a maintenance matter; one
20 opened, you plugged it.

21 REPRESENTATIVE WILSON: Doesn't it strike you--
22 maybe it doesn't--that running some 14 months to solve a
23 problem is not quite in line? I mean, if one of my
24 constituents called me in August of '83 and I didn't solve
25 their problem till November of '84, I think they would be at

1 the polls next week voting for the other guy.

2 MR. BRYAN: I'm not happy with the amount of time
3 that has been involved here, but I must say the time to some
4 extent was needed because there has been a wrestling match of
5 opinion.

6 I would still prefer, I would still prefer to have
7 secured federal funding for structural replacement of some
8 sections of the runway. What we have now with the project as
9 we have, I would say, been forced to complete it, is a repaved
10 runway but there has been no structural dressing of the
11 sinkhole problem beneath it. I expect in the years ahead we
12 will continue to be plagued by this recurring problem. I
13 don't like that. I would rather have, while we have the
14 runway closed, fix this structurally and then not have to deal
15 with it again; but the FAA, and I respect their decision,
16 after a lot of discussion, did not wish to participate in a
17 larger project.

18 REPRESENTATIVE WILSON: Part of the problem there, as
19 I see it is, that you have, and perhaps with the committee's
20 interest, you have some very large businesses that base their
21 aircraft there. Businesses that I listened to the Governor
22 tell us that we need more of. We have AMP and HARSCO and
23 other people like that. Rite-Aid who will not open a facility
24 30 miles or more farther from an airport with a paved runway
25 at its approach.

1 The indecision by the department, I think has led to
2 an awful lot of unrest. I understand HARSCO may move to
3 Lancaster Airport, which would be a problem. AMP who has
4 justs put several million dollars in their facility, two jets,
5 six King Air Turbo Jets, and so forth at that facility has
6 caused extreme problems.

7 I have got to say that I must ciritoize, I guess, the
8 management or the lack thereof. I can remember during the
9 time this year when 8 and 26 was closed, calling flight
10 service at 8:00 one morning to get the weather for the day to
11 see if I had problems going home flying, and they said,
12 "Didn't you know that at 9:00 the other runway is going to be
13 closed?" I said "When were you told that?" "5:00 the day
14 before."

15 I would think anybody that's going to use their
16 equipment, AMP and HARSCO and all those people over there,
17 would certainly be out of sorts to walk out to the airport and
18 not to have found out at least a day ahead of time that they
19 are going to close the airport.

20 Mr. Williams, do you know a John Williams, a local
21 attorney developer?

22 MR. BRYAN: I have met him, yes.

23 REPRESENTATIVE WILSON: I would like to quote what he
24 said: "Seeming lack of interest in developing Capital City
25 Airport, result of bureaucratic incompetence at the

1 operational level," charged that the sinkhole issue is, "smoke
2 screen and merely reflects the lack of attention of PennDOT to
3 the airport over the years," and suggested by others they want
4 all of the heavy equipment moved to HIA and do away with
5 Capital City.

6 I can't sustain that I think you want to get rid of
7 the airport. No, I don't really believe that, but the ongoing
8 problems and lack of good management I suspect is all I can
9 say; to say that 14 months to solve a problem and it still
10 isn't really resolved. You have not done anything with the
11 understructure to solve that difficulty.

12 MR. BRYAN: That's right. It is a matter of geology,
13 and the proper solution is to address it with a structural
14 replacement of the runway. We sought that, it's very costly.
15 It required federal participation; that was denied. Those
16 discussions took a long time with an exchange of a lot of
17 engineering information.

18 Let me comment on some of the other things said
19 because I, frankly, don't agree with some of them, certainly
20 as they are stated.

21 There was no indecision. We have moved directly in
22 all cases to get federal assistance or retain professional
23 help whenever we have been confronted with the problems. So
24 far as the corporations affected are concerned, they have been
25 hurt and we are very sensitive to that because our airport

1 revenues to some extent rely on their successful operations.
2 We have wanted to restore that runway operation as soon as
3 possible. We have in all cases proceeded to get whatever
4 assistance, technical or financial, that was necessary to do
5 that.

6 As to some of the moving, yes, AMP is moving to
7 Harrisburg International because they have become engaged in
8 jet aircraft operations as I'm sure you know, Representative
9 Wilson, density altitude considerations, hot air and high
10 temperature operations during the summer preclude the
11 operation of jet aircraft out of Capital City Airport--
12 precluded absolutely because of the limited runway lift.

13 Rite-Aid has had a similar problem because they have
14 engaged in jet operations. So, those airlines because of
15 their use of jet aircraft, have made decisions to relocate to
16 Harrisburg International Airport where the runway is simply
17 twice as long as it is at Capital City.

18 I foresee that kind of a phenomenon continuing with
19 any of the corporations that become engaged in jet aircraft
20 operations. Capital City Airport's runway is too short
21 regardless of its physical condition to accommodate jet
22 aircraft operations around the year. These corporations must
23 be assured of operating around the year regardless of the heat
24 of summer.

25 REPRESENTATIVE WILSON: Don, I respectfully debate

1 with you the density altitude of a jet aircraft not being able
2 to handle that in the summer. It just depends on the type of
3 jet aircraft. I don't know what they have bought out here,
4 some of them yes, some of them, no.

5 I think the problem, though, is that we talked
6 yesterday about managing your real estate, about enhancing
7 your revenue source. Certainly, it's like an apartment house
8 that has a bad reputation; that has problems with their heat
9 not being turned on; has problems with the electric; has
10 problems with the snow not being removed; tenants don't come.
11 Those that leave don't come back. They don't talk well of
12 your operation which doesn't lend itself to you getting more
13 tenants to offset your indebtedness. That is the problem.

14 MR. BRYAN: If you want to continue with comparison
15 of an apartment building, I believe if you have an apartment
16 building and it remains in disrepair, and you let it remain in
17 disrepair you are not going to do very well in attracting
18 tenants. The position we have taken, frankly, the apartment
19 building in this case, the airport was in disrepair. We made
20 conscious decisions to modernize it, to in this case, engage
21 in a \$2 million modification program of the main runway and we
22 set about that expeditiously. We encountered serious problems
23 of geology.

24 REPRESENTATIVE WILSON: There is where we disagree,
25 the expeditiously expression you just used. I don't think

1 that anybody feels it was expeditious. Now, I don't want to
2 go through the chronology here and delay this that much longer,
3 but there were statements made by you to the press that maybe
4 we should close the airport during this 14 months. That
5 doesn't lend itself well to good decision and good management
6 as I see it.

7 AMP, you talked about AMP, announcing they moved to
8 Capital City because of jet operations. Let me quote you to
9 Harrisburg International, June '84, "AMP announced to move
10 from Capital City to Harrisburg City International" due to
11 "dissatisfaction with maintenance"; not a word about
12 jet operation. "It does not feel PennDOT has given adequate
13 assurances that future maintenance would be at the level that
14 is adequate to the type of flight operations that we have."

15 That's in the Patriot by Merrill Yohe of AMP. That's
16 what they stated. They didn't say anything about jet
17 operations. They blamed it on your maintenance.

18 Anyhow, that's where I think we differ a little bit.

19 MR. BRYAN: If you could or anyone could point out
20 how the decisionmaking process here with the FAA could have
21 been expedited, I would be pleased to know of it, and use that
22 better process the next time we are confronted with this type
23 of problem. But, I do not believe that there was any laxness
24 here. We moved as quickly as we could. It just required that
25 much time to arrive at a decision in cooperation with the FAA

1 as to what kind of a project they would cooperate in.

2 REPRESENTATIVE WILSON: Did you ever contact the FAA
3 as far as the instrument approach to the runway? I have to
4 explain this, I guess, to the committee. The runway that is
5 closed is the instrument runway, the only instrument approach
6 to Capital City Airport. In order to come in and find the
7 weather like today, and make an approach to this particular
8 closed runway, and then at the last minute when you finally
9 see that runway, you circle over Beacon Hill and slide into
10 the runway that's opened. It's a very nice experience. You
11 ought to ride with me some day when we make that approach.

12 But, I wondered, have you and Mr. Hamacher ever
13 contacted the FAA to reinstate the instrument approach that
14 did exist to runway 12, the runway that is still opened?
15 There was an instrument approach that was cancelled some years
16 ago. That could have been reinstigated to assist and
17 alleviate that.

18 MR. BRYAN: I can't say what exists in terms of
19 documentation, but I can say that has been a subject of
20 conversation. I have discussed it with Mr. Walsh.

21 REPRESENTATIVE WILSON: Oh, no. Mr. Walsh does not --
22 You have to go to Long Island, in case you didn't know it, as
23 far as instrument approach. Walsh is real estate and
24 construction. It takes no equipment to reinstate that
25 instrument approach. It's what's known as PR approach. That

1 equipment is in existence. I just wondered, has anybody --
2 Mr. Hamacher would be the person to do that, would he not?

3 MR. BRYAN: Yes.

4 REPRESENTATIVE WILSON: He's not here so you are the
5 one Mr. Larson said would answer the questions.

6 MR. BRYAN: That's right. I'm indicating, to my
7 knowledge, that subject has been discussed with the FAA, and I
8 at least on one occasion, discussed it with Mr. Walsh. I
9 don't know what documentation exists on it. I'm sorry,
10 Representative, I can't tell you precisely what Mr. Hamacher
11 has done.

12 REPRESENTATIVE WILSON: I'm just curious, to
13 alleviate the problem it would seem, if you have, as you say,
14 a time table that that runway is closed, you could go to some
15 other means to make safety one of the issues that I would
16 think would be of interest to the management of the airports--
17 safety.

18 MR. BRYAN: Let me say that I was left with the
19 impression with my discussion with Mr. Walsh that his
20 understanding of the situation was that reestablishing that
21 other instrument approach was something that was not desirable
22 from an operating point of view because of conflicts with
23 Harrisburg International. But, beyond that, I cannot --

24 REPRESENTATIVE WILSON: I have got to repeat, Mr.
25 Walsh does not make that decision. He has nothing to do with

1 it at all. That is done in Long Island. I can give you the
2 person's name; it is my file, but it is not Mr. Walsh.

3 MR. BRYAN: Let me say on instrument approaches, and
4 this also bears on corporate operations, and I think
5 Representative Wilson you would agree, the instrument approach
6 to the main instrument runway at Capital City Airport is
7 nonstandard; that is, there's a hill involved in one of the
8 directions. So, in using that main runway with instruments on
9 it, you have to make, let's call it a steeper approach into
10 the airport which is troublesome.

11 REPRESENTATIVE WILSON: How many degrees is that
12 slope, do you know?

13 MR. BRYAN: I don't recall, offhand.

14 REPRESENTATIVE WILSON: It's not that much steeper.

15 MR. BRYAN: It is nonstandard.

16 REPRESENTATIVE WILSON: The nonstandard part of it,
17 Don, is what they call the minimum descent altitude which is
18 higher. It's 658 feet above the ground versus 258 feet above
19 the ground at HIA. That is simply because of that hill that
20 is out there.

21 If you drove out the turnpike exit and the west exist
22 to the turnpike, it's right over that point that he's talking
23 about. That's the hill you have to come over and sort of
24 slide down to get down to the airport runway.

25 MR. BRYAN: My point was, what that results is, you

1 have to make a decision to continue in to land or to not at a
2 higher altitude. When conditions are poor, the result is,
3 it's harder to get into Capital City than it is into
4 Harrisburg International. That's another factor, I believe,
5 bearing on some of the corporations moving because you can get
6 into Harrisburg International in poor weather when you can't
7 get into Capital City.

8 REPRESENTATIVE WILSON: I would agree with you on
9 that. There's not much you can do about that except take the
10 hill down.

11 Moving on, I noted in your makeup of your staff and
12 everything, you have a section that is called "Property
13 Management Division". I would assume that is under Mr.
14 Hamacher. How long have you had that? What are their
15 responsibilities and what are their talents, and so forth?

16 MR. BRYAN: The state-owned airports has a subgroup
17 within the Bureau of Aviation, are subdivided into Harrisburg
18 International. Capital City, which has a small group of seven
19 people involved, and one other person our man in the White
20 House as I refer to him up at Mid-State Airport taking care of
21 that mothball facility, which is being transferred out of our
22 jurisdiction, unfortunately.

23 REPRESENTATIVE WILSON: Can we transfer the guy too?

24 MR. BRYAN: Yes; as a matter of fact, we will.
25 Harrisburg International itself, which does have some 62

1 people or so on the staff down there, has within it an
2 administrative unit. Within that administrative unit it takes
3 care of payroll and paying the bills and the like. There are
4 some people concerned with property management.

5 Actually, there is one person concerned on a full-
6 time basis with property management; that is, working with the
7 tenants, the prospective tenants, handling rents, utilities
8 and maintaining relationships there.

9 REPRESENTATIVE WILSON: The job would be similar, and
10 were they there when you had the Project Management Company?

11 MR. BRYAN: They were there, and we had an
12 arrangement with the private management company, whereby they
13 maintained a specified list of properties in our industrial
14 park. We continued to maintain property relations with the
15 airlines and the airport users directly because of some of
16 the additional complications involved, federal rules and
17 securities and restrictions on the airport.

18 During that period of time, we continued to have our
19 property manager on staff.

20 REPRESENTATIVE WILSON: What is their talent? What's
21 their background? Pilot, aviation specialist, real estate
22 specialist?

23 MR. BRYAN: The background is one of business,
24 clerical and knowledge of real estate.

25 REPRESENTATIVE WILSON: They had that before they

1 came with you?

2 MR. BRYAN: I can't say in the case of the previous
3 person.

4 REPRESENTATIVE WILSON: You are answering for
5 Mr. Hamacher. I remind you, you wouldn't let him come and I
6 would like those answers.

7 MR. BRYAN: I understand. I can't say for the
8 previous occupant of that job.

9 REPRESENTATIVE WILSON: Let me apologize. You did
10 not say he couldn't come. The Secretary said that. I
11 apologize to you, sir.

12 MR. BRYAN: Frankly, in this case, I cannot tell you.
13 I'd have to look at the resume of the person in the present
14 job. I can do that and I can provide that information.

15 REPRESENTATIVE WILSON: I think it has bearing on our
16 case, so to speak, and I think it makes sense, if I may
17 comment, to have somebody with expertise that would handle
18 real estate. You have enough of it, and certainly, I would
19 look to somebody that came from the real estate field that had
20 experience in managing properties, knows the market in the
21 Harrisburg area, completely. I think it would be an asset.

22 MR. BRYAN: Let me say I think it the important thing
23 really here in the whole airport is the bottom-line total
24 performance we're approaching it as a business, and our real
25 estate operation is one that I would characterize as

1 successful. We have filled up our vacant properties down
2 there. Our level of collection of monies is better than it
3 used to be. Our revenues in total terms are up. Whatever the
4 credentials of those people are, I would say they have done
5 and are doing a very good job.

6 REPRESENTATIVE WILSON: On-the-job training.

7 Did you order, or did Mr. Hamacher order that \$75,000
8 automated management system that prevailed that we no longer
9 have?

10 MR. BRYAN: That was ordered by the Director of the
11 Bureau at that time.

12 REPRESENTATIVE WILSON: He made that decision without
13 your input at all?

14 MR. BRYAN: He made that decision with my
15 concurrence, but he concerned himself personally with the
16 design of that system. It was one of the things --

17 REPRESENTATIVE WILSON: You approved it?

18 MR. BRYAN: Yes, I did. Probably, I can't say
19 specifically, but generally I sign the orders for such
20 procurements. Probably, if we go back on the records, I
21 probably signed the order for that procurement.

22 REPRESENTATIVE WILSON: I had a question for Mr.
23 Hamacher that I know you can answer. You acquired a military
24 surplus helicopter in '79. The papers that were put forth as
25 to utilization of that airport were mission in support of

1 Commonwealth's emergency operations, civil defense; mission in
2 support of Department Environmental Resources, to include
3 nuclear radiation, monitoring, landfill and compliance, and
4 the Commonwealth's support administrative logistical and
5 manmade and God-made disasters. The paperwork shows that
6 Mr. Hamacher was the person responsible for that helicopter.
7 I believe you can briefly tell me why he was made responsible
8 for that helicopter. Maybe, you can tell me why that
9 helicopter was never used for any of those purposes so stated
10 on there.

11 As a matter of fact, it was used in helicopter
12 training and recertification of the helicopter pilot you had.
13 Maybe you can tell me why a helicopter that is incapable of
14 IFR or instrument-condition flight was so equipped at the cost
15 of \$11,000 to make it capable for outdoor flight that it could
16 not do, if in fact, you had instrumentation for it. It was
17 only used 13.9 hours in '81, and 10 hours in '82 for any
18 state-related purposes.

19 Did you, in fact, sign off on that too?

20 MR. BRYAN: I probably did. Let me answer your
21 question. Mr. Hamacher at that time was an aviation
22 specialist in the statewide program section of the Bureau. He
23 was not at that time involved in responsibility for state-
24 owned airports. It was for that reason that he was involved
25 in the procurement. We did procure that aircraft surplus, I

1 guess is probably the right term, from the federal government
2 at no cost to us. It was secured for the purposes --

3 REPRESENTATIVE WILSON: That is not a entirely true
4 statement.

5 MR. BRYAN: -- at no cost from the federal
6 government. We then invested 11,000. Actually, I think we
7 invested finally some \$14,000, or so, of avionics to equip the
8 aircraft to make it suitable for civilian use.

9 REPRESENTATIVE WILSON: That's almost \$2,000 for a
10 little cart so you could haul it in and out of the hangar.

11 MR. BRYAN: Yes, there was a cart. That's true.

12 REPRESENTATIVE WILSON: Three or four thousand
13 dollars you paid for that.

14 MR. BRYAN: All right.

15 REPRESENTATIVE WILSON: Two thousand.

16 MR. BRYAN: Two thousand?

17 REPRESENTATIVE WILSON: Yes, you did pay for it. You
18 didn't get it free.

19 MR. BRYAN: I stand corrected. All right, \$2,000,
20 and another eleven or so and the money for the cart. So we
21 did have some expenses involved, no doubt about it.

22 REPRESENTATIVE WILSON: Don, the instrumentation that
23 was put in was an ILS and things of that nature. ILS is
24 instrument landing system device that that aircraft is
25 prohibited from doing. Is that prudent?

1 MR. BRYAN: It's prudent to the extent that you or I
2 flying in VFR visual conditions, as we might from time to
3 time, might also have instruments on as a guide and as an aid
4 to our flight, although we are not strictly flying under blind
5 instrument conditions. I may be able to see perfectly
6 clearly --

7 REPRESENTATIVE WILSON: If I'm going to spend my
8 money to buy something that I cannot use, that's my money.
9 But if you spend the state's money to buy something you cannot
10 use, it's like the wrenches I hear about in Washington. This
11 is the thread of this whole thing is what has been going on is
12 the lack of management as I see it.

13 MR. BRYAN: The question is about the prudence. I
14 would say that it is prudent, and probably you and I or any
15 other pilot flying under visual conditions uses electronic
16 nav-aids just as a check on where we are. I would say it's
17 prudent from that point of view.

18 REPRESENTATIVE WILSON: ILS is not an instrument that
19 is used to check on your position. It's an instrument used to
20 make that descent into Capital City Airport down over that
21 little hill which you cannot legally do. It doesn't check
22 position.

23 MR. BRYAN: Yes. I understand. It could be of
24 assistance in making approaches in marginal weather.

25 REPRESENTATIVE WILSON: Do you recommend that your

1 pilots in that helicopter so make an instrument approach in an
2 illegal helicopter with public personnel on board? I would be
3 careful.

4 MR. BRYAN: No, but if they were caught out in
5 deteriorating weather conditions, which we have all had happen
6 to us from time to time, any of the aids that we might have on
7 board would be welcomed.

8 REPRESENTATIVE WILSON: And a helicopter can do what
9 I can't do? He can park along side of the roadway.

10 MR. BRYAN: Well, Representative Wilson, we, I guess,
11 we'll agree to disagree on whether the aids would be prudent.

12 REPRESENTATIVE WILSON: Small item, true.

13 MR. BRYAN: But, to the basic issue of why the
14 helicopter at all, we buy it for the reasons stated, and we
15 did have expectation that it would be used by the state
16 agencies.

17 As it developed, it was used very little, very
18 little; and after we determined that it was, in fact, used
19 very little and we had few prospects for it being used, we
20 made plans to get rid of it; but not just to get rid of it.
21 We traded it and we got federal permission to trade it in on a
22 new aircraft that we bought for general use. As I recall, on
23 the trade-in, I believe we got 30,000 or some more than \$30,000
24 in credit. So, I would say from a purely business point of
25 view --

1 **REPRESENTATIVE WILSON:** Something better than that,
2 50,000.

3 **MR. BRYAN:** -- from a purely business point of view,
4 something we bought and invested--what do you want to say--15
5 or maybe 20 thousand dollars in. In the end we got more than
6 that for it on a trade-in. I would say it was an outstanding
7 piece of business management.

8 **REPRESENTATIVE WILSON:** Maybe, you ought do more.

9 **MR. BRYAN:** If I could predict that outcome in other
10 cases, I would.

11 **REPRESENTATIVE WILSON:** Let me go, and this may be a
12 little boring, but I spent last evening reading the internal
13 audit, I guess it was -- No, this was an Operations Review
14 Group Report from James Scheiner, Deputy Secretary for
15 Administration, to you as Deputy Secretary for Local and Area
16 Transportation.

17 This was conducted November 26, 1979. You took
18 office, when, in '78?

19 **MR. BRYAN:** No, in May of '79.

20 **REPRESENTATIVE WILSON:** I thought the review was
21 good. I thought the effort was excellent. I just highlighted
22 a few lines I think I must read. On page 1, it says, "In
23 general, the audit reveals that the Bureau of Aviation is
24 operating without defined objectives, priorities, or policy.
25 This condition is attributed to the needs of the Division of

1 the Aeronautical Code, the need to develop adequate rules and
2 regulations, the need to define the Bureau's objectives, and
3 implement the same with policy and procedures to control the
4 Bureau's activities."

5 Page 2, I underlined the statement here, where this
6 is, I think from the Bureau Director in answer to Mr.
7 Scheiner's allegations: "The Bureau Director has been with
8 the Bureau since early October and has formed independent
9 opinions of functional areas. The Director's opinions of the
10 Bureau coincide with those of the report and are generally
11 more critical."

12 Page 2 calls for the bottom line there, "The Bureau
13 is emphasizing management-by-objectives as a technique and
14 actively engaged in writing a Policy and Procedures Manual."
15 Is that in existence?

16 MR. BRYAN: Yes, it is.

17 REPRESENTATIVE WILSON: What does it cover?

18 MR. BRYAN: It covers all of the statewide programs.
19 As a matter of fact, I have a copy of it with me.

20 REPRESENTATIVE WILSON: You mean the engineering
21 programs?

22 MR. BRYAN: No, the licensing, inspection of
23 airports.

24 REPRESENTATIVE WILSON: Everything you do, including
25 the operation of aircraft?

1 MR. BRYAN: There is a Flight Operations Manual for
2 that, too. As a matter of fact, I have a copy of that with
3 me. I'll be glad to give that to you.

4 REPRESENTATIVE WILSON: That's what you handed me?

5 MR. BRYAN: I gave you a copy of the Flight
6 Operations Manual. I also have with me a copy of these policy
7 and procedures.

8 REPRESENTATIVE WILSON: How about airport management?
9 Is that in there, too?

10 MR. BRYAN: No, that is not in that group.

11 REPRESENTATIVE WILSON: You never had a written
12 policy on that?

13 MR. BRYAN: Not entirely, no. That is still being
14 developed in sections.

15 REPRESENTATIVE WILSON: You only have two more years?
16 Are you going to have it done by then?

17 MR. BRYAN: But continue. This was an important
18 document and made many recommendations and were the basis of
19 actions we took.

20 REPRESENTATIVE WILSON: Page 4, Mr. Scheiner
21 suggested under "Property Management: The Department formulate
22 written leasing policy and that the Bureau of Aviation
23 establish written pcedures to implement such." Do you have
24 those?

25 MR. BRYAN: What was it?

1 **REPRESENTATIVE WILSON:** R-8, under "Property
2 Management and Leasing." It's the subject we talked about
3 with the problems that everybody has been critical of.

4 **MR. BRYAN:** The key issue here really was the
5 standard leases.

6 **REPRESENTATIVE WILSON:** Wait a minute. That's not
7 what he said. I repeat, "The Department formulate written
8 leasing policy and that the Bureau of Aviation establish
9 written procedures to implement such."

10 Do we have it?

11 **MR. BRYAN:** No, we do not have written procedures,
12 but in a deeper sense --

13 **REPRESENTATIVE WILSON:** It's an internal criticism;
14 not Ben Wilson now.

15 **MR. BRYAN:** I regard this as internal cooperation.
16 Mr. Scheiner and I cooperated, as a matter of fact, on this
17 effort. One of the problems that existed back in those days
18 with regard to property management was leases were compiled
19 willy-nilly as they were needed. We developed standardized
20 leases.

21 **REPRESENTATIVE WILSON:** Because your report of '84
22 does not indicate that.

23 **MR. BRYAN:** No, that's what I'm leading to.

24 **REPRESENTATIVE WILSON:** Page 7, if you would,
25 "Airport Leasing." It says here, "An airport leasing Policy

1 and Procedures chapter is being developed based on information
2 gained from a detailed rental analysis being conducted by the
3 Bureau. This detailed analysis is being hampered by the
4 Bureau's lack of access to information at HIA, but when the
5 reorganization is approved, access will improve."

6 Do we have that?

7 MR. BRYAN: Yes. I can call on individual leases and
8 I can get information that I need, and indeed, anyone else
9 can. I believe you have your own staff, as a matter of fact,
10 on the airport --

11 REPRESENTATIVE WILSON: Oh, yes.

12 MR. BRYAN: -- gathering information on these.

13 REPRESENTATIVE WILSON: Page 8, A14: "A budget year
14 80-81 request has been made for another light aircraft for
15 airport inspections. Also, the Bureau has requested a surplus
16 helicopter" -- we just discussed that -- "for use in
17 inspecting the 200 plus helipads..." You didn't say that in
18 your request form, by the way. "...in the State, and for
19 other advantageous programs. Additionally, the present light
20 aircraft is being utilized, not only for airport inspections,
21 but also by airport engineers for contract administration."

22 We found yesterday in the use of utilization of
23 aircraft that that's not true. The 3.4 hours per month on any
24 one aircraft doesn't seem to be utilization.

25 MR. BRYAN: We did acquire not only one, but as a

1 matter of fact, two additional light aircraft.

2 You are correct. Utilization has been disappointing
3 to us. It has been improving, but it has been disappointing.

4 REPRESENTATIVE WILSON: Do you have any plans to get
5 rid of any of those aircraft? You have got three of them.

6 MR. BRYAN: Well, we are considering disposing of the
7 two that we bought because, among the many problems with them,
8 one of them and one of the serious problems was, AD's Air
9 Directives, with regard to that particular type of aircraft.

10 REPRESENTATIVE WILSON: Who made the decision to buy
11 that particular type of aircraft?

12 MR. BRYAN: I made the decision. It was a bid
13 proposition and the low bid as it came in happened to be those
14 two aircraft. That happened to also be Piper, and we were
15 interested in supporting the Pennsylvania corporation. So,
16 being the best price and the home team, as you say, we
17 procured them. Unhappily, I must state, that they have been
18 troublesome aircraft. We are considering --

19 REPRESENTATIVE WILSON: What troubles are you having,
20 just AD's?

21 MR. BRYAN: Well, the AD's have been a very serious
22 problem and I believe, again, the pilot of that particular
23 aircraft has an unhappy record.

24 REPRESENTATIVE WILSON: Underutilization might be
25 part of the problem. It's like anything; if your cylinders

1 aren't being turned over regularly, they tend to pit and rust
2 and things of that nature.

3 MR. BRYAN: Yes, although the problems have had more
4 to do with the tails and wings.

5 REPRESENTATIVE WILSON: The next page after that,
6 page 8. It might be page 9. There's numbers 1, 2 and 3 at
7 the bottom of the page. It speaks to, "The Department has
8 never defined the Bureau's objectives or implemented policy
9 and procedure to control the Bureau's activities, and has not
10 treated the Bureau as an integral part of the transportation
11 system or organization."

12 MR. BRYAN: That's true, and I think we probably
13 would agree that the Code needed revised as stated there, and
14 these things have been done.

15 REPRESENTATIVE WILSON: It is now an integral part of
16 the transportation system?

17 MR. BRYAN: Yes, it is, physically and structurally
18 and in every way that I can describe.

19 REPRESENTATIVE WILSON: I think it's page 6 of that
20 group, or whatever is at the bottom. This section, as I read
21 it last night, and as I read your Comptroller's report here of
22 February, something like that, 1984, seems to say the same
23 thing.

24 It says here: "Review of leasing activity at
25 Harrisburg International Airport and Capital City Airport

1 revealed serious deficiencies..." -- this is 1975, or
2 9 -- "...in the administration of the leasing function;
3 deficiencies noted at HIA, leases that expired and were now
4 running month to month; property being occupied before a lease
5 was executed; lack of control over property leased, no plot
6 plans, et cetera, et cetera, et cetera. Leased on a basis
7 making it impossible to collect rental." There's a whole page
8 of all these faders at that plant.

9 In your preliminary report in 1984, five years later,
10 regards to defining needs for property management policies and
11 procedures. "Mr. Hamsher and Mr. Cross agreed there's a need
12 for written policy and procedures to effectively manage the
13 property. He also discussed the Property Management Agreement
14 with Pennsylvania Commercial Properties stating it did not
15 alleviate HIA from much work. We recommended a contract be
16 terminated."

17 That seems to be a regeneration of the same
18 dissertation that we heard five years ago. I don't want to
19 bore everybody here with the duplicates that I found in both
20 of these reports that indicate that you're looking at the same
21 thing. You're looking at leases month to month. You are
22 looking at people that haven't paid. You are looking at
23 leases that don't describe the property. You are looking at
24 U S Air being in a hangar, they didn't even know they were
25 there for two years. They have no contract. You call that,

1 in fact, good management?

2 MR. BRYAN: Yes. Let me deal with the U S Air
3 matter and back up into the other things that you have dealt
4 with her.

5 U S Air had need immediately back in '81, I guess it
6 was, for some space to repair some of their tugs. We had
7 space down in our Building 30. They asked to move in and use
8 that space and we gave them permission to do that back at
9 that time. Let me, if I can find my page here.

10 It's customary when someone comes to us and says I
11 have immediate need, if we have property available, we will
12 say do it. You will agree you pay the rate whatever it is;
13 they say yes, more or less, but get in there, we need it.

14 Now, remember, we are talking about U S Air about a
15 major airline, the major airline serving our airport. They
16 needed space in June of '81. We said it's available, move in.
17 We prepared a lease, yes, after the fact.

18 REPRESENTATIVE WILSON: Two years?

19 MR. BRYAN: No. A week or so later, sent that to
20 them. In July, according to our correspondence, U S Air
21 responded and said we welcome a short-term lease, because we
22 understood the issue to be short-term. They responded to us
23 in July of '81 asking for a five-year lease, and beginning
24 then one month after they occupied it, which I think was
25 prudent and good and helpful and constructive, one month after

1 they occupied it, we began a discussion of the terms of the
2 lease. That discussion went on until, not just '83, let me
3 tell you, it went on until this summer.

4 Finally, when they renewed all of their leases with
5 us this summer, they signed that lease. They did start paying
6 rent in May of '83. We finally reached --

7 REPRESENTATIVE WILSON: And they were there --

8 MR. BRYAN: They were there almost two years.

9 REPRESENTATIVE WILSON: That's what I am saying.

10 MR. BRYAN: That's right.

11 REPRESENTATIVE WILSON: They were not billed for rent
12 for two years, any rent?

13 MR. BRYAN: That's not my understanding.

14 REPRESENTATIVE WILSON: That's what Mr. Grover
15 McLaughlin says.

16 MR. BRYAN: My understanding is they made no payments
17 during that period, but they did begin to make --

18 REPRESENTATIVE WILSON: They were not billed for rent
19 until May of '83.

20 MR. BRYAN: They weren't billed, but they weren't
21 billed because we didn't have a lease agreed upon as a basis
22 for the billing. But, as I understand in May of '83, they did
23 begin paying the agreed-upon rents.

24 REPRESENTATIVE WILSON: Don, I just can't sit here
25 and let you tell me and this committee that that is prudent

1 and good management to say, here you are, U S Air, go ahead;
2 take this building and then two years later, get around to
3 sending them a bill for anything. You call that good prudent
4 management?

5 MR. BRYAN: Let me ask --

6 REPRESENTATIVE WILSON: This is your original
7 critique where Mr. Scheiner said the same thing. I think
8 therein lies the problem. You seem to think that is good
9 business.

10 MR. BRYAN: I am saying that in the operation of an
11 airport or any large business or shopping center, for that
12 matter, there are going to be instances where you have tenants
13 on the property, certainly your major tenants, where they have
14 additional property requirements. If property is available,
15 you can arrive at an agreement there for them to use that
16 property; certainly, if it's an immediate need, and then you
17 follow that up with actions.

18 What you have here is a record of a follow-up action
19 that resulted in a dispute. I don't deny that. It has taken
20 a long time to resolve it. We have had a number of instances
21 with tenants down there where we have had disputes of long-
22 standing.

23 REPRESENTATIVE WILSON: If that tenant of long-
24 standing is going to dispute with you for your gratuitous
25 attitude, you are letting him use that building free for two

1 years, the next time they come to you and ask you for a favor,
2 are you going to turn the other cheek?

3 MR. BRYAN: No.

4 REPRESENTATIVE WILSON: Then I would suggest you need
5 a written policy. You need a written philosophy that says
6 no. If you want to occupy our property, you have a contract
7 before you get in. I can't believe, and I've been in the real
8 estate business for 28 years, that I could see anybody say to
9 anybody that you could stay there for two years without coming
10 up with a firm contract, without paying something. That is an
11 agreement.

12 I understand your generosity of saying to U S Air,
13 yeah, you want to run your tugs down there for a couple of
14 days to fix them out of the rain, I have no problem with that.
15 I understand that; you do that. But, you certainly don't let
16 somebody there for two years without a contract, without any
17 payment, and then end up in disagreement. I can't believe
18 that you believe that is good and prudent management.

19 MR. BRYAN: That is not the issue, sir. The issue
20 is, when a tenant comes to you and has an immediate need, you
21 can do one of two things. You can say, you can use the
22 property now and we will work it out as soon as we can; or you
23 can say to them, and this would be a policy that would be
24 possible, and I take it from your remarks, it is one that is
25 being suggested. I say to them, no, until we have fully

1 processed the lease through state government and have it
2 signed, you cannot use that property.

3 Now, sir, if we take that position, I can tell you
4 that the mechanics of processing the lease from scratch
5 through state government, hand-carried, is at least two weeks.
6 If we adopt such a policy, we cannot respond immediately, or
7 even reasonably to the needs of our tenants. I don't think we
8 can run an airport like that.

9 REPRESENTATIVE WILSON: Two weeks, two years, big
10 difference.

11 MR. BRYAN: No. What happened here is, once you let
12 them in the property, if a dispute arises, you have a
13 situation that can drag on. Indeed, in this case, it did drag
14 on.

15 REPRESENTATIVE WILSON: I'm not going to go back into
16 Mr. McLaughlin's comments, but in there, in 1975 and 1984,
17 they also stated that as good prudent management, you should
18 have an inventory of the facilities and their value. I can
19 tell you, I rent properties. If somebody came into me very
20 quickly and said, listen, I want to use that room in the back;
21 I can give you a number, I could sign a paper right there on
22 the spot and say it's going to be \$285 a week, a month, or
23 whatever. If you want to get in there for a couple of days,
24 we'll prorate it. I can do it immediately. I don't have to
25 sit down and figure it out. I know every property under my

1 management and I know the square foot cost to rent it. I know
2 what I'm going to get on this market today, and I think that's
3 good prudent management that I don't see in any of your
4 airports. You don't know what you have. You don't know, and
5 both of your internal groups have said, you need a written
6 policy. You don't have it. You don't have an inventory.

7 MR. BRYAN: As far as the rates are concerned, we do
8 have them. I have copies of them here and I'll be glad to
9 supply you with them.

10 REPRESENTATIVE WILSON: Then in that case, if U S
11 Air came to you and said, I need that warehouse, warehouse
12 space at HIA, Gettysburg, \$1.85 cold a square foot, how many
13 square foot do you want?

14 MR. BRYAN: That's right, and that's what happened
15 here, but then they returned --

16 REPRESENTATIVE WILSON: Two years later?

17 MR. BRYAN: No, they returned a month later and said
18 we don't want a month-to-month arrangement; we want a five-
19 year lease. This was in a building that under our plans is
20 scheduled ultimately for demolition. I did not at that time
21 nor do I now want to enter into a five-year lease with anybody
22 in that building. Now, we got into an argument that lasted
23 many years over that. That's obvious.

24 Again, the issue here is, whether we are going to
25 have a very hard policy regarding occupancy prior to lease or

1 not.

2 I do not think, in any reasonable sense of the word,
3 for a major tenant on a state-owned airport that for us to
4 deny them immediate use of some small available piece of
5 property because we don't have a fully executed written lease
6 in place is good management.

7 REPRESENTATIVE WILSON: I have no problem with that,
8 but I would have a rate that I could state to them immediately.

9 MR. BRYAN: I have that, and we have had that, and we
10 had that at that time. It was not a matter of a rate. In
11 this case the dispute had to do with the term of the lease.
12 They wanted long-term and we didn't want to give them a long-
13 term lease.

14 REPRESENTATIVE WILSON: That's not Building 30. This
15 speaks to Building 30, not the terminal. Is Building 30 the
16 terminal?

17 MR. BRYAN: No, Building 30 is a warehouse; the
18 warehouse space down --

19 REPRESENTATIVE WILSON: That has nothing to do with
20 the argument over the terminal. You said the terminal.

21 MR. BRYAN: No, no, the term of the lease. The
22 argument is over the term. They wanted a five-year lease and
23 we did not want to give them a five-year lease.

24 REPRESENTATIVE WILSON: Just tell them to get out.

25 MR. BRYAN: I guess I have to react and say I am not

1 going to tell U S Air, our major airline at HIA, that because
2 we were having an argument to get out of that building or pack
3 up. No, we can't run an airport like that; we can't do that.
4 I don't think that's right.

5 REPRESENTATIVE WILSON: If Braniff folded, you would
6 have been stuck with the bill if U S Air went under, wouldn't
7 you?

8 MR. BRYAN: We're not talking about all of --

9 REPRESENTATIVE WILSON: That would have been another
10 one of those \$536,000 writeoffs?

11 MR. BRYAN: Representative Wilson, we are talking
12 about a small piece of space in a warehouse where they are
13 repairing tugs. We are not talking with a major contract with
14 the terminal.

15 REPRESENTATIVE WILSON: It just seems that it's not
16 each one of these items as being small. If I take and pile
17 all of the small items together, you have one huge mismanaged
18 property.

19 MR. BRYAN: I don't agree at all. That property is
20 now making a half a million dollars a year when it used to be
21 losing a million. I do not regard that basic bottom line as
22 mismanagement. That airport's management is a tremendous
23 financial success, and that is the bottom line, sir.

24 REPRESENTATIVE WILSON: That's terrific. If I got a
25 property to manage and it took me six years to make it

1 profitable, I would have been fired four years ago.

2 MR. BRYAN: Sir, if you have any properties losing a
3 million dollars and you think you can get them out of that
4 hole, in a month or two months, my hat is off to you.

5 REPRESENTATIVE WILSON: No, I don't take a month or
6 two months.

7 Anyhow, in the report in '79, page 7, it says here
8 that there's, "Only one regulation affecting the leasing of
9 property of state airports; this is Title 67, Chapter 103 of
10 the Pennsylvania Department of Transportation Regulation which
11 establishes the requirements for a written agreement between
12 the Department of Transportation, and any entity wanting to
13 lease land and/or building space or to sell goods or provide
14 service at Harrisburg International Airport."

15 Obviously, you were in violation of the law when you
16 occupied Building 30.

17 MR. BRYAN: Admitted. Again, I suggest that literal
18 pursuit of that makes it impossible to effectively run an
19 airport or practically any business.

20 REPRESENTATIVE WILSON: And you should have suggested
21 an amendment to that title. Wouldn't that have been the way
22 to go?

23 That's your own internal regulation. That's not
24 something we in the legislature did. This is your regulation.

25 MR. BRYAN: Let me say further that I'll consult my

1 counsel first to see whether, literally, we are in violation of
2 that, because certainly an agreement, verbal exchange of
3 letters, I believe, constitutes some form of an agreement;
4 although, I'll not attempt to characterize the form of it now.

5 Although, I will admit that we are not in compliance
6 to the extent there was not -- what's the language -- it says
7 for a written agreement. Well, I don't know; maybe I'll back
8 off a bit. There usually is an exchange of correspondence,
9 and I'll grant it it's an exchange of correspondence that
10 discusses terms.

11 REPRESENTATIVE WILSON: Try that in court.

12 MR. BRYAN: It is unclear as to whether we are in
13 full compliance, but I don't apologize for that.

14 REPRESENTATIVE WILSON: Is Mr. Hamacher living free
15 on the airport?

16 MR. BRYAN: No, he's not. As a matter of fact, he's
17 no longer in the airport at all. He was there for a time
18 living in one of the homes there and paying rent. That rent
19 was the established rent for that home. There are several
20 homes there on the airport.

21 REPRESENTATIVE WILSON: Let me continue on that same:
22 "The only policy affecting leases at the state airports is
23 Master Policy Manual Statement Number 20101.010, which states;
24 no employee of any department may lease, buy or sell materials
25 or houses, services, equipment, et cetera, to or from the

1 department..."

2 MR. BRYAN: There is a written policy, not only
3 permitting, but requiring occupancy on the airport of either
4 the manager as I recall, or the fire chief, or the chief of
5 maintenance because they must be present to meet federal --

6 REPRESENTATIVE WILSON: I have no argument with that,
7 except this is what your own policy, Master Policy Manual
8 Statements says. I have no problem with the fireman staying
9 there, living there, or whatever you want to do.

10 MR. BRYAN: I'm not sure this statement is correct
11 and that is the only policy, because the occupancy on the
12 airport is pursuant to other written policy.

13 REPRESENTATIVE WILSON: Tell Mr. Scheiner about it.

14 MR. BRYAN: With all due respect to Mr. Scheiner, it
15 is conceivable he was in error here.

16 REPRESENTATIVE WILSON: That's possible.

17 MR. BRYAN: But, there is and I will provide for you
18 if you wish to have that written policy governing occupants on
19 the airport by one of the chief people.

20 REPRESENTATIVE WILSON: I could go through this
21 document here, which I think is a good one, by the way.
22 Really what I'm trying to demonstrate to this committee, and I
23 think to you, sir, is that I don't think you need to defend
24 all your actions. I think you need to improve your actions.
25 I think everybody is saying to you that you need some written

1 policy, something in writing. You need some kind of
2 direction. You need to have this whole operation, get itself
3 into what everybody has been recommending to you from your
4 inside out, from '79 to '84, is to have written policy, have
5 direction and objectives.

6 I know you can tell me you have those, but I haven't
7 seen those written policies on much of this operation,
8 particularly in your biggest item, that the management or
9 mismanagement of HIA and Capital City--the two big items.

10 I don't have any more questions. I have some
11 questions for Mr. Larson, if he's going to appear.

12 MR. BRYAN: If he is needed, the Secretary --

13 REPRESENTATIVE WILSON: He said he was going to be
14 here yesterday. I have that on the record.

15 MR. BRYAN: Yes. He understood that he was scheduled
16 here, I believe, at 12:15.

17 CHAIRMAN LESCOVITZ: It is my understanding since he
18 was here yesterday there would be no further questions for
19 him.

20 REPRESENTATIVE WILSON: No, I specifically asked the
21 Secretary. I could probably ignore it. I tried to boil him
22 down to certain items I wanted to ask him and I wanted to ask
23 him yesterday. I asked him specifically if he would be here
24 today. He said he would be here.

25 MR. BRYAN: He will be here, but he understood that

1 he should plan to be here at the scheduled time, at 12:15. I
2 can contact his secretary and it could be he could get over
3 here on short notice.

4 REPRESENTATIVE WILSON: Let me recommend to the
5 Chairman that we take a ten-minute break and let me think
6 about this a minute. I don't want to drag him over here for
7 nothing.

8 CHAIRMAN LESCOVITZ: Okay, recess for ten minutes.

9 (Recess.)

10 AFTER RECESS

11 CHAIRMAN LESCOVITZ: I think what we will do instead
12 of having the Secretary come over, because I know what busy
13 schedule he has, is that Representative Wilson still has some
14 questions he'd like to have answered. From the two days of
15 hearings here, I guess there are still some unanswered
16 questions that Ben would like to have clarified and the
17 committee would like to have clarified.

18 If possible, some written policies on the use of the
19 aircraft, some policies on the rental use of the properties
20 inside the Capital City and Harrisburg International, and the
21 management of those properties.

22 I'm going to let Ben make a few more comments. I
23 think after Ben discusses these last few questions, give --
24 the suggestion is, we will come back on Wednesday, the 14th of
25 November after election, and possibly come back with some of

1 these answers and new policy decisions. We request that the
2 Secretary possibly be there.

3 MR. BRYAN: Certainly I will arrange to be there and
4 get information that you need and relay this message to the
5 Secretary.

6 REPRESENTATIVE WILSON: I prepared last night a
7 document which pertains to the Secretary's flights. I have
8 enumerated all of the Fridays and Mondays to State College.
9 The gentleman back there says he has an answer for all these.
10 I would like that, if you would please, to explain to me the
11 business purpose that took the state aircraft to State College
12 on Monday and Fridays, particularly. You don't need to do all
13 these flights. It happened to be there in the log of flights.

14 MR. BRYAN: We'll provide that, certainly.

15 REPRESENTATIVE WILSON: I'd appreciate that. I also
16 think that in light of the Chairman's comments, which I think
17 is good, perhaps you can take this and have this taped. How
18 long would it take to get the tape -- the transcript of this
19 to go over this and give us some commentary and what you might
20 do about what we are talking about. I think we might make
21 this productive if we do that.

22 MR. BRYAN: Ten-working days places it the 15th of
23 November.

24 REPRESENTATIVE WILSON: Anyhow, let me see if we
25 can't do that. We are prepared to come back at that time with

1 some sort of precise statement on some of these comments we
2 have gone over. Maybe we can save ourselves a lot of work.

3 MR. BRYAN: I certainly will go over my notes and
4 prepare materials, answer some of the questions that were
5 raised.

6 CHAIRMAN LESCOVITZ: Don, there was some difference
7 between the 1979 audit by, I guess, Scheiner and the current
8 audit in 1984. There still seems to be some problems that
9 haven't been taken care of in that five-year span. Maybe we
10 would like to see if we can get some answers from the
11 department, if they plan to take care of those particular
12 problems which Representative Wilson suggested, or maybe you
13 have some written policies on those.

14 MR. BRYAN: Let me take those two audits, the
15 internal '79 and the '84 one, which I asked for, by the way--
16 it's the opening page--and make a comparison, and where
17 progress is not clear, or not documented, let me explain it.

18 REPRESENTATIVE WILSON: I seriously must compliment
19 the department on those audits. I think they are good. I
20 think they speak to the problem we are trying to get to. It's
21 the implementation thereof, or sometimes the answer, yeah,
22 we're working on it; and I have to keep saying, yeah, six
23 years you don't get that on the -- But anyhow, I would
24 appreciate, the Chairman has stated it very well, that if one
25 of the Board thinks they can come in with this and maybe wrap

1 it up.

2 MR. BRYAN: I will do that. I will compare those two
3 documents and be here on the 14th.

4 REPRESENTATIVE WILSON: With the Secretary.

5 MR. BRYAN: I will indicate to the Secretary you want
6 him here, yes.

7 REPRESENTATIVE WILSON: I think some of these pertain
8 to him and his decisions, which their overview of you, you
9 have no choice in the matter. I think he has to answer to
10 several of them.

11 MR. BRYAN: I am leaving open for the Secretary to
12 make is own schedule. I can't speak for his schedule as I sit
13 here now. That's my only reservation.

14 REPRESENTATIVE WILSON: I understand that. That's all
15 I have, Mr. Chairman.

16 CHAIRMAN LESCOVITZ: We will have another meeting
17 concerning the House Resolution 259 at 1:00, Wednesday, the
18 14th of November. We will try to get the same room here, 140.

19 REPRESENTATIVE WILSON: Would you please let us know
20 if Dr. Larson will be able to attend that as soon as possible?

21 MR. BRYAN: Yes.

22 REPRESENTATIVE WILSON: I think if we have to, we'll
23 have to change to be sure he is here.

24 MR. BRYAN: I will get back to you immediately on
25 this, this afternoon.

1 **CHAIRMAN LESCOVITZ:** At this time I would like to
2 **adjourn the meeting.**

3 **(Whereupon, at 10:35 a.m., the hearing was adjourned**
4 **to reconvene at 1:00 p.m., Wednesday, November 14, 1984.)**

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C E R T I F I C A T E

1
2 I hereby certify, as the stenographic reporter,
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