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BEFORE THE
HOUSE OF REPRESENTATIVES
OF THE COMMONWEALTH OF PENNSYLVANIA

* * * * *

BEFORE: JOSEPH MARKOSEK, Chairman
Representative Watson, Member
Representative Siptroth, Member
Representative Gerber, Member
Representative Lentz
Representative Raymond
Representative Payton

HEARING: Monday, July 23, 2007
1:00 p.m.

LOCATION: Ridley High School
901 Morton Avenue
Folsom, PA 19033

WITNESSES: Representative Bryan Lentz, Representative
Ron Raymond, Mr. Roger Moog, Mr. Jim Seitzinger,
Charles Isdell, Jack Whelan, Lin Floyd, Elric Gerner,
Robert Willert, William Walsh, Bill Tyson

Reporter: Bernadette M. Black

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01	I N D E X	
02		
03	OPENING REMARKS	
04	By Chairman Markosek	4 - 5
05	Statement	
06	By Representative Lentz	5 - 13
07	By Representative Raymond	13 - 17
08	DISCUSSION AMONG PARTIES	17 - 29
09	Statement	
10	By Mr. Roger Moog	30 - 39
11	DISCUSSION AMONG PARTIES	39 - 45
12	Statement	
13	By Mr. Jim Seitzinger	45 - 58
14	DISCUSSION AMONG PARTIES	59 - 79
15	Statement	
16	By Mr. Charles Isdell	79 - 91
17	DISCUSSION AMONG PARTIES	91 - 117
18	Statement	
19	By Mr. Jack Whelan	117 - 121
20	By Ms. Lin Floyd	121 - 124
21	By Mr. Elric Gerner	124 - 127
22	By Mr. Robert Willert	127 - 130
23	By Mr. William Walsh	130 - 131
24	DISCUSSION AMONG PARTIES	131 - 134
25		

01	INDEX (con't)	
02		
03	Statement	
04	By Mr. Bill Tyson	134 - 140
05	DISCUSSION AMONG PARTIES	140 - 145
06	CERTIFICATE	146
07		
08		
09		
10		
11		
12		
13		
14		
15		
16		
17		
18		
19		
20		
21		
22		
23		
24		
25		

01 P R O C E E D I N G S

02 -----

03 CHAIRMAN MARKOSEK:

04 Good afternoon. The first order of
05 business will be all rise and we'll have our host
06 Representative Lentz lead us in the Pledge of
07 Allegiance.

08 PLEDGE OF ALLEGIANCE

09 CHAIRMAN MARKOSEK:

10 Okay. Thank you very much. Welcome to
11 the House Transportation Committee hearing today on
12 airport authority issues, and I'm Representative
13 Joseph Markosek from Allegheny and Westmoreland
14 Counties, Chairman of the Committee. With me on my
15 right is Representative Katharine Watson who is here
16 for Montgomery --- excuse me, Bucks County. Also we
17 have Representative John Siptroth from Monroe County,
18 Representative Mike Gerber from Montgomery County and
19 we have Representative Ron Raymond and Representative
20 Bryan Lentz from Delaware. And with that, we can
21 start the meeting. I think first we'll have
22 Representative Lentz --- before we get started, I just
23 want to thank the Ridley High School folks for
24 inviting us to this beautiful new facility here today.
25 I was just saying to the staff if you can somehow

01 figure out how to get this to Harrisburg so that we
02 can have our hearings in a room like this ---. It's
03 very nice, so thank you, Ridley School District. This
04 is a wonderful facility.

05 First of all, we'll have Representative
06 Lentz and then he'll be followed by Representative
07 Raymond.

08 REPRESENTATIVE LENTZ:

09 Thank you, Chairman Markosek, members of
10 the Committee, for holding this important hearing on
11 House Bill 1182 and I'm privileged to be joined at the
12 table by Representative Raymond.

13 Today we are sitting in Ridley High
14 School, as you noted, in Ridley Township. We're about
15 seven miles from Philadelphia International Airport.
16 Increased air traffic over this and surrounding
17 communities is an issue of grave concern to the
18 citizens I represent. Residents of Delaware County
19 know about air traffic congestion and the harm it
20 causes because it directly affects them and their
21 neighbors. Places like Tinicum Township in
22 Representative Raymond's district have been dealing
23 with this problem for years.

24 Delaware County residents, however, are
25 not the only citizens of the Commonwealth who should

01 be tracking the dramatic increases in air traffic.
02 All of Pennsylvania should be concerned that our state
03 is not prepared to handle the historic increases in
04 air traffic coming over the next 20 years. If we do
05 not plan for and develop systems to properly manage
06 the massive increase in flights, communities like the
07 ones I represent and Representative Raymond
08 represents, will suffer, as will Pennsylvania's
09 economy and security.

10 While other large cities like Boston, New
11 York, Chicago and Washington are served by multiple
12 airports, Philadelphia International is the only
13 commercial airport serving a metropolitan region of
14 more than eight million people. Philadelphia
15 International had over 530,000 aircraft operations,
16 takeoffs and landings in 2005 alone. This is more
17 than any other airport in the northeast corridor,
18 including LaGuardia, JFK and Newark, and it is at or
19 above the airport's capacity. Demand at Philadelphia
20 International is expected to increase to over 700,000
21 takeoffs and landings per year in the next 20 years.
22 No matter how much Philadelphia International is
23 expended or improved, the airport will continue to
24 operate at its saturation point. The simple fact is
25 we have no choice but to start to look elsewhere to

01 accommodate our air traffic needs.

02 The Federal Aviation Administration has
03 proposed two courses of action to deal with increases
04 in air traffic: the airspace redesign, which would
05 redirect flights to paths directly over residential
06 communities like the one we are in today; and capacity
07 enhancement, which would require the construction of
08 multiple new runways at Philadelphia International
09 Airport. Even if both of these plans are fully
10 implemented, demand at that airport would still exceed
11 capacity in the next 20 years. And if I could, I'd
12 like to put up two visuals which demonstrate these
13 points.

14 The first one is a layout of the
15 Philadelphia International Airport. You also see that
16 it is surrounded by areas that prevent these further
17 expansions in one degree or another. Heinz Wildlife
18 Refuge, Tinicum Township, which is a residential
19 community and the other areas that are listed on the
20 surrounding edge including the Delaware River. There
21 just is not room for it to grow to the extent
22 necessary to handle these dramatic increases in
23 traffic. The next slide, please. Here is what the
24 FAA is projecting as the increase at Philadelphia
25 International Airport. As you see it goes well over

01 760,000 and as I said they're at 530,000 now and
02 that's at or above capacity.

03 At the same time Philadelphia
04 International is bursting at the seams, other regional
05 airports like Harrisburg and Lehigh Valley are
06 dramatically underused and have ample capacity and
07 desire for increased airline business. Lehigh Valley
08 recently lost its service to Pittsburgh and currently
09 operates nonstop flights to only 11 destinations.
10 More than half of all Lehigh Valley residents rely on
11 airports other than Lehigh Valley for air travel. An
12 estimated 25 percent of those residents leave the
13 Lehigh Valley and travel to Philadelphia International
14 with another 25 percent traveling to New York to fly.

15 To address the problem of congestion we
16 must address development, growth and traffic needs on
17 a regional basis instead of each airport fending for
18 itself. Regional authorities have worked and are
19 working in other states, and an authority can work in
20 Pennsylvania. In Massachusetts, the Port Authority,
21 known as MASSPORT, monitors air service levels at more
22 than half a dozen airports. It continually analyzes
23 airport development, how to improve and distribute
24 service, and how the region as a whole can market
25 itself to air carriers. The New York Port Authority

01 follows a similar approach and recently purchased
02 Stewart Airport in Newburgh, New York in order to
03 expand the authority's regional capacity. Stewart
04 will be the fourth major airport in the New York Port
05 Authority airport system. Prior to the purchase of
06 Stewart, the Port Authority participated in a study
07 which also evaluated the possibility of Lehigh Valley
08 International here in Pennsylvania becoming the fourth
09 major airport in the New York Port Authority system.

10 New York Port Authority officials
11 purchased Stewart Airport because they recognized that
12 by the year 2020 the authority's preexisting airports
13 will reach their annual maximum passenger load. So as
14 of 20 years, that's 50 million at Kennedy, 30 million
15 passengers annually at LaGuardia and 50 million
16 passengers at Newark. And that's in 20 years.
17 Philadelphia already has 31 million passengers
18 annually, which again is at or above the airport's
19 maximum load. Unfortunately, as a freestanding city-
20 only airport authority, Philadelphia does not have the
21 options for system expansion that are available to the
22 New York Port Authority or similar authorities.

23 I have proposed, along with
24 Representative Raymond and other representatives from
25 Delaware County, House Bill 1182 which would create a

01 regional authority to replicate the success of these
02 other state authorities. The authority would
03 coordinate activities of regional airports along with
04 rail and mass-transit agencies. One of the questions
05 which will be --- you will hear today, which is
06 inevitably raised in response to a proposal for
07 authority is, quote, how will an authority better
08 manage regional air traffic? After all, the argument
09 goes, distribution of air service is subject to market
10 forces and federal law restricts airports from
11 outright regulation of routes and airline fares. This
12 is true, however, a regional authority can utilize
13 creative solutions within the federal framework that
14 are not feasible for individual airports. A regional
15 authority can provide a unified marketing strategy,
16 marketing assistance, subsidies and other economic
17 incentives to airlines willing to initiate new service
18 at alternate airports.

19 Standing alone, Lehigh Valley is unable
20 to provide the types of economic incentives and
21 Philadelphia has no reason to provide incentives to
22 encourage business at a competing airport. Again, to
23 cite the Stewart Airport example, the New York Port
24 Authority since the purchase is now responsible for
25 attracting growth, building infrastructure and

01 expanding service at Stewart. This is the same model
02 used by MASSPORT and it's the same model that can work
03 here in Pennsylvania.

04 In addition to unified marketing, the
05 authority created under the House Bill 1182 would also
06 mandate a cooperative relationship between the two
07 airports and combine their resources. As an example,
08 the City of Philadelphia Aviation Fund currently has
09 assets of over \$75 million. Under current
10 circumstances, this money is restricted to use at the
11 Philadelphia Airport only. This pool of capital which
12 is contributed to by the citizens of the 11 counties
13 surrounding Philadelphia currently provides no benefit
14 outside of the confines and you saw what the confines
15 are of the Philadelphia Airport. Under a regional
16 authority, Philadelphia's assets could be used to
17 improve Lehigh Valley, fund incentives for new service
18 at Lehigh Valley and other regional airports and
19 improve regional air traffic management. And the same
20 is true for federal funds that are directed
21 exclusively through one of the other airports.

22 This system would help Lehigh Valley in
23 obvious ways while at the same time helping
24 Philadelphia International. Regional control offers
25 the best hope for a revitalized economically vibrant

01 system of regional airports. By freeing up more gates
02 for international travel and reducing congestion, the
03 authority also gives Philadelphia the best opportunity
04 to become an international hub. The concentration of
05 commuter traffic in Philadelphia starves Lehigh Valley
06 International and at the same time ties up
07 Philadelphia gates which could otherwise be devoted to
08 high profile international flights, such as the direct
09 flight from Philadelphia to China that U.S. Airways is
10 currently seeking. Right now, approximately half, 50
11 percent or better of the flights out of Philadelphia
12 International are from within 500 miles away.
13 Philadelphia services only 32 international
14 destinations, while Newark, with half of
15 Philadelphia's annual passenger load, has almost 80
16 international destinations or more than double than we
17 have in Philadelphia.

18 A regional approach does not mean an end
19 to a local role in airport management. I understand
20 that a regional solution will only work if everyone
21 has a voice in the process. My proposal would fairly
22 and proportionately distribute representation on the
23 authority's board among the southeastern counties and
24 gives everyone a stake in the authority's success.

25 Achieving the goal of managing air

01 traffic needs is a challenging task. If we do not
02 start following the example set by other regions, we
03 will be unprepared for the increase in air travel in
04 the years ahead and left out of the economic benefits
05 that air travel will create. House Bill 1182 will
06 make our region a leader in airport management and a
07 key part of the world economy. Thank you for your
08 patience.

09 CHAIRMAN MARKOSEK:

10 All right. Thank you, Representative
11 Lentz. And before we go to questioning, we have
12 Representative Ron Raymond, also from Delaware County.

13 REPRESENTATIVE RAYMOND:

14 Thank you, Chairman Markosek, and welcome
15 to Delaware County. As most of you know, Chairman
16 Donatucci and myself chaired the Commission on the
17 Future of Transportation Entities of Pennsylvania for
18 the past two sessions, and Chairman Donatucci and I
19 are our districts formed in --- we join in the middle
20 of the airport. He and I shared the airport, two
21 thirds of Delaware County clear to Philadelphia. And
22 we worked over the last four years or so with the
23 airport, with other members of the legislature, with
24 the labor unions at the airport. We took the show on
25 the road throughout Pennsylvania looking at things and

01 talking about things. I commend Representative Lentz
02 for putting forth this proposal. Up until now,
03 Senator --- former Majority Leader Joe Loper proposed
04 one some years ago. It didn't do too well. We've had
05 some initial conversations in the past with the city
06 government, with Governor Rendell, who is the former
07 Mayor of Philadelphia, who did work with us on some
08 issues regarding the airport whenever he was Mayor. A
09 number of the issues brought up by Representative
10 Lentz are absolutely critical to the future of this
11 airport and obviously, and not only our airport, but
12 the airport in Pittsburgh as well. We looked at it
13 and we talked about it earlier.

14 When we looked at this airport and knew
15 what was going on, we did a few things. We brought in
16 Bob Bowling (phonetic) who's head of the International
17 Association of Machinists part of my district. He's
18 the president of that union and he's helping new
19 member to get firsthand knowledge of what they think
20 is going on. As much as we talked about the flights
21 going out of there and what happens once the airlines
22 are involved, what happens to the airport in terms of
23 how they operate on a daily basis is something that
24 needs to be improved dramatically. In fact, to help
25 us slow down, improve. One instance that we found,

01 that International Union as well, was the Frankfurt
02 Airport in Germany operates from the system that all
03 the employees there work for the airport. They don't
04 work for the airlines. And if you live where
05 Representative Lentz and I live in Delaware County,
06 and have a number of people or a thousand people
07 working in here under the problems that are dealt with
08 and airlines go bankrupt on a regular basis and
09 furlough their employees and go to court to break the
10 contracts and negotiate with their workers and wreak
11 havoc on people's budgets and their neighborhoods in
12 their ability to pay their bills and their kids to
13 school or whatever. You can see where we were going
14 on that motive, and we liked the idea and that's
15 something we can add to this mix here as well that the
16 employees work for Philadelphia International Airport.

17 Now, a couple other things happened at
18 that point. We could move the employees around that
19 they're not just working for Delta or U.S. Air or some
20 airline where they don't have business with the city
21 or if they're overworking, they don't have enough
22 employees which happens with U.S. Air on a regular
23 basis because they wouldn't hire enough employees.
24 Now, you have a problem. This way, if they work for
25 the airport, you shift them around where you need

01 them, like more efficient programming. They do it in
02 --- Frankfurt, Germany and some other places around
03 the world. So something else we could look at.

04 The regional concept of cooperation
05 between SEPTA, the rail, the bus, everything, putting
06 together such as they do in New York, is a pretty good
07 idea, something we will talk about here. There's a
08 bill perking along that deals with some of this.
09 Former Speaker Perzel had a bill, besides double-
10 decking the Schuylkill Expressway, he had some ideas
11 on putting together all these transportation ideas all
12 in one, that PennDOT now gets for this region and put
13 in the authority to better utilize that way things
14 will be different without having to go through the
15 political process of wheeling and dealing away what
16 you have going on. So there's a whole host of issues
17 and I talked to Representative Lentz already and he's
18 aware of it. We're going to continue to work on and
19 hopefully we get that Commission going again. Get
20 Representative Lentz on that Commission and we can
21 continue to push forward on something critical for our
22 region. The thing I would like to add is that the FAA
23 change and there's people redesign programs they have
24 that's absolutely awful for where we live in the
25 County. If we wreak havoc on Delaware County and in

01 yours and we have very little benefit to the public
02 and to the area. That's something we've been opposing
03 and fighting with our Congressman here and our County
04 Council. Councilman Reilly and our county governments
05 here and we've been working very, very hard to try to
06 prevent that from happening. But at the same time,
07 some of the proposals to change the runway
08 configuration, which would take some of the pressure
09 off, which you saw in the slide on the screen there,
10 have been --- you're talking about, for instance, they
11 proposed moving UPS, which is in our district at the
12 airport, moving it and using that area for additional
13 runways, we are talking about billions of dollars used
14 moving UPS to another parcel of ground nearby and
15 building a runway, but we're talking about things that
16 are going to be done 20 years out. We need to do some
17 things in the short term to help alleviate some of
18 these problems without waiting for a long-term fix
19 like that, so hopefully we'll get to that point and we
20 thank you for putting this Bill up and cosponsor of
21 it. I thank you for being here for your district and
22 we take it very seriously here in Delaware County. I
23 look forward to hearing from you today. Thank you.

24 CHAIRMAN MARKOSEK:

25 Thank you. Before we entertain any

01 questions from the legislators, we want to say that
02 Representative Geist, the minority chairman of the
03 committee, could not be here today. He had a large
04 event in his district. Representing him is Craig
05 Grasso (phonetic) who is here and I wanted to make
06 sure you knew that. And Craig, you're welcome to ask
07 any questions as well. Any legislators have any
08 questions? Yes? Representative Watson?

09 REPRESENTATIVE WATSON:

10 Thank you, Mr. Chairman. I'm going to
11 assume this works, but just for Representative Lentz,
12 when you talked about that if you were to be able to
13 --- and I happen to be an ardent supporter of this.
14 Let me begin by saying I represent Bucks County, my
15 district begins at the end of the Willow Grove Naval
16 Air Station, so we've had our airport issues in recent
17 times and they are still ongoing. And at the same
18 time, part of why I'm here today is in real support
19 for Delaware County because I grew up in Springfield,
20 Delaware County and I have family that still lives in
21 Springfield. I have one of my best friends, her mom
22 is not too far, about a half mile from this location,
23 so I'm well aware of what could happen if indeed the
24 FAA were allowed to change those flight patterns and
25 what it would mean to Ridley, to Springfield, to

01 Morton. We could go on and on, out probably as far as
02 Media when you're talking about aircraft turning
03 around, so I have those issues. In your thinking,
04 assuming we were able to create this regional airport
05 authority, can you talk a little bit about --- you
06 mentioned about subsidies. You mentioned economic
07 incentives. Do you have some ideas or can you share
08 with us some things that have been done at the other
09 authorities in New York, Boston and so forth?

10 REPRESENTATIVE LENTZ:

11 I think Boston is a good example because
12 in Boston because they were crossing state lines they
13 had to do it by way of a memorandum of agreement
14 between the Massachusetts Port Authority and the
15 authority running the Providence area or the
16 Manchester area. And they were able to get Southwest
17 going to both Manchester and Providence and one of the
18 reasons they were able to do it was because Logan was
19 not at that point able to handle a lot of the capacity
20 because they had a lot construction going on there at
21 the time. But the other reason was because they had a
22 unified marketing strategy, therefore, Southwest would
23 be dealing with one entity when it came to negotiating
24 where they were going to go. They ended up needing to
25 televise them to go to the hubs Manchester and

01 Providence and one of the ways to do that is through
02 subsidies, gate subsidies or other things that make it
03 economically attractive and feasible for the airline
04 to operate it. The term that we hear all the time
05 when we're discussing this with the airlines is
06 economies of scale. It's easy for them to have all
07 their authorities, all their gates, all their
08 equipment, all their planes, in one place. And if
09 they spread that out, it ceases to be economically
10 advantageous for them. And they also end up sort of
11 competing with themselves. It means we can fly Delta
12 in Lehigh Valley, we can fly Delta to Philadelphia,
13 and Delta is in a sense competing with themselves. So
14 in a sense they need economic incentives to make them
15 want to fly out of Lehigh Valley. And you got a
16 variety of ways that it's done and the main thing is
17 to unify the market so that we're not talking Lehigh
18 Valley and then bidding them off against Philadelphia
19 and vice versa. And that would be one entity that's
20 how it's ---.

21 REPRESENTATIVE WATSON:

22 Thank you. I have one more question, Mr.
23 Chairman. Representative Raymond, I was intrigued
24 with your idea about the concept that if there were a
25 regional authority the opportunity to make employees

01 instead of employees of individual airlines employees
02 of the authority. I recognize that gets very tricky
03 with union contracts and health benefits and so forth.
04 In the course --- I know you've been working on this
05 idea for years. I know at least when I got to the
06 legislature you had talked about it at that point.
07 Have you done any more exploration, do you know is
08 that done anywhere else in the country? It would seem
09 to me in some ways the airlines would like that idea
10 in a certain sense because they get a large portion of
11 their expenses off and not have to worry about all of
12 that and might benefit employees if you could set it
13 up and everybody was fairly reimbursed.

14 REPRESENTATIVE RAYMOND:

15 To my knowledge, it's not done anywhere
16 else in the United States, but Frankfurt, Germany does
17 exactly that. And the unions like the idea for a
18 whole list of reasons, mostly the stability of the job
19 for their employees. And I think the airlines would
20 like the idea of not having to worry about benefits
21 and having the workers like that and better to employ
22 a group of people throughout all the airlines at the
23 airport if you have them available that way. So we
24 think that's a good way to go. I did call Bob Bowling
25 who is head of the International Association of

01 Machinists today and he is out of town and couldn't be
02 here. But they like the idea as well because nothing
03 is worse for employees of an airline when they have
04 those furloughs and those cutbacks in those contracts
05 that are mitigated by the courts and it just hurts our
06 economy throughout Delaware County, Philadelphia and
07 this whole region when that happens and that's
08 something to look at.

09 REPRESENTATIVE LENTZ:

10 If I could just add to that, the airport
11 management likes it as well because the traveling
12 public is not going to differentiate between the
13 airline and the airport basically when the baggage is
14 a mess and many times a day managers of the airport
15 get those complaints that they're stranded there and
16 build to improve that.

17 REPRESENTATIVE WATSON:

18 Thank you, gentlemen. Thank you, Mr.
19 Chairman.

20 CHAIRMAN MARKOSEK:

21 Representative Siptroth?

22 REPRESENTATIVE SIPTROTH:

23 Thank you, Mr. Chairman. A couple of
24 questions have been answered and I thank you very much
25 for coming in to testify. As Subcommittee Chairman of

01 the Aviation and Transportation Committee I think it's
02 a very important project that we're trying to expand
03 aviation throughout the northeast. We know that the
04 northeast United States through the management of the
05 FAA is extremely busy. There's no question about it.
06 We can inform our air traffic controller, I can attest
07 to that. Representative Raymond, when you were
08 discussing the issues and I'm sorry I didn't hear your
09 testimony as clearly as I would like but that's
10 certainly not your fault, but did you talk at all
11 about intermodal transportation, the possibility of
12 expanding even beyond the aviation alone to
13 incorporate other transportations?

14 REPRESENTATIVE RAYMOND:

15 Yes. We looked at that with the
16 Commission I mentioned before that I co-chaired and
17 had a bipartisan membership throughout Pennsylvania.
18 We looked at that particularly from the Philadelphia
19 model because then Speaker Perzel had an interest in
20 trying to access that highway money and try to utilize
21 it to merge the transportation entities in
22 Philadelphia to make it work cohesively. It's been
23 done elsewhere as mentioned by Representative Lentz in
24 Boston and also New York. They've done a number of
25 things that we can utilize here as well and one of the

01 problems we've run into is when airport is being run
02 by the Congress Committee member on City Council, they
03 just can't operate like that, so you need a regional
04 authority to be able to access the kind of revenue to
05 do those kinds of changes and integrate all those
06 transportation modes into one. And it's a really
07 great idea, something this whole region would benefit
08 from.

09 REPRESENTATIVE SIPTROTH:

10 Thank you.

11 CHAIRMAN MARKOSEK:

12 Representative Gerber?

13 REPRESENTATIVE GERBER:

14 Thank you, Mr. Chairman. Representatives
15 Raymond and Lentz, thank you for being here today. I
16 also think it's a critical issue and I applaud you for
17 your efforts to protect your constituents. I have a
18 small little airport in my district that is disturbing
19 nonetheless so I can only imagine how difficult it is
20 with the major international airports flying over your
21 constituents' homes, but I'd like to focus a little
22 more on the economics of it. And you had mentioned in
23 your testimony about the potential of having flights
24 to China to New York and it seems we've already paid
25 for a new economy, the competitive environment that

01 surrounds the efforts to create hubs in the inner
02 cities around the country. And my great concern in
03 looking at those overheads and listening to your
04 testimony is that in addition to the air traffic
05 issues and the talk of the union is that Philadelphia
06 is going to become less attractive to airlines and
07 therefore could hurt the region from the economic
08 development standpoint. And with that in mind, and
09 you mentioned in your testimony Lehigh Valley, it
10 seems to me we've got a whole host of airports in this
11 area who could help share the load so they won't find
12 themselves at an economic disadvantage and they appear
13 to be --- Philadelphia appears to be a second-class
14 city when it comes to travel. In addition to Lehigh
15 Valley, there are other airports that could part of
16 this regional solution.

17 REPRESENTATIVE LENTZ:

18 Well, there are a number of regional
19 airports and most of them are underused. Lehigh
20 Valley, Harrisburg, Reading has an airport. You
21 mentioned Willow Grove, which is not a main airport.
22 There are many airfields, state of the art airfields,
23 in the area, and to get back to your point about the
24 local economy, when I say people discussing this, it's
25 much better for the local economy to have direct

01 flights to Beijing than it is to have five flights a
02 day to Pittsburgh, no offense to Pittsburgh, but it's
03 just common sense that in a global economy and if
04 people come and go to New York they're going see a
05 unified management of those airports and they'll see
06 that they're all interlinked as well as the mass
07 transit and the rail lines are all interlinking. You
08 go to Boston, you see the same thing. You come to
09 Philadelphia and you'll see a lot of stand-alone
10 entities that are not only not working together, but
11 they're competing with each other. And that cannot, I
12 think, fare very well for us in the years ahead.

13 REPRESENTATIVE RAYMOND:

14 If I could mention one thing. The
15 closest airport to here they use to divert like in
16 Philly. Like Atlantic City is just an hour's drive
17 and they mentioned that earlier. I think Atlantic
18 City is one that makes a lot of sense that has the
19 capacity to handle big planes. Right now, it's very
20 close so is that something that needs to be mentioned
21 as well and you mentioned 50 percent of the flights
22 out of Philly go --- if you take that capacity and
23 make it go over flights to China and Europe, wherever,
24 then you do much better economically.

25 REPRESENTATIVE GERBER:

01 Just on that note, you mentioned you also
02 have Northeast Airport which has the benefit of being
03 near a major road structure, Route 95 and the
04 turnpike. And those also are under consideration?

05 REPRESENTATIVE LENTZ:

06 Absolutely. One of the things that my
07 list would require is the entrance into a cooperative
08 agreement to surrounding airports. There's only ---
09 New Castle/Delaware Delta airlines just cancelled
10 their service out of that airport because it wasn't
11 economically feasible. The reason it's not
12 economically feasible is because that airport is
13 competing with Philadelphia and getting back to the
14 economy to scale it can't compete with Philadelphia so
15 Delta's discontinuing that. Under the authority,
16 mainly in Philadelphia the authority would be required
17 to have a cooperative agreement with places like New
18 Castle so that they could also be drive an airline
19 service.

20 REPRESENTATIVE RAYMOND:

21 The cities got another great reason for
22 taking control away from the city government. The
23 city had the Northeast Philadelphia Airport sitting
24 virtually as a huge piece of ground 25 years ago, not
25 developed. And what the city has done over a period

01 of time is sold it off to a development group for
02 industrial parks or what have you and really cut back
03 the size of the airport. Now, the city government
04 took the steps which really hurts me representing the
05 township to say that they don't want any more flights
06 and planes taking off over their residents up in
07 northeast Philadelphia. We'll let it happen down in
08 Delaware County over Raymond's district but they don't
09 care about that. But they care about their noise.
10 They keep encroaching upon I think they have some
11 ordinance that the city passed about making that a
12 bigger airport than it is. That was a very, very
13 underused asset they took apart over the years and
14 that's something to be looked at.

15 REPRESENTATIVE GERBER:

16 That message isn't a comment for the
17 Chairman because I know the Chairman has focused that
18 attention on similar issues in the past of local
19 development including allowing development too close
20 to a major infrastructure. In my district, for
21 example, it happened with the northeast extension.
22 Some of the municipalities of that development were
23 right along the edge of the turnpikes now are trying
24 to expand the turnpike where it's a terrible situation
25 of having to take homes and I know where we ---

01 Philadelphia has some issues. An important comment
02 that the Chairman has already focused on I think is a
03 committee where we need to focus on it. The issue
04 between districts is also what I think is critically
05 important economic issues for the region. Thank you.
06 Thank you, Mr. Chairman.

07 CHAIRMAN MARKOSEK:

08 Thank you, Representatives. One question
09 that I had, how far is the Lehigh Valley airport from
10 Philadelphia?

11 REPRESENTATIVE LENTZ:

12 In miles, it's about a little over I want
13 to say 90 miles, but it's within an hour and a half
14 away.

15 CHAIRMAN MARKOSEK:

16 Roughly the same as Atlantic City or
17 similar?

18 REPRESENTATIVE LENTZ:

19 Yes. It's roughly the same.

20 CHAIRMAN MARKOSEK:

21 Thank you. Gentlemen, thank you for
22 joining us up here. Ask questions of the other
23 panelists. Our next panelist is Roger Moog?

24 MR. MOOG:

25 Moog (corrects pronunciation).

01 CHAIRMAN MARKOSEK:

02 Oh, I'm sorry. Roger is with the
03 Delaware Valley Regional Planning Commission and he's
04 also a colleague of mine on the Aviation Advisory
05 Committee. Representative Siptroth and Representative
06 Geist as well serve on that. I'm relatively new to
07 that Advisory Committee, but Markosek gets
08 mispronounced occasionally, as well. But thank you,
09 and you may proceed, sir.

10 MR. MOOG:

11 Good afternoon and thank you to the
12 committee members for inviting me to attend. My name,
13 as I said, is Roger Moog. I'm the manager of the
14 Office of Aviation Planning at the Delaware Valley
15 Regional Planning Commission. And I will have a ten-
16 minute statement I will read, if you'll excuse me, and
17 then if you have questions, we can take them up. Some
18 of this, much of this statement will support what's
19 been said by Representative Lentz and hopefully give a
20 little bit of different spin that might be helpful.
21 My aim with the Delaware Valley Regional Planning
22 Commission is the metropolitan planning agency
23 designated and funded by FAA since 1980 to do
24 something called regional aviation system planning for
25 a four-state, 12-county metropolitan area. We

01 received direct grants from FAA for about 27 years now
02 to do this work on an annual basis. The counties that
03 we plan for, the 12 counties, Bucks, Montgomery,
04 Delaware, Chester, Philadelphia in Pennsylvania,
05 Mercer, Burlington, Gloucester, Camden and Salem in
06 New Jersey, Cecil County, Maryland and New Castle
07 County, Delaware, so I represent them. And there was
08 a question about regional and this really does extend
09 beyond the boundaries of Pennsylvania and I think we
10 do ourselves a disservice if we didn't think in those
11 terms as we go forward. I served as the manager for
12 this effort since 1982 and aside from the airports and
13 facilities in that 12-county area, I've also worked
14 with the Port Authority of New York and New Jersey on
15 studies looking at the potential for diverting
16 passenger traffic out of Newark, Kennedy and LaGuardia
17 into smaller airports as we've mentioned, Atlantic
18 City, Allentown, and those up in the northern tier of
19 New York State. I served on Governor Rendell's
20 Aviation Advisory Committee. I'm the past chair of
21 the Transportation Research Board Committee on
22 Intergovernmental Relations in Aviation, which is a
23 very pertinent topic to this discussion,
24 intergovernmental relations or lack thereof. And I'm
25 a Panel Chair for the National Cooperative Airport

01 Research Program Study of Aviation Capacity issues in
02 the Northeast Corridor and the LA basin, so this
03 subject is one that's being considered at high levels
04 in Washington in the FAA and in the research community
05 and in the aviation community throughout the country.
06 I'm not a pilot and I'm not an airport manager and
07 either of those issues --- there are people that have
08 much more expertise than I in those areas. I'm a
09 civil engineer by training and I have been doing
10 aviation planning for 26 years and deal with grants
11 and priorities and capacity and demand issues and
12 where should the scarce state and federal money go in
13 our aviation system in the northeast corridor.

14 The 12 county regions that I deal with,
15 there are three major commercial airports, Philly,
16 International, Philly is the biggest and the most busy
17 by far. Wilmington, which was mentioned and Trenton
18 Mercer up along the river on 95, the third commercial
19 service airport. We also have 21 public use, some are
20 privately owned, some are publicly owned general
21 aviation or corporate airports in the suburbs and two
22 military bases, one of which has been mentioned,
23 Willow Grove and McGuire in Wilmington County New
24 Jersey. So those are the major facilities we're
25 involved with. As I said, I have been involved with

01 this planning effort for that system of airports in 12
02 counties since 1982, which interestingly enough
03 roughly corresponds to the time of the deregulation of
04 the airline industry by Congress back in late '90s or
05 1980. Late '70s or '80. Excuse me. As you all know,
06 we're in the middle of the northeast corridor of the
07 U.S. This is the busiest aviation area and corridor
08 in the country. Since 1982, the population has grown
09 here and the suburbanization or the urbanization of
10 the suburbs has converted the once bucolic suburbs
11 into urbanized or suburbanized area with a lot of
12 pressure on transportation facilities that were
13 already there from new neighbors and new businesses.
14 In that period of time, we've been dealing with the
15 aviation system which was essentially established in
16 the '60s and '70s and whose capacity is basically the
17 same as it was then. In that period of time since
18 1980, the commercial traffic in the country in this
19 area has grown by 300 percent. Three times what it
20 was back then. If you look at the commercial efforts
21 they mentioned earlier, Wilmington, Trenton and
22 Philadelphia, you will see that Philadelphia's traffic
23 has grown 300 percent but those other two airports
24 haven't grown at all. Some may have gone backwards as
25 far as traffic growth is concerned. Projections for

01 2025 has been presented by Representative Lentz calls
02 for another 40 or so, 50 percent increase in traffic
03 at Philadelphia International. Efforts to provide
04 more capacity on the ground, even though the demand is
05 going to up again by 40 or 50 percent, their efforts
06 are to increase capacity on the ground and that will
07 be 30 percent handling capacity at Philly
08 International, not enough to take the growth during
09 that period. So if we do everything we can in
10 Philadelphia, I personally and professionally am in
11 support of, we're still going to be behind the eight
12 ball more in 2025 than we are now. If you look at
13 what's happening in Philly, the neighbors are opposed
14 to the airspace redesign which I understand from many
15 are critical to taking the maximum use out of the on
16 ground when they're made and so there's trouble there
17 realizing the potential that they have which is as I
18 said earlier not enough. At Trenton Mercer, the
19 County of Mercer wanted to increase the commercial
20 capacity there from ten percent of all flights,
21 because it's mostly a corporate airfield, to 20
22 percent of all flights not a huge increase in number
23 of flights. Well, the neighbors got involved very
24 effectively and scuttled that idea. They're now back
25 to replacing the same number of gates as they now

01 have. So there's not much hope at this point for that
02 airport taking on a more commercial role.

03 The aforementioned Willow Grove, it's
04 been downsized by the military and it's a long process
05 of redesigning its use. The Governor stepped in and
06 it looks like the runway is going to remain for
07 military emergency preparedness purposes, but the
08 civilian neighbors and the legislature have acted or
09 are acting to prevent any civilian use there in the
10 future, not just commercial service but corporate as
11 well. Corporate use at that airport would serve to
12 relieve some of the burden on Philly International
13 with the corporate aircraft that operate there. The
14 urbanization of the suburbs that I mentioned earlier
15 has taken its toll on the small airports as well. In
16 fact, I mentioned that there's 21 airports in the
17 suburbs that we now plan for. Well, back in 1980,
18 there was 29 so we lost --- we had eight small
19 airports that were closed completely and their owners
20 have sold it for other development, mostly strip malls
21 or housing residential and that's 28 percent loss in
22 our suburban capacity. So what you see is a system
23 that's having more and more demands placed on it and
24 is being squeezed more and more and effectively has
25 the same or less capacity than it did back in 1980

01 when deregulation occurred. This, I think, we can all
02 understand. There's no formula for problems, delays,
03 bad impacts on our region as a whole.

04 Since the airline industry was
05 deregulated in 1980, the airlines has been free to
06 provide service and compete for market shares where
07 they want to, when they want to and at any price they
08 want to. Industry competition, and you only have to
09 look as far as Philly International to know, has
10 focused on the hub areas like Philadelphia, Newark,
11 Kennedy, LaGuardia, where the current demand already
12 meets or exceeds the capacity. What's going to happen
13 in 20 years, it's not a pretty situation. The other
14 commercial service airports that have been mentioned
15 already like ABE, Allentown, Atlantic City, Scranton,
16 Wilmington, Trenton and Harrisburg all of which could
17 take some of the Philadelphia market area and share of
18 the traffic that goes through Philly International are
19 woefully and grossly underutilized. I don't know if
20 that's an oxymoron or not, but you get my point.
21 These are federally funded with our tax dollars and
22 their runways are almost vacant at rush hour. This is
23 very bad public policy. Hub airports in most
24 congested areas of the country, the northeast corridor
25 and the LA basin including the Las Vegas and Phoenix

01 area cannot build out of current capacity shortfall
02 problems and they cannot build out enough to satisfy
03 demand in the future. Historically, and it's been
04 since deregulation, the airlines are not willing to
05 diversify operating locations in these problem areas
06 to relieve hub congestion, to diversify the less used
07 airports. The country has never faced a commercial
08 service demand situation like today's and tomorrow's.
09 It's grown from 1980 until now and it's going to grow
10 more and we're at a point of a system meltdown. And
11 you can see that at Philadelphia International on bad
12 weekends or in bad weather conditions. And it will
13 only get worse with more traffic. We cannot rely on
14 the traditional solutions that have been used in the
15 past, which is basically FAA and the states funding
16 more capacity. There's no more capacity to be built
17 in the northeast corridor. Very little I should say.
18 In the new runways as I said earlier it's not going to
19 get us all that we need. I believe, in order to avoid
20 more delays and the burdening of the residents around
21 hub airports like Philly legislative solutions that
22 provide ownership options and incentive approaches
23 need to be implemented which will encourage, one, airline
24 service to smaller hubs, off peak airline service at
25 hub airports, because if you go down to Philly now and

01 you want to fly out later at night or midday your
02 chances of delay are much less, but rush hours, just
03 like the highways, are prevalent on the runway and
04 that's actually the way it is at Philly International.
05 We must work to avoid new startup airlines or discount
06 airlines moving into the hubs but have them operate at
07 smaller airports where they can operate more
08 economically and offer options to travelers. Four,
09 the quality of service improvements and reduction in
10 delays that would hopefully occur are needed system
11 wide. If you have delays in the northeast corridor,
12 you get effects on airline schedules throughout the
13 country and the west coast is in the same boat and
14 Chicago is in the same boat, too, but Chicago is
15 taking aggressive steps to increase their capacity.

16 Ultimately, if you're familiar with
17 LaGuardia in the New York area, they have what's
18 called slot control. There's a limited number of
19 takeoffs and landings that the FAA permits there and
20 those are rational. Between the airlines that provide
21 service air in a way as to manage the delay situation.
22 Ultimately, more airports might be carriers for that
23 kind of a controlling structure. These types of
24 limitations, the types of incentives that were
25 referred to by Representative Lentz and controls that

01 require dissipation of the airline industry. These
02 controls and strategies and limitations are not within
03 the current purview or ability of the FAA to provide
04 states --- the states have to get involved. The
05 airports themselves cannot do it on their own and the
06 airlines have not to date demonstrated any willingness
07 to cooperate. Of course, they're operating on --- as
08 a friend of mine, an airport manager, from one of the
09 airports that we discussed here today, said, the
10 airlines operate on a different calculus than the rest
11 of us and it's a calculus of their own business model
12 for better or worse unless that model changes somewhat
13 I don't see how we're going to really make any
14 improvements. I don't think it can change unless
15 there's strong influence from the legislative
16 representatives that we have at the federal and state
17 level. So I think that would conclude my statement.

18 CHAIRMAN MARKOSEK:

19 Thank you very much. Representative
20 Lentz has a question.

21 REPRESENTATIVE LENTZ:

22 I just want to highlight two points you
23 made and ask you a question about them. One is you
24 mentioned that these regional airports are woefully
25 and grossly underused and is that reflected by the

01 annual passenger loads or their operations?

02 MR. MOOG:

03 Yes. Take an airport like Trenton
04 Mercer, they have a reasonable level of operations not
05 in excess of their capacity to operate but most of
06 those flights, 90 plus percent, are corporate and
07 they're not coming and going every day and they're not
08 carrying a lot of passengers. So if you look at an
09 airport like that there's maybe 150,000 takeoffs and
10 landings where an airport like Philadelphia has over
11 500,000.

12 REPRESENTATIVE LENTZ:

13 And they could probably double that
14 easily.

15 MR. MOOG:

16 They could easily double the commercial
17 service.

18 REPRESENTATIVE LENTZ:

19 And you mentioned that I think it's
20 important to note that this is the first time in our
21 country's history that we face this kind of dramatic
22 increase in travel. And I talked to Mike yesterday
23 about how New York is progressing and the increase in
24 Massachusetts, are you aware of any formal agreements
25 between the airports in our region, like memorandum of

01 agreement between Massachusetts and Providence and
02 Manchester, that are in place here today?

03 MR. MOOG:

04 No, I'm not.

05 REPRESENTATIVE LENTZ:

06 Thank you. That's all.

07 CHAIRMAN MARKOSEK:

08 Representative Gerber.

09 REPRESENTATIVE GERBER:

10 Thank you. A question about an issue
11 that, in this day and age we talk about a lot, and we
12 haven't yet talked about today and that's homeland
13 security. I'm wondering, and I don't know if this was
14 outside of the work that you perform or not, but what
15 I'm wondering is in regional operations like this
16 would put us in an even better position to handle
17 homeland security issues. Is this something that's
18 come up in your years with working on this regional
19 land and you know the regional approach would have a
20 positive or negative impact and in my estimation
21 having one place responsible for all those airports
22 would probably streamline those types of issues with
23 the Department. I'm just curious in your experience
24 if you've dealt with that issue relating to
25 regionalization?

01 MR. MOOG:

02 No, I haven't, but I would expect some
03 efficiencies in that, but there's a lot linear labor
04 associated with security and it's really based on to
05 some degree volume of traffic and if you move traffic
06 from one place to another you have to deal with the
07 other place so I can't really comment on that.

08 CHAIRMAN MARKOSEK:

09 Thank you. Representative Siptroth?

10 REPRESENTATIVE SIPTROTH:

11 Thank you, Mr. Chairman. Roger, good to
12 see you. It's great serving on a committee, we
13 learned a lot from you. Do you know if other
14 countries are experiencing the same type of commercial
15 growth that the United States is at the current time
16 and have they in the past and how much greater or
17 less, does the growth situation utilize airports more
18 so than we --- should we use that more than a model?

19 MR. MOOG:

20 I don't have a lot of knowledge of that,
21 but I know that in London they have opened up there
22 commercial traffic from Heathrow to Gatwick and
23 they're spreading out. They're very sensitive about
24 environmental issues there, noise, and do exert
25 certain controls over airport operations on a basis of

01 impacts on the community. You have extreme growth in
02 commercial aviation in some of those, like third world
03 countries like China, they don't have the process
04 restrictions that we do as far as what we can do and
05 can't do and they go ahead and do it. And so you
06 really have to look in the framework of the system
07 that you're in. One of the issues that Representative
08 Gerber sort of referred to earlier was the small
09 airport called Wings in Montgomery County and what you
10 have in a situation like this is you have people who
11 have homes near the airport and yet the airport has
12 certain space in the air and on land that they need to
13 ensure safety. And sometimes the zoning for landing
14 and zoning controls in the air don't match up so we
15 have a lot of issues in integrating airports with
16 ground usage and with community impact. So doing any
17 kind of development in the United States on an
18 aviation system is a very difficult task really.

19 REPRESENTATIVE LENTZ:

20 Speaking about the air space
21 configuration and protection area with the zoning
22 issue on the ground, the Supreme Court has just
23 recently upheld the airport protection areas and I
24 think that's somewhat beneficial, maybe to the dismay
25 of some of the folks who live around there and those

01 who want to expand commercial enterprise, but
02 nonetheless if you have to protect the airspace around
03 the airport --- it's just as beneficial for the
04 remediation industry as well as it is for residential
05 and commercial industry.

06 REPRESENTATIVE RAYMOND:

07 It's probably a little bit of a diversion
08 on itself to say that these smaller suburban airports
09 can take on more important roles to the economy as
10 time goes by, there's a lot of corporate people who
11 are flying the small aircraft to get where they're
12 going to avoid the commercial airport system and
13 flying into Philly International doesn't help them.
14 They have to wait in the same delays to get in and out
15 as anybody does in commercial service.

16 REPRESENTATIVE LENTZ:

17 So we --- it's in the state's best
18 interest to protect the system of airports that we
19 have it even in the suburbs as time goes on.

20 CHAIRMAN MARKOSEK:

21 Thank you very much. No other questions,
22 sir. Thank you very much for the testimony. Next we
23 have a gentleman from the Lehigh Valley International
24 Airport Authority, George Doughty, who is the
25 executive director and also Jim Seitzinger, who is the

01 chairman of the board.

02 MR. SEITZINGER:

03 Yes, sir.

04 CHAIRMAN MARKOSEK:

05 Come forward, please.

06 MR. SEITZINGER:

07 Thank you. I haven't had the pleasure of
08 meeting you. Perhaps you can all introduce
09 yourselves.

10 MR. SEITZINGER:

11 I'm Jim Seitzinger, chairman of the
12 Lehigh Northampton Airport Authority and to my right
13 Glenn Walbert, who is the deputy chief and Larry, who
14 is sitting up here is the deputy director of the
15 Airport Authority. George could not make it he had to
16 go to Washington, D.C.

17 MR. WALBERT:

18 Mr. Chairman, we also have 39 copies of
19 our presentation. If that's okay, we can hand that to
20 staff? Okay.

21 MR. SEITZINGER:

22 Good afternoon, gentlemen. Glad to be
23 here and as I said, to my right is Glenn and to my
24 left is Larry, who is the executive director of the
25 Airport Authority. I appreciate this opportunity to

01 testify on House Bill 1182 which proposes to establish
02 the Southeastern Pennsylvania Regional Airport
03 Authority to operate both Lehigh Valley International
04 Airport and Philadelphia International Airport.

05 The Lehigh Northampton Airport Authority
06 is the first airport authority to be established in
07 the Commonwealth. It was created on August 1st, 1946
08 by the Municipal Authorities Act of May 2nd, 1945.
09 Lehigh and Northampton Counties have been the
10 sponsoring bodies of the Airport Authority since 1968.
11 The Airport Authority Board consists of 19 members,
12 with ten members appointed by the County Executive of
13 Lehigh County and nine members appointed by the County
14 Executive of Northampton. Each of those members has a
15 five-year term.

16 The Lehigh Valley Airport System consists
17 of Lehigh Valley International Airport, which is a
18 scheduled commercial service airport as well as Queen
19 City Airport, located in the City of Allentown and
20 Braden Park Airpark located near the City of Easton
21 which are general aviation reliever airports for
22 Lehigh Valley. Lehigh Valley is located approximately
23 four miles from the center of the City of Allentown
24 and 12 miles from the City of Easton. Lehigh Valley
25 is located on 2,629 acres of land in five

01 municipalities as you can see on the aerial photo that
02 is displayed for your reference.

03 MR. KRAUTER:

04 The shaded area, Mr. Chairman and Members
05 of the Committee, represent all of the land holdings
06 that the Airport Authority of Lehigh Valley
07 International Airport and this aerial photo we have is
08 just a closer-up version of the airport operations
09 area inside of the fence, so to speak.

10 MR. SEITZINGER:

11 The airport has currently scheduled
12 passenger service provided by Air Canada, Allegiant
13 Air, Continental, Delta, Northwest, United and U.S.
14 Airways with the average of about 40 flights per day
15 to 12 nonstop destinations and another nonstop
16 destination beginning soon. The airport is also
17 served by DHL and FedEx, which provide scheduled all-
18 cargo service to regional hubs in the Midwest.

19 In 2006, the airport handled 788,511
20 passengers and a total of 122,000 aircraft operations.
21 Through the end of June '07, passenger traffic has
22 increased by 8.74 percent. Much of this growth is
23 attributed to the availability of low cost service to
24 nonstop Florida destinations offered by Allegiant Air.
25 We strongly recommend that you try the service if you

01 have never had the opportunity to experience our
02 hassle-free facilities.

03 Lehigh Valley is financially self-
04 sufficient and does not use local tax revenues from
05 our County sponsors. We are consistently upgrading
06 our facilities to meet the needs of our customers and
07 to respond to consistent changing federal standards
08 for safety and security. We are well positioned to
09 handle increased demand that would be created from
10 additional airline --- what we feel is an additional
11 airline service.

12 Market research has shown that Lehigh
13 Airport regularly draws customers from a 12-County
14 area including Bucks, Montgomery and Chester. We have
15 found that travelers will use an airport that is more
16 distant than alternatives when they are perceived ---
17 when there are perceived advantages to doing so.
18 Currently, there is a diversion of our market to
19 Philadelphia and Newark airports, not because there is
20 anything wrong with Lehigh Valley, but these are hubs
21 accessible within 90 minutes and offer more air
22 service choices as well as greater facilities ---
23 frequencies of flights and sometimes lower fares than
24 are available from the airlines serving Lehigh Valley.

25 Lehigh Valley Air has experienced

01 tremendous growth in population over the last five
02 years based on migration of people from greater
03 Philadelphia and New Jersey areas. Our forecasts
04 anticipate that there will be --- that we will
05 experience less diversion of passengers from our
06 market area over time as demographics influence the
07 air service decision by the airlines. We also
08 forecast that travelers will begin to place a higher
09 value on true costs involved in using the larger hub
10 airports such a local travel time from door to door,
11 traffic congestion, cost and availability of parking,
12 security clearance and check-in wait times and runway
13 delays, et cetera.

14 As is demonstrated in the case of the low
15 cost fares charged by Allegiant Air for nonstop
16 flights to Orlando and Tampa/St. Petersburg, Lehigh
17 Valley can be an attractive alternative because the
18 total cost of flying to the consumer on a low fare
19 carrier out of Lehigh Valley would be less than the
20 total cost of flying out of Philadelphia or New York
21 --- or Newark Airports.

22 So we know that Lehigh Valley can be an
23 attractive alternative to Philadelphia and Newark if
24 air service is being provided with some degree of fare
25 parity and frequency. If all these things were more

01 or less equal, the experts who analyze these things
02 tell us that people traveling by air will use the
03 closest airport.

04 The problem is made more difficult,
05 however, when new low-fare service is provided at
06 Philadelphia and Newark airports. Passengers who
07 would normally use Lehigh Valley Airport are then
08 attracted to the more distant airport because the
09 total trip cost is lower when travel time to a more
10 distant airport is substituted for ticket cost.

11 As a policy-making body, the Airport
12 Authority Board has been engaged in addressing this
13 challenge and has directed that sufficient resources
14 be used to retain and develop air service, with
15 particular emphasis on attracting a low cost carrier
16 for the reasons I have just pointed out.

17 We also understand that there are
18 examples of secondary airports that have been
19 successful in attracting low cost carriers seeking
20 alternatives to a congested larger hub. Perhaps the
21 nearest example is Southwest Airline's entry into
22 airports in Manchester, New Hampshire and Providence,
23 Rhode Island instead of Boston Logan International.
24 The Southwest Effect did accomplish better fares at
25 Logan and improved service and fares at the secondary

01 airports. This also allowed the airports to serve
02 their true markets and experienced less passenger
03 diversions to Logan.

04 The important thing to note as it
05 pertains to the House Bill Number 1182 is that this
06 change in the regional air service market was not
07 accomplished through any dictation of a regional
08 airport authority nor could it be accomplished through
09 any such actions in Eastern Pennsylvania by a regional
10 airport authority. Southwest made their own decision
11 in New England and that was consistent with their past
12 strategies. Because of the perceived weakness of U.S.
13 Airways and the ability (sic) of some limited
14 remaining capacity at Philadelphia, Southwest made a
15 decision to directly enter the Philadelphia market at
16 Philadelphia International Airport. This decision was
17 unlike our New England inspection surrounded by
18 serving Manchester and Providence. Whether that was
19 the correct decision or not it is currently the
20 current reality and those increased challenge for air
21 service development at Lehigh Valley Airport and other
22 airports in the region.

23 While New England has achieved better
24 distribution of air service, particularly low fare
25 service due to the entry of Southwest into the region,

01 the decision of operators at Logan along with
02 continued growth and other segments of their business
03 to present passenger challenges for MASSPORT. At
04 Logan, MASSPORT has attempted to influence airlines to
05 add commuter service at Worcester, Massachusetts as
06 part of adding service to Logan. That effort failed
07 in part because the airlines could not be mandated to
08 serve Worcester if they wanted to serve Boston-Logan
09 or increase service to Boston-Logan. At this point,
10 Worcester does not have any scheduled passenger
11 service. Attempts to direct service to other
12 MASSPORT-owned airports such as Hanscom Field have
13 been only marginally successful.

14 The proposed legislation presumes that
15 the market-based problem for secondary airports could
16 be magically solved through policies of a larger
17 regional airport authority.

18 We assure you this is not the case.
19 Federal law preserves the rights of airlines to
20 independently determine which airports they wish to
21 serve. Federal law further prohibits any airport
22 authority, state or local government and even the
23 federal government from directing air carriers to use
24 certain airports. Airlines must be treated in a
25 nondiscriminatory manner regarding the availability of

01 airport facilities, which is to say that the airport
02 authority does not have the power to deny an airline
03 entry into any public-use airport. Nor does any
04 airport authority have the right to condition access
05 to one airport on an airline's willingness to serve
06 another airport.

07 Any proposal to establish a regional
08 airport authority and to establish common ownership of
09 Philadelphia International and Lehigh Valley
10 International Airports is a complicated undertaking
11 that would take years of effort.

12 In this case, each airport, and there are
13 more airports involved than just Philadelphia and
14 Lehigh Valley as I pointed out earlier, are owned and
15 controlled by separate government entities and each
16 airport has substantial assets and liabilities,
17 including long term debt. Any legislative proposal
18 for a regional airport authority combining these two
19 entities must address in a comprehensive manner the
20 issues of changing ownership and control of the
21 existing facilities and the obligation to retire
22 existing debt, generally from airport revenues. Also,
23 change of ownership or control is subject to Federal
24 Aviation Administration review and approval, as both
25 airport operators remain obligated under FAA grant

01 assurances to adhere to certain standards for
02 operations and acquire control of land use around the
03 airports.

04 While we agree with the goal of creating
05 a better distribution of air service among all
06 airports of the region, what is proposed in the
07 legislation would not accomplish this. The premise
08 that single control of all airports by one entity
09 would solve the problem is not supportable. The
10 distribution of service in New York airports occurred
11 only after LaGuardia was determined to be at its
12 capacity. The airlines had no other option than to
13 use capacity at Newark and JFK. Also, these airports
14 are located much closer together than Philadelphia is
15 to Lehigh Valley or other airports in the region.

16 Some have suggested that the acquisition
17 of Stewart Airport by the Port Authority will lead to
18 a dramatic increase in traffic here. That is not
19 likely since service decisions remain an airline
20 choice and the ownership makes little difference.
21 Stewart has actually lost service from two airlines
22 since the acquisition was announced.

23 New England has taken a much different
24 approach to encourage better distribution of airline
25 service. In order to partially address the challenges

01 that were occurring at Boston-Logan, which we all know
02 is a very capacity constrained facility, governments
03 in Connecticut, Maine, Massachusetts, New York (sic),
04 Rhode Island and Vermont formed a cooperative
05 marketing association comprised of the major airport
06 operators in each state. This consortium is called
07 Fly New England.

08 This is a cooperative marketing
09 association that did not require any legislative
10 changes to the operating entities of the participating
11 airports. Almost every form of governance is
12 represented in the coalition including airports that
13 are city-owned, state-owned and yet others that are
14 not owned by airport authorities.

15 We believe among other things that some
16 form of a similar association would be a worthwhile
17 pursuit by the legislature, PennDOT and many airport
18 operators referred to in the proposed legislation.
19 Also, we believe that the state government should play
20 a much more active role in this process.

21 In addition to participating in a
22 cooperative marketing association, the state should
23 play a greater role in resolving the market-driven
24 challenges created by hub concentration at
25 Philadelphia International Airport. The legislature

01 should consider amending the law governing the
02 aviation restricted account to provide flexibility to
03 PennDOT to become involved in providing marketing
04 assistance, limited subsidies and other state-level
05 economic development incentives to airlines willing to
06 initiate new service at secondary airports.

07 State government could also provide more
08 focused investment in infrastructure at secondary
09 airports to accommodate increased traffic that would
10 result from a strategy to influence the market
11 behavior of the airlines.

12 During the past few years, we have been
13 encouraged by the response of PennDOT's Bureau of
14 Aviation to the air service challenges faced at
15 secondary airports and their interest in getting
16 involved in developing situations (sic). PennDOT
17 Deputy Secretary for Aviation, Sharon Daboin, I don't
18 know if I pronounced that correctly, convened a
19 meeting on May 1st, 2007, with representatives from
20 Lehigh Valley International Airport, Philadelphia
21 International Airport and other regional airports in
22 Delaware and New Jersey to discuss ways to achieve the
23 objective of shifting some traffic to secondary
24 airports. This group has developed a problem
25 statement and is working on the next steps to

01 establish a scope of work for a study similar to what
02 was done in New England.

03 Historically, aviation has been left on
04 its own in this Commonwealth, even after the
05 devastating financial impacts brought on at the
06 beginning of the decade by airline restructuring which
07 was further exacerbated by changes in the aftermath of
08 the 9/11 attacks.

09 All airports, but especially the smaller
10 airports, have suffered during this time, some having
11 lost all scheduled airline service. Others have seen
12 service substantially reduced. For the most part,
13 however, they have done a remarkable job of remaining
14 financially sound. Most airports have very limited
15 financial resources to direct to air service
16 development while trying to continue to meet their
17 capital and operating needs.

18 The same can be said for the financial
19 means at the disposal of PennDOT to affect the changes
20 being sought. For example, the entire state capital
21 budget for aviation projects established by
22 legislation in 1985 is only \$5 million per year.
23 Unfortunately, that number has never changed since
24 1985. I have with me today a letter sent to the
25 Airport Authority on December 1, 2006, from the

01 PennDOT Bureau of Aviation stating that for a one-year
02 period they received over \$52 million in capital
03 budget release requests to fund 45 projects at 22
04 airports and that they could only fund a few projects
05 because their limit is still only \$5 million.

06 There are many other issues that need to
07 be considered pertaining to the business climate that
08 currently exists for the aviation industry in
09 Pennsylvania and we are ready to inform legislators
10 and to engage in a collaborative process to develop
11 solutions that will result in the greater benefits
12 that are being sought in part by the proposed
13 legislation.

14 The examination of the objectives of the
15 proposed legislation leaves no doubt that a
16 comprehensive review of aviation funding and PennDOT
17 participation in air service development should be
18 included on this Committee's agenda. We appreciate
19 the initiative taken by Representative Lentz to bring
20 these important considerations forward.

21 I hope that my comments have contributed
22 to a better understanding of the policy position taken
23 by the Lehigh Northampton Airport Authority on the
24 proposed legislation.

25 Thank you all again for your time.

01 CHAIRMAN MARKOSEK:

02 Okay. Thank you very much.

03 Representative Siptroth.

04 REPRESENTATIVE SIPTROTH:

05 Thank you very much, gentlemen, for
06 coming down and testifying before the Committee. We
07 appreciate that very much. Jim, did Lehigh Valley
08 ever approach Southwest? Did they ever bid on coming
09 through Lehigh Valley? Weren't they actually the
10 carrier that utilized the airport at one time?

11 MR. SEITZINGER:

12 No. Southwest --- no, they did not, but
13 yes, we did approach them on many occasions.

14 REPRESENTATIVE SIPTROTH:

15 What was the factor, do you think was the
16 determining factor, that avoided them from utilizing
17 that?

18 MR. SEITZINGER:

19 I think once they went to Philadelphia to
20 compete against U.S. Air.

21 REPRESENTATIVE SIPTROTH:

22 That put the nail in the coffin. One
23 other question. You had indicated in your testimony
24 that since Stewart was absorbed by the Port Authority
25 that they're losing commercial service.

01 MR. SEITZINGER:

02 They lost two airlines.

03 REPRESENTATIVE SIPTROTH:

04 Were there any other factors in your
05 discussion among the aviation community that would
06 have indicated that it was not just the absorption by
07 the Port Authority of Stewart or were there other
08 factors that may have influenced the departure of
09 those airlines?

10 MR. SEITZINGER:

11 It was really market-driven decisions
12 that were made by both airlines to exit. The point I
13 think that we wanted to offer was that the form of
14 ownership of that airport did not have anything to do
15 with regard to the airline's decision to either stay
16 in the market or to exit the market. And there may
17 have been people who would have believed that the
18 change of ownership to the Port Authority may have
19 had, you know, some type of an effect of retaining
20 that air service, but in fact it just proves a point
21 that a certain type of organization doesn't have that
22 level of influence over the airline's decisions.

23 REPRESENTATIVE SIPTROTH:

24 One other thing. We'll decide that all
25 of the grant processes is all competitive. There

01 aren't X number of hours set aside for particular
02 airports, that you have to apply for federal and
03 state. Do you find that the major hub airports are
04 receiving more than may be their fair share when it
05 comes to state and federal grants compared to a
06 facility like Lehigh Valley?

07 MR. KRAUTER:

08 I'm not --- I think that the state does a
09 remarkable job with the limited financial resources
10 they have to try to spread those resources around to
11 both the large commercial service airports, secondary
12 airports, general aviation airports. I would well
13 imagine that if you would ask these questions to
14 Philadelphia or Pittsburgh airports that their
15 response would be that they get very little support
16 from the state because the program is so small. And
17 that this has historically had been very small as we
18 pointed out, that the \$5 million established in the
19 1985 legislation has never been increased. We have a
20 state association that hopes ultimately to be able to
21 accomplish that with the General Assembly's
22 assistance, but I think that they try to continue to
23 have a role in supporting projects for large airports,
24 but the truth of the matter is the larger airports
25 have much greater access to debt so that they can

01 float. They have much greater impacts than some of
02 the cash they are raising past the facility charge and
03 their other business activities so they do sit at
04 possibly a little bit different vantage point from
05 some of the other airports. I think that the point
06 there is that if the strategy, which I think we all
07 agree on, is to try to continue to make sure that the
08 secondary airports are positioned to accept traffic
09 via --- you know, depending on how that's done is
10 another issue, but that a focused strategy by PennDOT
11 to fund projects of certain airports that are
12 identified as having that goal might be helpful, in
13 addition to providing them overall with more
14 flexibility to get involved and possibly helping to
15 influence air service decisions by the airlines. And
16 also to make sure that if those decisions are pursued
17 by the airlines that the airports that they would
18 serve are ready to do that.

19 REPRESENTATIVE SIPTROTH:

20 As a customer of the airport itself
21 flying into Sanford, Florida versus Orlando, it's a
22 great experience. You're there, check in on your way
23 and land, but I think that we really need to find some
24 mid-ground someplace to encourage more use of the
25 secondary, if you will, commercial airports and not

01 rely so heavily on the other airports. Thank you.

02 That's all the questions I have.

03 CHAIRMAN MARKOSEK:

04 Representative Lentz?

05 REPRESENTATIVE LENTZ:

06 Yes. Jim, I want to thank you for all
07 your traveling and interrupting your vacation to
08 testify today. You made a statement in your
09 testimony, sir, with regard, on page three, where you
10 indicated that the success of the regional airport, in
11 the case of Southwest Airlines, was not as a result of
12 anything the regional authorities did.

13 MR. SEITZINGER:

14 Yes.

15 REPRESENTATIVE LENTZ:

16 What do you base that on? What's your
17 source for that?

18 MR. SEITZINGER:

19 I think the attempt here to be concise
20 shouldn't be too concerned about the details of how
21 those decisions were made. We all know that there was
22 an effort that was made in New England to study the
23 problems associated with how to offer an air service
24 from Logan. The point that I think we're trying to
25 make in testimony, Representative Lentz, is that

01 ultimately regardless of the efforts that were made,
02 the very good efforts that were made with regard to
03 system planning, with regards to memorandums of
04 agreement, the cooperative marketing association,
05 ultimately boiled down to a combination of good
06 planning, a combination of political will and
07 influencing the decision of a private company, in this
08 case, Southwest, to look at an alternative. And at
09 the time, Southwest had adopted that kind of policy
10 and in the case with Philadelphia, anyone that you ask
11 will definitely tell you that that was the first time
12 Southwest knew they departed from the surrounding of
13 that urban course strategy to any significant extent.
14 So that's the point about putting New England, putting
15 a New England example to you is that, yes, they were
16 working on things like you suggested, but in the end
17 it's still a private decision made by a corporation.

18 REPRESENTATIVE LENTZ:

19 Right. All those things that you listed,
20 will, planning, investment, that was all done by the
21 authority.

22 MR. SEITZINGER:

23 It was all done by the consortium of
24 different types of authorities working together. It
25 wasn't done just alone by MASSPORT if that's what

01 you're suggesting.

02 REPRESENTATIVE LENTZ:

03 Back to my question. You made a
04 statement in there that this authority would not work
05 and your basis of that statement is that that is not
06 what worked in Massachusetts; is that right? And my
07 question is what is your source of authority of
08 saying ---.

09 MR. SEITZINGER:

10 The statement is that ---.

11 REPRESENTATIVE LENTZ:

12 What is your source of saying the
13 Massachusetts Authority is not responsible for the
14 success of ---?

15 MR. SEITZINGER:

16 There are numerous sources.

17 REPRESENTATIVE LENTZ:

18 What are they?

19 MR. SEITZINGER:

20 The system planning that was done, the
21 --- I guess you can look at the memorandum from the
22 cooperative marketing association, all of those types
23 of things. Again, I guess the point was that you have
24 MASSPORT and you have all these other governments
25 basically interfacing into that effort. But the point

01 was is that in that process no one had to recreate or
02 create new entities, I guess is the point, in order to
03 accomplish that. And that's why we wanted to use that
04 and say the goals that are being referred to here are
05 goals that are certainly appropriate but it may not
06 require a new entity in the form of a regional
07 authority to accomplish it, but there are certain
08 basic interests in looking at what can we put together
09 using the New England examples as, you know, our, I
10 guess our starting point.

11 REPRESENTATIVE LENTZ:

12 Let me read you from one source in that
13 experience in Massachusetts. This is a follow report
14 of alternate airport study prepared for the Office of
15 Assistant Secretary of the transportation policy, U.S.
16 Department of Transportation. It's dated April 15th,
17 2003. In discussing the success of MASSPORT, it said,
18 quote, and I quote from part of the report, the entry
19 of Southwest was greatly facilitated by the fact that
20 both the Providence and Manchester Airports had been
21 approved and were ready for Southwest. Both airports
22 had started improvements that were identified as a
23 result of the regional planning study and for the
24 improvements that were funded by the regional airport
25 authority. So to say that the creation of an

01 authority memorandum agreement were not responsible
02 for Southwest is not accurate. You also refer to
03 Worcester ---.

04 MR. SEITZINGER:

05 Worcester (corrects pronunciation).

06 REPRESENTATIVE LENTZ:

07 Thank you. The reason that failed had
08 nothing to do with the market forces or the
09 organization of the authority. In this same report,
10 they indicate that that airport had serious service
11 transportation exit problems, problems of the airport
12 involved vehicles traveling over seven miles of local
13 roads. So that had nothing to do with the funds and
14 with regard to Stewart Airport, that purchase was not
15 consummated until January of this year and so the New
16 York Port Authority only for past six months took over
17 responsibility of the unified marketing and
18 improvement of that airport. So I don't think it's
19 fair to make the statement that the regional authority
20 was not responsible. I think that the record shows
21 that it absolutely was responsible for that success.
22 And you also mentioned in testimony that you would be
23 supportive of things like memorandums of agreement and
24 consortiums; is that right?

25 MR. SEITZINGER:

01 Yes.

02 REPRESENTATIVE LENTZ:

03 Are you currently engaged in any
04 negotiations for memorandums of agreement in
05 Philadelphia or any other airport?

06 MR. SEITZINGER:

07 We're actually not, but we're using our
08 contact with PennDOT to the meeting that we mentioned
09 in the testimony with the Deputy Secretary to begin to
10 formulate a scope of work to do that.

11 REPRESENTATIVE LENTZ:

12 Well, the facts are you can't woo
13 Southwest or just any other airline because you're
14 competing with all of them and when it comes to scale
15 or volume, no matter how many substantives you offer,
16 no matter how much you entice them, you're going to
17 lose out to Philadelphia in straight up competition.

18 MR. SEITZINGER:

19 I think that's --- we're certainly
20 entitled to a broad approach on how effective the
21 marketing is going to be, but you know, we are, you
22 know, marketing airlines every day. And we understand
23 that in phone conversations with the planning folks
24 that we're certainly competitive and certainly our ---
25 you know, our bid for ---. I think what happened in

01 the situation with Southwest and I think you can ask
02 them again, almost anyone who's studying the
03 situation, that the reason for their entering the
04 Philadelphia market really had a lot to do as the
05 Chairman referred to was the fact that they saw an
06 opportunity to possibly put U.S. Airways out of
07 business for good.

08 REPRESENTATIVE LENTZ:

09 And I'm not criticizing them for
10 that, ---

11 MR. SEITZINGER:

12 Oh, I know.

13 REPRESENTATIVE LENTZ:

14 --- but recent history has been that you
15 lose out to Philadelphia because you're competing with
16 Philadelphia. And the same goes for the funding that
17 you mentioned. Increased funding in the state would
18 help you to improve that airport to extend service;
19 right?

20 MR. SEITZINGER:

21 Absolutely.

22 REPRESENTATIVE LENTZ:

23 You're competing with Philadelphia;
24 right?

25 MR. SEITZINGER:

01 Well, I'm not sure it's to the extent you
02 might think.

03 REPRESENTATIVE LENTZ:

04 Well, what bank ---?

05 MR. SEITZINGER:

06 Well, the state has a bank, the federal
07 government has a bank and you're ---.

08 REPRESENTATIVE RAYMOND:

09 You're competing with them for the
10 federal funds; right?

11 MR. SEITZINGER:

12 Well, again, I'm not sure I would say
13 we're competing. I mean, there are different formulas
14 that they distribute money and of course those are
15 based on the plans and operations so Philadelphia
16 would typically get more, but it's structured so they
17 provide the money on a reasonable basis for the size
18 of the airport.

19 REPRESENTATIVE RAYMOND:

20 Well, with regard to the --- Philadelphia
21 has revenue, strictly revenue account, \$75 million.
22 In New York and Massachusetts, those authorities are
23 able, on federal and state, to use that money to
24 improve the airport and under the current
25 circumstances Philly money cannot be used to improve

01 the other airports.

02 MR. SEITZINGER:

03 That would be revenue for --- that would
04 be ---.

05 REPRESENTATIVE RAYMOND:

06 Under the authority that would be --- you
07 can't do that.

08 MR. SEITZINGER:

09 I don't want to give a legal opinion
10 about that. I think that's --- I think that would be
11 something that would need to be researched a little
12 more. But getting back to the New England statement
13 that was made by Representative Lentz, I think that we
14 know an awful lot about having looked at it ourselves.
15 A lot of us who either testified already or will
16 testify are all aware of those efforts, and we point
17 to them as efforts that --- are the examples that we
18 ended up using to help resolve this problem. The
19 point that I'll make is that even though, as you
20 pointed out, Representative Lentz, on the MASSPORT
21 example, MASSPORT was really involved in that in, you
22 know, a central way. They're trying to solve the
23 problems, obviously, but my point and the point of the
24 testimony was that it didn't require MASSPORT to
25 absorb the Manchester Airport and it didn't require

01 MASSPORT to absorb the Providence Airport or any other
02 of the airports that were involved, including
03 Worcester, which is actually still owned by the city
04 but run by MASSPORT employees. So that was really the
05 whole point. It wasn't really to, you know, take
06 issue with any of the results or how they were
07 obtained, but the point was that they were able to
08 accomplish these things and these airports still
09 retained their independent status and whatever
10 ownership models they were being operated under. That
11 was the point.

12 REPRESENTATIVE LENTZ:

13 And in those examples, they were airports
14 in different states whereas in New York and the
15 Stewart Airport, they did take control.

16 MR. SEITZINGER:

17 Other than --- yes. The only airport in
18 the state that I referred to was Worcester and that's
19 still again remains under the City of Worcester.

20 REPRESENTATIVE LENTZ:

21 All right.

22 CHAIRMAN MARKOSEK:

23 Representative Gerber?

24 REPRESENTATIVE GERBER:

25 Thank you. And I can understand ---

01 thank you for your testimony here today. With respect
02 to this conversation and I think one of the issues
03 that were not called on explicitly but understandably
04 comes into this is just the question of governance.
05 We dealt with this recently with the turnpike. We
06 dealt with it recently with the SEPTA Board here in
07 the southeast just in the last two weeks going over
08 the budget negotiations. And I'm sure it's an issue
09 for all of you coming from where you are on having
10 this proposal before you, and I think that's something
11 we're going to have to work out because it seems to me
12 --- just as a comment here before I give you any
13 questions, that there are some benefits to a regional
14 approach. And I think you all have touched upon some
15 of them, there's regional marketing, levels in the
16 resources, you mentioned debt and the opportunities.
17 It's a large facility to have to issue that and some
18 of the smaller facilities might not be able to concur
19 on their own. So I do think that there's a --- I just
20 want to turn your attention to page four, on the
21 bottom of page four of your testimony, the last
22 paragraph. There are four statements made in that
23 paragraph that appear to me --- I'm a lawyer by trade
24 so you'll have to excuse me, but they appear to be
25 comments on the status of the law and they appear to

01 me to be comments probably drawn from some legal
02 memorandum and at some point drafted for your benefit.

03 And my question to you, in those four legal
04 statements, do you have a memorandum that you would
05 share with us? I think it would be a benefit to the
06 Committee and for our legal staff to begin this
07 process of examining the legal parameters with which
08 we'll be dealing as we examine this concept of
09 regionalism, but those four sentences suggest that if
10 we were to create an authority that authority would
11 have limited ability to control air traffic among the
12 various institutions that will be part of this
13 authority. And we don't know what they are but
14 whatever they may be. And that's the major issue
15 honestly for us because at least from my perspective
16 one of my concerns is limited assets to Philadelphia
17 causing us not to be able to be a hub for say China
18 which to me is critically important as we try to
19 maintain Philadelphia's status as an international
20 city. And one of my goals in doing the authority
21 would be to free up some space in Philadelphia for
22 those types of flights. And this paragraph suggests
23 to me that there is at least one source of legal
24 precedence and I'm not sure what that source is from
25 this paragraph, but there is at least one source of

01 legal authority, excuse me, legal precedence that
02 would suggest that as a regional authority, would we
03 have that ability? Can you comment on where those
04 legal statements come from and may I ask your
05 indulgence if you would share with us to the extent
06 you can, if it's not privileged information, share
07 with us whatever --- in the future whatever legal
08 documentation you have to support those legal claims.

09 MR. SEITZINGER:

10 As you indicated, we did do some legal
11 research on this for the purposes of briefing the
12 Lehigh Valley legislators on the Board's position.
13 And we did develop our opinions that we're sharing
14 with you today based on that legal research. And we
15 would be happy to provide that to you because we do
16 think that if it's even possible to implement the
17 legislation as it's currently proposed would maybe
18 actually take changes to federal law if it were to be
19 accomplished, but we would be happy to provide that.

20 REPRESENTATIVE GERBER:

21 Thank you. I appreciate it.

22 CHAIRMAN MARKOSEK:

23 Representative Watson?

24 REPRESENTATIVE WATSON:

25 Just if I could follow up. I'm trying to

01 understand something of the dialogue that went on
02 between you and Representative Lentz and also in your
03 testimony, page three, as compared to the things that
04 you say on page six. And that gets --- this gets to
05 the heart of that understanding of how things occurred
06 in New England and whether MASSPORT played a role.
07 And I guess I was --- this is more of a comment and
08 you'll be free then to comment yourself, but it seemed
09 to me that if I were to use a, I'll call it a Bucks
10 County analogy, and we were to talk in terms of
11 farming, limited as my experience is, but I would say
12 that MASSPORT, though, really prepared all the soil
13 and put in all the nutrients that were needed and then
14 to grow whatever the crop was for the year that we
15 wanted to grow, those were on page six, your
16 marketing, cooperative marketing association, putting
17 the additional seed in to grow whatever it was in this
18 case to grow, Southwest Airlines coming in. And I
19 guess I was struck by the exchange --- it wasn't
20 really MASSPORT, yes, it was, no. Whatever. I'm
21 thinking, no, the whole climate and that I thought
22 that Representative Lentz's bill is discussing that we
23 need to in Pennsylvania, in fact, begin to prepare the
24 soil the same way with a regional authority which then
25 spawns a cooperative marketing arrangement and all

01 other things, perhaps some of which you didn't testify
02 to and he hadn't thought about, but indeed would
03 benefit the region, benefit the airline probably is
04 for them to be involved and most importantly benefit
05 the people who live and work in the Delaware Valley.
06 Now, would that analogy suit that we --- does that
07 make some sense to you or ---?

08 MR. SEITZINGER:

09 I think it does. I think where the
10 conversation between Representative Lentz and I sort
11 of diverged was not really over the accomplishments of
12 MASSPORT. They should be given credit for being the
13 catalyst for all this to happen. Where the problem
14 really comes in is that even though it was MASSPORT
15 that did this, again, they had the cooperation of the
16 other airports and what's remarkable is that these
17 other airports were, again, owned by other states in
18 some cases, owned by other cities outside of the
19 state, inside of the state, et cetera. And the point
20 was that even though they accomplished some level of
21 distribution of air service, they didn't have to
22 change the way that they were organized as to how they
23 were handled. So they all remained, if they were
24 state-owned properties, if they were county-owned or
25 airport authorities, what have you, and they still

01 accomplished their objectives, so that's why our
02 testimony refers to things such as a cooperative
03 marketing association as a sort of really good, you
04 know, model to look at in terms of achieving the same
05 objectives without achieving a reorganization.

06 REPRESENTATIVE WATSON:

07 Now, I'm assuming then that they did this
08 --- I'm looking at the testimony of what
09 Representative Gerber referred to on page four, that
10 they were able to do this perhaps with negotiating a
11 lot of federal --- I'm going to guess Federal Aviation
12 law precludes states and other government entities
13 from regulating.

14 MR. SEITZINGER:

15 I think that's why we see this
16 cooperative marketing association emerge from the
17 process that MASSPORT, you know, entered into because
18 that was what was able to legally be accomplished,
19 given all the regulations that we have to deal with,
20 with our revenue and all the other types of things
21 that have to be done. I would suggest to you that if
22 the core velocity of MASSPORT was to try to convert it
23 to a big regional authority they still would not have
24 accomplished that as of today as opposed to what
25 they've been able to accomplish through the, you know,

01 through their efforts to form these other associations
02 and so forth.

03 REPRESENTATIVE WATSON:

04 Thank you.

05 MR. SEITZINGER:

06 You're welcome.

07 CHAIRMAN MARKOSEK:

08 Okay. Thank you very much. And
09 Representative Raymond has to leave, so gentlemen
10 thank you. Thank you for your time. We appreciate it
11 very much. Next, I'd like to introduce our next
12 person to testify and it's Mr. Charles Isdell, who is
13 the Director of Aviation for the Philadelphia
14 International Airport. As soon as you're comfortable,
15 you may begin.

16 MR. ISDELL:

17 I assume that you have copies of my
18 testimony; correct?

19 CHAIRMAN MARKOSEK:

20 I have a copy of your testimony here.

21 MR. ISDELL:

22 Good afternoon, Chairman Markosek and
23 member of the Transportation Committee. My name is
24 Charles Isdell and I am the Director of Aviation for
25 the City of Philadelphia. I am pleased to present you

01 with the City's response to House Bill Number 1182.
02 In short, the City is opposed to the Bill. Our most
03 cogent argument against the Bill is our belief that it
04 will not accomplish its stated objective, that being
05 the improved distribution of air service in our
06 region. We certainly agree that there is a need to
07 increase the utilization of our neighboring airports,
08 particularly the Lehigh Valley Airport. However, the
09 creation of an authority to manage the two airports
10 will not move us toward that goal. In fact, such a
11 change could do irreparable harm to our regional
12 economy by creating a lengthy period of uncertainty
13 and instability for both airports during a time of
14 unprecedented volatility in the aviation industry.

15 Philadelphia is now the only Pennsylvania
16 airport designated a large hub by the FAA, meaning
17 that it handles more than one percent of the entire
18 nation's passengers. As of today, almost 700 flights
19 a day depart from Philadelphia carrying a total of
20 about 61,000 seats, while about 35 flights a day
21 depart from Lehigh Valley carrying a total of about
22 1,800 seats. Changing the form of governance at the
23 airports will have absolutely no effect on this
24 imbalance. Since deregulation took effect in the
25 1970s, the provision of air service to any community

01 in the United States has been a free-market airline
02 decision. Under Federal Aviation Regulations,
03 Philadelphia has no authority to limit the number of
04 flights that an airline can bring into its airport,
05 nor has Lehigh Valley the right to mandate an airline
06 to add flights. These facts will not change as a
07 result of the passage of Bill 1182. In our opinion,
08 the Commonwealth would be better served to focus its
09 energy and resources on the continued development and
10 promotion of the wonderful asset that it has in
11 Allentown. To succeed, we must convince airline
12 planners that an under-served airport market exists
13 there and that flights to and from that airport will
14 be economically viable. Perhaps air service
15 incentives such as those offered by other communities
16 could be subsidized by the Commonwealth to attract new
17 entrants. Pennsylvania travelers that are leaking to
18 out-of-state airports like Newark should be your
19 primary marketing targets.

20 Philadelphia is both respectful and
21 supportive of our neighbor 54 miles to the north. We
22 believe Lehigh Valley is a well-managed and well-
23 positioned facility that has been disproportionately
24 impacted in the post-9/11 era, first by U.S. Airways'
25 retrenchment as they restructured through two

01 bankruptcies and more recently by the continuing
02 escalation of fuel costs. However, an attempt to
03 artificially accomplish a migration of air traffic
04 from Philadelphia to Allentown by harnessing the two
05 airports together could have a detrimental impact on
06 both airports and their surrounding communities. Let
07 me provide you with a brief description of our
08 airport, its financial infrastructure and its role in
09 the metropolitan Philadelphia community, all of which
10 could be jeopardized by the passage of this bill.

11 According to a 2005 study commissioned by
12 PennDOT, Philadelphia International Airport generates
13 over \$14 billion a year for the regional economy.
14 Each day, 34,000 employees report to work for more
15 than 200 employers at the airport. Twenty-nine (29)
16 airlines operate 700 daily departures to 120 cities.
17 We serve a natural catchment area of about six million
18 people who live in the 11-county metro area. About 65
19 percent of our passengers lived in this area. Our
20 2006 all-time record of 31.8 million passengers ranks
21 us 15th in the United States and 27th in the world.
22 Our 517,000 takeoffs and landings rank us number nine
23 in the United States and number ten in the world.

24 The airport is totally self-sustaining.
25 Our fiscal 2007 operating revenues amounted to \$230

01 million, half of which came from the airlines. The
02 other half came from non-airline sources like parking,
03 car rentals and retail concessions. Fiscal 2007
04 operating expenses totaled \$220 million, including \$38
05 million for payroll, \$55 million for contractual
06 services, \$51 million for debt service and \$25 million
07 for police and fire department services. For the past
08 33 years, we have ended our fiscal years with budget
09 surpluses achieved through careful cost containment
10 and revenue growth.

11 The airport's five-member executive staff
12 has a combined total of 110 years of airport
13 management experience. The Director and Chief
14 Operating Officer, Mark Gale, are accredited by the
15 American Association of Airport Executives. The
16 Deputy for Planning and Environmental Stewardship,
17 Calvin Davenger, who is with us today, is a Registered
18 Professional Engineer. This management team has been
19 praised repeatedly by all three bond-rating agencies,
20 Fitch, Moody's and Standard and Poor's. In 2005, all
21 three affirmed their "A" ratings for the airport prior
22 to our issuance of \$355 million in revenue bonds.

23 This prudent fiscal management makes our
24 airport especially attractive to low cost airlines.
25 Our \$7.50 cost per enplaned passenger and our \$77 rate

01 of debt per enplaned passenger are low in comparison
02 with other major U.S. airports, particularly those in
03 the Northeast. Since the '70s, the airport has issued
04 approximately \$1.7 billion in debt, of which \$1.2
05 billion is currently outstanding. We have met our
06 annual debt service coverage tests for 30 consecutive
07 years.

08 2006 retail concessions grossed \$126 and
09 a half million generating \$9 million in state sales
10 taxes. Rental car gross revenues reached \$188
11 million, generating \$4 million for the stadium tax
12 which supports the Phillies and Eagles venues. Gross
13 parking receipts totaled \$70 million generating \$10
14 million in parking taxes. Payments in lieu of taxes
15 to Tinicum Township, the Interboro School District and
16 Delaware County average over \$1 million a year.

17 On the air service front, U.S. Airways
18 has started new nonstop flights to Athens, Brussels
19 and Zurich this summer, bringing to 19 the number of
20 nonstop European destinations we serve. They have
21 also applied for authorization to fly nonstop from
22 Philadelphia to Beijing, China beginning in 2009.
23 Southwest Airlines, our number two carrier, continues
24 to expand its low fare domestic service, which saves
25 local travelers about \$600 million a year.

01 With more than \$2 billion in improvements
02 planned over the next six years, our passengers will
03 benefit from terminal expansion, additional security
04 checkpoints, shorter lines, more efficient runways and
05 fewer delays. The \$250 million expansion of Terminals
06 D and E, including the construction of a combined 14-
07 lane security checkpoint and three new gates is about
08 25 percent complete. Since 2001, 55 new gates have
09 been added and the overall size of the terminal
10 complex has increased from 1.6 to 2.6 million square
11 feet.

12 The \$60 million extension of Runway 17/35
13 is also about 25 percent complete. By 2008, this
14 project will achieve an eight percent reduction in
15 airfield delays by making the runway more accessible
16 to larger aircraft. Meanwhile, the FAA is evaluating
17 three long-term airfield alternatives and will issue a
18 draft environmental impact statement, including a
19 preferred alternative in 2008.

20 In terms of accessibility, we are
21 directly linked to ramps from two interstate highways,
22 95 and 76. We have onsite parking for over 18,000
23 cars. Over 1,700 cabs and 800 limos are dispatched
24 from our bag claim area every day. We're only seven
25 miles from Center City and a seven-minute drive to the

01 South Philadelphia Sports and Entertainment Complex.
02 We partner with SEPTA to provide discounted R-1
03 regional rail line transpasses to nearly 2,500 airport
04 employees as an incentive for them to use public
05 transportation.

06 Our website, www.phl.org, attracts more
07 than 100 million visitors a month. It was the first
08 website in the nation to offer real-time flight
09 information and live streaming video. And we were one
10 of the first airports in the United States to offer
11 facility-wide, high-speed wireless internet access or
12 Wi-Fi.

13 Our food, beverage and retail program has
14 received over a dozen awards in the past five years.
15 Our rotating exhibitions program features work by
16 regional artists. The please touch museum operates an
17 aviation play station in terminal D and a second is
18 planned for later this year in Terminal A-East. We
19 also offer a year-round performing arts program
20 featuring talent from the area's schools and community
21 organizations as well as local professional
22 entertainers.

23 More than 50,000 military personnel and
24 their families visit the airport's Liberty USO each
25 year. We've installed 110 automated external

01 defibrillators throughout our airport and to date,
02 they have saved 11 lives. We partnered with the Red
03 Cross last July in welcoming over 4,000 Lebanese-
04 American evacuees with food, medical and other
05 assistance. Red Cross blood drives at our airport
06 have collected over 700 pints of blood in the last
07 three years. The airport has been smoke-free since
08 April 1st, 2004.

09 We recently completed a pilot project
10 wherein 25 homes in Tinicum were noise-proofed.
11 Another 150 will be treated over the next year and
12 over 600 will be insulated over the next four years.
13 The airport has restored local wetlands through
14 projects at the Heinz National Wildlife Refuge and
15 along the Pennypack Creek. The PECO Wind program will
16 supply the airport with 13,000 megawatt hours of
17 energy per year for the next five years. This is the
18 largest wind energy purchase made by any airport in
19 the United States. And 60 local gardeners cultivate a
20 seven-acre Eastwick community garden on our property.

21 We provide internships and other
22 educational opportunities to students at Drexel
23 University, Temple University, George Washington, Ben
24 Franklin and Mastbaum High Schools, the Saul
25 Agricultural School and the J. W. Catherine Elementary

01 School. Educational tours are given to over 2,000
02 local students every year.

03 A 32-year-old airline lease agreement
04 expired last year. We have negotiated a new four-year
05 agreement that gives us more control over our
06 facilities and budget. A new Airport Authority would
07 have to assume this new lease, which runs through 2011
08 and abide by all of its terms.

09 The proposed authority would need to sell
10 new bonds to pay off the existing \$1.2 billion airport
11 debt and would likely incur additional debt to satisfy
12 a two-year, IRS rehabilitation requirement. This
13 would result in higher rather than lower debt service
14 costs and a less competitive airline rate structure.
15 U.S. Department of Transportation approval of this
16 transfer to an Authority would be required and the IRS
17 would likely insist upon a thorough review of the
18 transaction. Philadelphia Parking Authority
19 bondholder approval or bond payoff might also be
20 needed, depending on their existing covenants. Even
21 with total consensus, all of these approvals and
22 review would consume extensive time and resources.
23 Transitional years could produce staff uncertainty,
24 planning inertia and loss of momentum.

25 Unlike the City, a regional authority

01 could condemn the property in neighboring counties for
02 airport use. While facilitating expansion, this could
03 damage the Airport's relationship with Tinicum
04 Township and Delaware County. A change in airport
05 governance could also jeopardize the annual payments
06 to the Township, the County and the Interboro School
07 District. The airport maintains a regular dialogue
08 with the Township Commissioners and the County Council
09 on matters involving public safety, construction and
10 future planning. The County and Township participate
11 in our annual emergency preparedness drills and
12 periodic mass casualty exercises. In 2005, the
13 airport successfully negotiated a lease with the
14 Township to permit the construction of a runway safety
15 area, enabling us to comply with FAA safety standards.

16 Bill number 1182 makes no reference to
17 Philadelphia's Northeast Airport, which was named the
18 best general service airport in Pennsylvania by
19 PennDOT in 2003. Northeast Airport handles over
20 100,000 takeoffs and landings every year. Because it
21 is virtually surrounded by residential housing, we
22 have conscientiously worked with the community to
23 foster the development of compatible businesses that
24 create permanent local jobs. Recent construction at
25 Northeast Airport will total over \$100 million and

01 support over 2,000 permanent jobs. If Philadelphia
02 International is subsumed under a new Authority,
03 Northeast Airport might have to close, increasing
04 congestion throughout the region.

05 In summary, under City ownership,
06 Philadelphia International Airport has done
07 extraordinarily well in the aftermath of 9/11/01, with
08 two new terminals, 55 new gates, national and
09 international recognition, record-breaking passenger
10 levels and competitive airfares. Today, we are
11 working diligently to keep our costs down in support
12 of our tenants. In our view, the creation of a
13 regional authority and transfer of the airport's
14 assets to it would be costly, at a time when higher
15 costs are simply not an option. It would divert the
16 attention of our staff at a time when concentration on
17 safety and security should be their number one
18 priority. It would create an unneeded distraction for
19 airport management when our focus should be on
20 planning for the ongoing evolution of the aviation
21 industry which in recent years has witnessed the
22 bankruptcy reorganizations of four major airlines and
23 the merger of U.S. Airways, our hub carrier, with
24 America West Airlines.

25 For all of these reasons, we oppose the

01 passage of Bill Number 1182. Thank you for the
02 opportunity to comment and I will be happy to answer
03 any questions you may have.

04 CHAIRMAN MARKOSEK:

05 Thank you very much. Representative
06 Lentz?

07 REPRESENTATIVE LENTZ:

08 Thank you, it's good to see you again. I
09 have to say I'm disappointed in your testimony and
10 position that the City is taking, particularly the
11 suggestion that creating an Authority would distract
12 us from national security. The idea that a regional
13 authority would have some impact in distracting the
14 management of the airport is unfounded. I would like
15 to read you your testimony from a year ago when you
16 appeared before Representative Raymond instead of the
17 Commission on September 14th, 2006. You were asked
18 about --- by Representative Bishop what we could be
19 doing at the state level that would make a difference
20 in this area. And you said that one of the things
21 that you wanted to note was that the fact that our
22 airport is the only major airport that served this
23 very large metropolitan area. If you look to the
24 north, New York has three airports serving the
25 metropolitan area, ten or 12 million people.

01 Washington to the south has three airports. The
02 Boston area has evolved in the last five or ten years
03 to three airports you can use, the Boston-Logan
04 Airport is now relieved to a large extent by
05 Providence and Manchester Airports and I would just
06 note I got that in your earlier testimony how that was
07 accomplished. In this area, I believe there are
08 airports that are really starving for business and at
09 capacity and more acres than needed. Examples in
10 Pennsylvania would be Lehigh Valley and Harrisburg.
11 In New Jersey, they have Atlantic City, but an hour
12 and a half drive to Philadelphia. There really should
13 be some effort to try to further develop those
14 airports. I think they need a facility improvement in
15 order to attract more flights and distribute traffic.
16 Our airport, as much as I love the revenue and I love
17 the growth and I love the records that we can brag
18 about, the fact is we are suffering an awful lot with
19 a very small package. I will note that small package
20 borders this community. It contributes to delays and
21 it also contributes to the negative impacts around the
22 surrounding communities. If there's one area that
23 should be looked at, which is being looked at, but
24 whether or not any of our traffic can be distributed
25 better than it is. And you went on to conclude your

01 testimony. So it sounds to me like you supported a
02 regional approach to managing air traffic. Is that a
03 fair statement?

04 MR. ISDELL:

05 Yes. We believe that a regional approach
06 can be accomplished without necessarily changing the
07 ownership or governance of our airport.

08 REPRESENTATIVE LENTZ:

09 Well, Massachusetts started the effort
10 about ten years ago as did New York. The result of
11 the Massachusetts effort was entered in a memorandum
12 of agreement with the regional airports. A result of
13 New York's effort was to purchase an additional
14 airport. Has Philadelphia International Airport
15 introduced any memorandum of agreement with any
16 regional airport for a cooperative marketing strategy?

17 MR. ISDELL:

18 No, we have not.

19 REPRESENTATIVE LENTZ:

20 Has Philadelphia Airport looked into the
21 purchase or acquisition of any regional airport for
22 the purposes you described?

23 MR. ISDELL:

24 Purchase or acquisition of another
25 airport? No.

01 REPRESENTATIVE LENTZ:

02 Well, you asked somewhat quizzically but
03 the fact was in this proposal of yours is the
04 construction of a new airport.

05 MR. ISDELL:

06 Not proposed by us. We have --- whenever
07 there is a federal review for an airport improvement
08 such as a new runway, extended runway, one of the
09 questions that's asked is whether the development of a
10 new airport to serve the region or distribution of
11 traffic to other regional airports could resolve the
12 capacity problems at the airport in question. But we
13 have not proposed the construction of a new airport
14 but I think it has been looked at by the FAA and I
15 believe each time they looked at it, it has been
16 deemed to be not realistic.

17 REPRESENTATIVE LENTZ:

18 I think you note in here ---.

19 MR. ISDELL:

20 Yes. It would be expensive and extremely
21 time consuming. You're talking about 20 years or so
22 and nobody really wants a new airport in their back
23 yard.

24 REPRESENTATIVE LENTZ:

25 And you also --- you would agree with me

01 that you're aware, though you haven't necessarily
02 directly participated in --- you're aware of the FAA's
03 proposal to redirect flights on a new path over this
04 community and others?

05 MR. ISDELL:

06 Yes, we are aware.

07 REPRESENTATIVE LENTZ:

08 Are you aware of the FAA's proposal to
09 build additional runways?

10 MR. ISDELL:

11 The FAA right now is looking at potential
12 alternatives to new runways, but they have not made a
13 selection from the alternatives. They will look at
14 that probably in a couple years and we probably won't
15 know until --- for another year which direction that
16 they think we should go.

17 REPRESENTATIVE LENTZ:

18 And you're also aware that even if you
19 would have the air space redesigned, new runways are
20 built, your airport would not be able to handle the
21 capacity increase in traffic in the next 20 years.

22 MR. ISDELL:

23 I think that it is probably as good a
24 guess as any of us can make. It doesn't mean that we
25 shouldn't continue to try to make our airport more

01 accessible and more efficient, but I agree with you,
02 Representative, that there needs to be some
03 development of other airports in the region. We have
04 participated in meetings with PennDOT Deputy
05 Secretary, Sharon Daboin, most recently at Lehigh
06 Valley Airport. I was there myself. We are trying to
07 figure out ways to be supportive that fit within
08 federal regulations and requirements. This particular
09 notion of linking the two airports together under a
10 single authority the City of Philadelphia does not
11 support it.

12 REPRESENTATIVE LENTZ:

13 And the City of Philadelphia is who
14 currently runs the airport.

15 MR. ISDELL:

16 Owns and operates.

17 REPRESENTATIVE LENTZ:

18 In the bill that I propose --- you had
19 suggested that this may result in the taking of land
20 in Tinicum and I note that your term alleges that fact
21 that you won't let that happen, but this Board in
22 Delaware County would actually have no representation
23 in the running of the airport; right?

24 MR. ISDELL:

25 Under your proposal, yes.

01 REPRESENTATIVE LENTZ:

02 And they don't currently have that
03 representation?

04 MR. ISDELL:

05 No, they do not.

06 REPRESENTATIVE LENTZ:

07 They don't get a say in the decisions
08 about how the airport is run or managed.

09 MR. ISDELL:

10 Not in the context of the Board of
11 Directors.

12 REPRESENTATIVE LENTZ:

13 This bill they'd actually have some say
14 that they never had despite the fact that half the
15 airport is on their ground; correct?

16 MR. ISDELL:

17 That's correct.

18 REPRESENTATIVE LENTZ:

19 That's all I have.

20 CHAIRMAN MARKOSEK:

21 Representative Gerber?

22 REPRESENTATIVE GERBER:

23 Thank you, Mr. Chairman and thank you for
24 your participation today. I just want to turn your
25 attention to the last page of your presentation, the

01 third to the last paragraph where you discuss
02 Northeast Airport. You come to the conclusion in the
03 very last sentence of that paragraph that it seems not
04 to be supported by any of the previous statements.
05 And the conclusion is that despite all of the great
06 things that have happened at Northeast and despite the
07 airport's effort to work with and collaborate with the
08 local communities and despite the fact that 2,000
09 permanent jobs would be created and invested, under
10 this proposal, Northeast Airport might have to close.
11 I'm just curious. How do you reach that conclusion
12 because there's nothing in the testimony that supports
13 it? I'm curious as to how you get to that point.

14 MR. ISDELL:

15 Well, at least in my reading of the bill,
16 there is no mention of Northeast Airport. Northeast
17 Airport exists today as a cost center of Philadelphia
18 International Airport. So the costs to run that
19 airport are currently absorbed by the airlines that
20 operate Philadelphia International. The Northeast
21 Airport itself runs a deficit almost every year. So
22 if, in fact, the airport were left to stand on its
23 own, I do not foresee it having a long life in the
24 future. That is the basis of that statement.

25 REPRESENTATIVE GERBER:

01 Well, this is the same body that owns
02 International along with Northeast?

03 MR. ISDELL:

04 Yes. They're both going to be operated
05 by the City of Philadelphia, but as I said the
06 payments that support Northeast Airport have been
07 absorbed by the airlines that operate at Philadelphia
08 International primarily because if Northeast were to
09 close, you could take 100,000 takeoffs and landings
10 per year and they would have to go somewhere else.
11 And a lot of them would come into Philadelphia
12 International and create even more delays than we
13 experience today. There is no provision for how that
14 financial support would be continued in the event that
15 Philly International and Lehigh Valley were linked in
16 the northern corridor.

17 REPRESENTATIVE GERBER:

18 Thank you very much for answering the
19 question. I just had a curiosity more in the nature
20 of Northeast. Those 100,000 flights, to my
21 understanding, none of them are commercial; is that
22 correct?

23 MR. ISDELL:

24 Right.

25 REPRESENTATIVE GERBER:

01 So are they mostly private?

02 MR. ISDELL:

03 Private and corporate.

04 REPRESENTATIVE GERBER:

05 Corporate and private?

06 MR. ISDELL:

07 Yes.

08 REPRESENTATIVE GERBER:

09 Are there a lot of helicopter flights,

10 corporate helicopters?

11 MR. ISDELL:

12 With the --- use of helicopters within
13 the City they --- I think almost all of them are based
14 at Northeast Airport and also the Philadelphia Police
15 Department's helicopters are based at Northeast.

16 REPRESENTATIVE GERBER:

17 Do you have med-vacs at Northeast as

18 well?

19 MR. ISDELL:

20 I don't think they're based there, but
21 they do use the airport when it's necessary.

22 REPRESENTATIVE GERBER:

23 And does Northeast at its load capacity
24 or could they add more capacity?

25 MR. ISDELL:

01 Actually, a few years ago, it was up
02 towards about 150,000 takeoffs and landings. I think
03 the reason it has dropped in recent years is primarily
04 because new security requirements have made it more
05 difficult for general aviation airports to expand. In
06 fact, many of them have declined in total operation.

07 REPRESENTATIVE GERBER:

08 There are a lot of those that house them
09 there or do they just use your ---?

10 MR. ISDELL:

11 I believe they have about 250 base
12 airport ---.

13 REPRESENTATIVE GERBER:

14 Is there a capacity for more?

15 MR. ISDELL:

16 A slight capacity. I think maybe we can
17 get up to 200. We've looked at development
18 possibilities but we haven't really had a company come
19 in under what we thought were reasonable terms to
20 build up some more T-hangers. And compared to Philly
21 International, just by way of comparison, we have
22 about 50 general aviation planes based at Philly
23 International compared to 250 at Northeast.

24 REPRESENTATIVE GERBER:

25 If you could compare the number of

01 general aviation present, not just those planes that
02 are housed there but planes that come and go, do you
03 have a sense of how many planes come in for the non-
04 commercial corporate planes?

05 MR. ISDELL:

06 Off the top of my head, I know it's a
07 very small percentage. I could actually get you the
08 exact number to follow up with this.

09 REPRESENTATIVE GERBER:

10 And do notice any --- speaking of
11 Philadelphia, do those corporate planes use the same
12 runways as the commercial flights use?

13 MR. ISDELL:

14 Yes, they do.

15 REPRESENTATIVE GERBER:

16 I've seen them on the tarmac and I've
17 seen the little planes there. I'm assuming they use
18 the same ---?

19 MR. ISDELL:

20 Yes. One of the reasons we're extending
21 our north/south runway right now is smaller planes.
22 We would like to confine them to the two shorter
23 runways. In order to make that more possible, we need
24 to extend at least one of the runways to make it 6,500
25 feet long. But the ideal would be to have just the

01 large air carrier mainline jets from U.S. Airways and
02 the other big carriers use our two main runways which
03 are 9,500 and 10,500 feet long. But there really is
04 no way to monitor the air traffic controllers can
05 segregate the traffic that way so that, you know, to
06 some extent that is dialogue between the controllers
07 and the pilots and what we've tried to do is make
08 shorter runways more appealing to the pilots of the
09 smaller aircraft by positioning our fixed base
10 operation right next to our two short runways. And
11 also U.S. Airways commuter terminal, Terminal F, is on
12 the other side of the two shortest runways, but
13 there's still a certain amount of small traffic that
14 can slow down the flow of the two main runways.

15 REPRESENTATIVE GERBER:

16 With respect to the economy, corporate
17 economy business, does it help the bottom line of the
18 airport to have them there or do you view it as a
19 detrimental aspect of the service because it can
20 contribute to the delays on the runways?

21 MR. ISDELL:

22 I think a small amount is helpful, but we
23 try, and if you remember when they had their national
24 convention in Philadelphia back 2000, we tried very
25 hard to entice people who was constricted there to

01 remain the main point of access to Philadelphia. And
02 I think partly it's almost like, you know, there's
03 always good and bad in everything. The fact that we
04 are so close to the Wachovia Center and also very
05 convenient to Center City, some of the high-ranking
06 officials and corporate CEOs insist on coming into
07 Philadelphia International. In fact, President Bush,
08 when he was in --- the time before he was nominated,
09 he came in out of Northeast Airport twice because we
10 thought it would be appealing. But we couldn't get
11 too many other people to do that.

12 REPRESENTATIVE GERBER:

13 Do you have the authority to say no to
14 those types of corporate planes? Could you say, no,
15 we don't want you here? You have to find another
16 place.

17 MR. ISDELL:

18 No. As far as I know, we do not have,
19 under federal law, any right to refuse any airplane
20 access to our facility. It's a public facility and we
21 have to keep it open to the public.

22 REPRESENTATIVE GERBER:

23 So to redirect that, we have to rely on
24 other type things, marketing and otherwise?

25 MR. ISDELL:

01 Yes. Cost ---.

02 REPRESENTATIVE GERBER:

03 Encourage people to use other facilities
04 and discourage them from using Philadelphia?

05 MR. ISDELL:

06 That's right.

07 REPRESENTATIVE GERBER:

08 Thank you and thank you for your
09 testimony.

10 CHAIRMAN MARKOSEK:

11 Okay. Thank you. The Chair is pleased
12 to note the arrival of Tony Payton from Philadelphia
13 and Representative Payton has a question.

14 REPRESENTATIVE PAYTON:

15 Thank you for your testimony. The main
16 reason I see as opposition, is just purely a
17 governance issue?

18 MR. ISDELL:

19 Well, I think it's partly an ownership
20 issue, governance issue, but it's also the fact that
21 the history of these types of transactions that change
22 the ownership of the governance from one form to
23 another, the history has been that it does take
24 generally a minimum of two to three years for that to
25 be accomplished. And it has frequently --- those

01 types of changes have frequently been initiated at
02 airports that are having problems. We feel that our
03 airport is doing so well, it could have negative
04 consequences to throw us into a kind of suspended
05 animation for that period of time without a clear
06 understanding of what the ultimate outcome would be.
07 So I think that the uncertainty issue and the
08 potential impact that that would have on our local
09 economy is equally as important to us as the issue of
10 who owns and operates the airport.

11 REPRESENTATIVE PAYTON:

12 Is there currently a grievance process or
13 Delaware County ordinance?

14 MR. ISDELL:

15 A grievance process? I'm sorry. What is
16 the ---?

17 REPRESENTATIVE PAYTON:

18 As far as the noise pollution and things
19 like that.

20 MR. ISDELL:

21 We do have a noise office that has a
22 published number. We take noise complaints and we
23 respond to them on a regular basis. I don't even know
24 --- I wouldn't describe it specifically as a grievance
25 procedure, but when we receive a complaint we have a

01 computer system that enables us to identify what
02 flight or flights have caused the disturbance. We can
03 verify whether or not they're flying at appropriate
04 altitudes and we can follow up with the airline or the
05 pilot that has caused the complaint, or get back to
06 the private citizen and if, in fact, the airport or
07 the airline hasn't done anything wrong, we give them
08 that feedback.

09 REPRESENTATIVE PAYTON:

10 Is there a report, an annual report, from
11 the noise office?

12 MR. ISDELL:

13 Yes.

14 REPRESENTATIVE PAYTON:

15 Okay. I return to the Chairman of the
16 Committee or to the Chair.

17 CHAIRMAN MARKOSEK:

18 Representative Watson?

19 REPRESENTATIVE WATSON:

20 Thank you, Mr. Chairman. Mr. Isdell,
21 thank you very much for your testimony. Certainly,
22 the number of pages, there's at least three pages of
23 achievements, particularly of note that I was
24 interested in was wind power, which is great and makes
25 perfect sense. I guess as I read through the

01 achievements, taking nothing away, I jotted a few
02 facts down of anything I was not aware of, that's
03 good. And in your opening paragraph you tell us how
04 you feel, which is opposed to this Bill and what it's
05 going to do. However, we've heard two people at least
06 before you, reading that I had done to prepare for
07 this hearing has told me that the experts are saying
08 notwithstanding all the good works that you've already
09 accomplished and those that are performed commonly,
10 you will not be able to handle all of the capacity
11 that's coming over the next 20 years. This is a
12 proposal that was far reaching and takes time. It is
13 so much not --- and I'm not suggesting it's your
14 personal liking necessarily, but the City's liking,
15 what would you propose? Because like it or not, if
16 you know those are all good things that you're
17 suggesting and things that they're doing, the
18 expansion, some of which we may or may not want.
19 Regardless, you're not going to --- it's not going to
20 solve all of the problems, so what's your answer?

21 MR. ISDELL:

22 Well, we had actually taken certain
23 initiative in this regard prior to the introduction of
24 this Bill. And by that, I mean we suggested, I
25 suggested to Deputy Secretary Sharon Daboin that if

01 the Commonwealth --- she, I think, a year or so ago,
02 was working on a project to try to increase marketing
03 and air service in the Commonwealth and also to try to
04 stop leakage in Pennsylvania travelers to
05 non-Pennsylvania airports. And I actually e-mailed
06 her that I thought that that was an initiative, first
07 of all, that we probably didn't need any assistance in
08 that area, which is fortunate for us, but that the
09 most likely candidate of a Pennsylvania airport that
10 could benefit by efforts by the Commonwealth to market
11 it and develop it would be the Lehigh Valley Airport.
12 And I did that because I just thought it was the right
13 approach in the sense that we certainly have a
14 responsibility to continue to develop our airport as
15 much as possible with whatever available federal and
16 local funding that we can put together. But I think
17 that this problem, as you've described it, is
18 substantial enough that it requires a sort of a
19 multi-frontal attack. Developing Philadelphia Airport
20 is one front, developing other outlets such as Lehigh
21 Valley and Atlantic City seem to me to be logical
22 topics for efforts, but whether or not putting us
23 under a single form of governance will accomplish that
24 objective as opposed to letting us work together,
25 continuing to operate as independent entities, but

01 working together cooperatively, we really haven't had
02 a chance, I don't think, to do that. So my answer to
03 your question is I think that this notion of a
04 regional approach is absolutely needed for the
05 long-term future. In fact, I think we need it for the
06 short-term future, but there's a limited amount that
07 we can do in Philadelphia to make, for example, U.S.
08 Airways or Southwest Airlines or Jet Blue decide that
09 they want to bring service into Lehigh Valley Airport.
10 I think a lot of that has to do with the marketing. I
11 think a lot of it has to do with studies that were
12 done that proved to a candidate airline that there is
13 a viable market there that they can make money in that
14 particular airport. And I think if we embark on that
15 path that --- as I mentioned I did attend a meeting at
16 the Lehigh Valley Airport just like this about two
17 months ago where we really kicked it around and some
18 of the people who have spoken here today were part of
19 that discussion, in what ways can we work
20 cooperatively? I do think it's important and I made
21 this point at our meeting with Lehigh Valley, and by
22 the way, we met in Philadelphia with the Deputy
23 Secretary and Mr. Doughty from Lehigh Valley. I've
24 had meetings in Philadelphia with Tom Rafter, the
25 Director of the Atlantic City Airport, but I think we

01 haven't really had a chance to see how much we can do
02 without changing the governance. What I was going to
03 say is that I think it is important that we not attack
04 one another. That tactic has been used in the past.
05 Having one airport spend money on commercials and
06 advertising that attempts to denigrate or criticize
07 its perceived competition. Particularly within the
08 Commonwealth of Pennsylvania, I think it's important
09 that we support one another and not attack one another
10 publicly. There are plenty of passengers to go around
11 and I would simply ask that rather than move forward
12 with this proposal too hastily that you allow this
13 dialogue that we initiated to see if we can have a
14 more positive result.

15 REPRESENTATIVE WATSON:

16 Thank you for that. I would note that he
17 has left but Representative Raymond was here and said
18 that similar dialogue has gone on for a number of
19 years and yet regardless who is responsible or not
20 we've only had a wonderful dialogue and considering
21 what they can do in that strategy in the last few
22 months, so I'm not sure that that's the cure all
23 either, that there might not be some other order that
24 needs to be taken. Thank you, Mr. Chairman.

25 CHAIRMAN MARKOSEK:

01 Representative Siptroth?

02 REPRESENTATIVE SIPTROTH:

03 Thank you, Mr. Chairman. Mr. Isdell,
04 thank you for coming in and testifying. I'd just like
05 to pick up on something that Representative Gerber had
06 talked about earlier. Landing fees. Since you've
07 involved Northeast International, general aviation
08 landing fees are somewhat dictated by the airport
09 themselves; is that correct?

10 MR. ISDELL:

11 Yes.

12 REPRESENTATIVE SIPTROTH:

13 Okay. Are your fees or --- same type
14 aircraft, category aircraft, are they the same at
15 International as they are at Northeast or do you have
16 a little heavier fare at International to try to
17 distract the general aviation from using International
18 versus Northeast?

19 MR. ISDELL:

20 No. I don't have an answer to that
21 question, but I might have someone here who can.
22 Deputy director of financing and administration is
23 here. The landing fee is significantly lower at
24 Northeast to encourage its use. Neither one of us
25 knows the exact dollar.

01 REPRESENTATIVE SIPTROTH:

02 And that response is --- I think it's
03 important for the public to know as well that, you
04 know, you do have some control as to where general
05 aviation could go. I think that's the point. Just a
06 couple of other questions. You talked a little bit
07 about the possibility of a new airport for
08 Philadelphia International. I personally don't think
09 that that's a great opportunity for anybody simply
10 because the new airport would probably have to be
11 displaced to the north or northwest of Philly
12 International itself. And you would create additional
13 traffic problems and do you concur with that?

14 MR. ISDELL:

15 Yes.

16 REPRESENTATIVE SIPTROTH:

17 And last question is you indicated by
18 your testimony you do have a discounted fare for
19 regional line SEPTA?

20 MR. ISDELL:

21 Yes.

22 REPRESENTATIVE SIPTROTH:

23 And are you contributing anything to
24 SEPTA's efforts in the way of some sort of a payment
25 to them for ---?

01 MR. ISDELL:

02 Well, they have a program called the
03 ComPass program whereby they subsidize the purchase of
04 trans passes. I think they provide five or ten
05 percent and we add another 20 percent on top of that
06 which literally comes out of our operating budget.
07 And it has grown. In the first year, we had about 600
08 people participating and we're now up to 2,300 and
09 some total employees who buy trans passes every month
10 through this program. They have to present their
11 airport ID at point of purchase, but that's the way
12 that we subsidize it. We basically pay this ComPass
13 program, I believe, a 20-percent subsidy for the cost
14 of the trans pass.

15 REPRESENTATIVE SIPTROTH:

16 Okay. With the transportation funding
17 measures, do you foresee that continuing?

18 MR. ISDELL:

19 Yes.

20 REPRESENTATIVE SIPTROTH:

21 Since you indicated that they would be
22 receptive back or would they be leaning on you for a
23 little more than 20 percent?

24 MR. ISDELL:

25 Actually, the 20 percent is a voluntary

01 provision that we made. No one really leaned on us to
02 do it. We have another motivation besides the
03 environmental concern. Part of it had to do with the
04 limited availability of parking for our employees in
05 the employees' parking lot. So we realized that if
06 you compared the cost of building more parking spaces
07 to the cost of subsidizing public transit, it actually
08 came out to be a bargain for us, to get more and more
09 people not to bring their cars to the airport. And
10 it's obviously reduced the traffic congestion. So we
11 had a multi-faceted approach.

12 REPRESENTATIVE SIPTROTH:

13 I applaud your efforts, by the way, by
14 all means. It makes the environment a little bit
15 cleaner.

16 MR. ISDELL:

17 The other thing --- if I could just
18 elaborate, the other thing that we've done in recent
19 years is make those platforms where the rail line
20 comes in much more accessible and attractive for
21 travelers. We had a project where we did get funding
22 from the State of Pennsylvania in the late '90s to
23 make the train platforms easy to get to. They're not
24 directly connected to the baggage claim area. So we
25 made them ADA accessible and much more, much easier to

01 get to for travelers. They're not exposed to the
02 elements, et cetera. So that's another example of
03 ways that we try to encourage the use of SEPTA. And
04 ironically, the arrival of airlines at Philadelphia
05 can go forward with a large, new group of travelers
06 who are extremely budget minded and at the same time
07 are looking for low airfares, they're also even
08 carrying bed pillows under their arms and taking
09 public transit to the airport so that's another
10 benefit to low airfare service.

11 REPRESENTATIVE SIPTROTH:

12 Thank you. Mr. Chairman?

13 CHAIRMAN MARKOSEK:

14 Okay. Thank you, Mr. Isdell. I might
15 add that before you exit if you could leave the name
16 of your colleague there. You referred to him and we
17 want to make sure that she gets that for the record.

18 MR. ISDELL:

19 Okay. If I could just confirm, I had
20 submitted to Representative Irving (phonetic) numbers
21 on the general aviation. Okay. Thank you very much.

22 CHAIRMAN MARKOSEK:

23 Thank you very much. Okay. We have a
24 group of folks here who are local folks who ---. I'd
25 like to invite them all up at the same time. Andrew

01 Reilly, who is President of Delaware County Council,
02 Lin Floyd, who is the President of the Nether
03 Providence Township Board of Commissioners, Elric
04 Gerner, Mayor of Swarthmore Borough and Robert
05 Willert, Ridley Township Commissioner.

06 MR. WHELAN:

07 I'll be filling in for Mr. Reilly. My
08 name is Jack Whelan. I'm on the Council.

09 CHAIRMAN MARKOSEK:

10 Anybody else, I guess, that I missed? I
11 think Mr. Reilly had asked to go first so since he's
12 not here ---.

13 MR. WHELAN:

14 Well, for the record, my name is Jack
15 Whelan, W-H-E-L-A-N. I'm a member of Delaware County
16 Council. I would first like to start by commending
17 Representative Raymond and Representative Lentz for
18 sponsoring this Bill. We think it's a move ---
19 Delaware County Council thinks it's a move in the
20 right direction. I, myself, grew up in Ridley
21 Township and want to welcome you to Delaware County,
22 Ridley Township. Not only did I grow up here, I live
23 here currently less than a half a mile from here with
24 my wife and four children. It's very important to us,
25 the airport is. It's important for a number of

01 reasons. At no time do we want to affect the economic
02 viability of the Philadelphia International Airport.
03 At the same time, Delaware County Council wants to
04 protect the residents of Delaware County. Delaware
05 County has 550,000 people and there's five county
06 council members that oversee Delaware County. It's
07 very important to all county council that something is
08 done to the airport in order to make it not only
09 economically viable but to protect the residents.
10 Just by way of brief background, approximately in
11 March of '06 the FAA released the noise data
12 statistics to Delaware County being brought in our
13 plan department and they were able to chart the effect
14 of those noise data statistics. We were able to graph
15 it. The way it was produced, the graph, I don't have
16 it for the members of the panel today, but suffice it
17 to say that the noise increases by the FAA and
18 Philadelphia Airport's rerouting of the aircraft over
19 Delaware County had substantial impact with quality of
20 life for the residents of Delaware County. We saw it
21 as a substantial issue and therefore Delaware County
22 Council hired an expert out of Arizona who is a former
23 FAA official by the name of George Williams. George
24 Williams has produced documented evidence to County
25 Council that we turned over to Congressman Sestak. I

01 believe we released also to the various Members of the
02 House that are in Delaware County evidencing the fact
03 that in Delaware County any --- well, at these places
04 involved in Delaware County and again, Delaware County
05 is a very unique situation because as you heard in the
06 testimony this afternoon, two thirds of the airport is
07 in Delaware County, one third is in Philadelphia. The
08 City of Philadelphia controls the airport, but
09 nevertheless, the data suggested that there's going to
10 be substantial noise increases as the planes turn.
11 And under the new flight program at the FAA, this
12 would have a crucial effect upon the residents of
13 Delaware County. Our experts have indicated to us
14 that the reason for a tally by the FAA is to avoid
15 delays. It's to improve the efficiency of the airport
16 and to reduce delays. However, the true evidence, as
17 we submitted to the FAA, indicates that the amount of
18 delays that would be avoided is anywhere, depending on
19 how you interpret the data, from nine seconds to 30
20 seconds of time saved when you add in --- subtracting
21 the amount over the flights, the amount of flights,
22 and encouraging the amount of flights today that would
23 take off from Philadelphia and these flights would
24 arrive. Now in Philadelphia when the airplanes take
25 off, they fly over the Delaware River and they reach

01 an altitude of 3,000 feet before they're permitted by
02 the FAA and by protocol of the Philadelphia
03 International Airport to turn over Delaware County.
04 Under the Flight In Time Program, they would be able
05 to turn right after in --- right after takeoff, they
06 would be able to turn directly right over Delaware
07 County and I want you to imagine the effect it would
08 have over the residents in that particular area.
09 Ridley Township, for example, Swarthmore Borough,
10 Providence, all would be substantially impacted.
11 Delaware County Council has taken on this David and
12 Goliath plate against the FAA and it truly has been a
13 task for us on County Council to wage this fight
14 against the FAA, but we've done it and we're
15 continuing to do so. Right now, we have a situation
16 developing where the record of decision of the FAA is
17 to how we are going to handle the Flight In Time
18 Program and will probably be released either by the
19 end of the summer, certainly by the end of the year.
20 And unfortunately, once you have --- then County
21 Council may be forced to file suit and we've been
22 consulting with a specialist out of California, a law
23 firm that would institute the suit or the injunction
24 to try to prevent this from jeopardizing the residents
25 of Delaware County, so it's been a constant struggle.

01 We see this House Bill as a step in the right
02 direction. We see it as the ability to regionalize
03 airport traffic. We want Philadelphia to grow. We
04 want Delaware County to economically grow, but it has
05 to be done with intelligence and has to be done with
06 the ability to consider the constituents in Delaware
07 County. As you've heard in testimony today, Atlantic
08 City is clearly under-utilized. New Castle County
09 Airport is clearly under-utilized, and it's a short
10 drive. It's probably a half hour away from this area
11 to New Castle County. It's probably an hour or an
12 hour and ten minutes to get to Atlantic City Airport.
13 These need to be developed. Also other areas that
14 we've heard testimony today. We're strong advocates
15 of developing Lehigh County. We're strong advocates
16 of developing Harrisburg. If we can spread out some
17 of this traffic, it's not only going to benefit
18 Delaware County, it's going to help those airports.
19 It's going to help Pennsylvania. And I thank you for
20 your time in listening to those comments. And I
21 didn't prepare anything. I was just speaking from my
22 heart. I didn't have anything to read to you today,
23 but I wanted to keep it short. I know you have been
24 here for many hours and I appreciate that.

25 CHAIRMAN MARKOSEK:

01 You did very well. I'd like to also
02 introduce Bill Walsh, who is the Chief of Staff of ---
03 Congressman Sestak's Chief of Staff. And welcome. I
04 haven't had the pleasure of meeting the Congressman
05 yet and I look forward to that. Ms. Floyd, would you
06 like to say anything?

07 MS. FLOYD:

08 I want to thank the members of the
09 Committee for giving me the opportunity today to
10 address you and for your coming to this part of
11 Pennsylvania to hear us all out today. I'm here to
12 speak in favor of House Bill 1182, establishing the
13 southeast Pennsylvania regional airport authority. I
14 will get right to the point and urge the Committee
15 members to promptly vote to move this forward into
16 legislation, to the full General Assembly. Now, you
17 may be aware that Nether Providence lies in the heart
18 of Delaware County, and just this month our
19 community's national ranking, Money Magazine's annual
20 list as one of those most desirable counties in the
21 country in which to live. We certainly take pride in
22 this recognition. Money Magazine, however, tells us
23 that our relative ranking would have been even higher
24 if the economy of the area had been stronger. And I
25 have mentioned that, that there's this relative

01 weakness in the area that's in the economic status of
02 the area that surrounds Nether Providence. Now, you
03 may assume when I speak of the areas surrounding
04 Nether Providence that I'm just talking about Delaware
05 County, but I assure you that I am not. Like my
06 friend here, my neighbor, who talked about the
07 strength of the entire area, the entirety of
08 Pennsylvania, I really want to urge you to act in
09 accordance with them, spread the wealth, increase the
10 economy, the strength of it, much beyond Delaware
11 County. As important as that is, I think this
12 regional authority would do much to make intelligent
13 allocations of where the resources need to go. The
14 proposal would unite the initial interests of
15 Delaware, Lehigh, Northampton and Philadelphia
16 Counties and it would lay the basis for collaboration
17 with Greater Wilmington and the Atlantic City locales
18 closest to Pennsylvania. It would establish a way for
19 those interests to think broadly about sound planning
20 for the economic interests of the larger areas to the
21 benefit of all. Now, permit me to draw on my
22 professional training as a patent attorney. You can't
23 get a patent issued unless the items that you talk
24 about in your machine or your process are related to
25 each other. You simply can't list a bunch of years

01 and all that and expect that that's as good as any.
02 In this Bill, 1182, you are working to unite the
03 different years and pulleys and levels of the status
04 of part of Pennsylvania and the larger areas around
05 that and that's what I think is so important about
06 1182. If you link the economies of these different
07 areas, it goes to leverage each one of the strengths
08 of the different localities. That's what is important
09 about House Bill 1182. Now, do I hope that a regional
10 authority will ultimately control airport noise over
11 Nether Providence? Well, of course I do. I
12 understand that increases of noise ranging up to over
13 1,000 percent from current levels are projected for
14 parts of Delaware County under the current air space
15 reassignment protocol that considers only in
16 Philadelphia air space. More importantly, then,
17 reduction of noise or control of noise over my little
18 community, I urge you to support House Bill 1182 to
19 demonstrate the power of regional planning. I'm
20 convinced that those communities, all of those
21 communities, who are united for this plan will reap
22 the benefits of that effort. Thank you very much.

23 CHAIRMAN MARKOSEK:

24 Thank you. Mayor Gerner?

25 MAYOR GERNER:

01 Thank you very much, Mr. Chairman. Thank
02 you very much members of the committee for hearing us
03 today. On behalf of the citizens of the Borough of
04 Swarthmore, I appreciate being able to participate
05 with all of you here today. In October 2006, I had an
06 opportunity to host Marie Senna (phonetic), the Deputy
07 Secretary of Transportation with responsibility for
08 the FAA, along with some other federal and
09 Pennsylvania state and Delaware County officials. As
10 we welcomed some of the groups we discussed the
11 impacts and issues involved in the proposed
12 Philadelphia Airport expansion and the air base
13 redesign. We understand the significance and the
14 importance of the possible impact of jobs, tax
15 revenue, economic development and community access
16 that the airport provides to the communities in
17 Delaware County and the City of Philadelphia and the
18 region. We also significantly understand the other of
19 the story that includes the negative impact on the
20 quality of life in Swarthmore and all of Delaware
21 County's communities impacted by the current proposal
22 with some of those communities being very
23 significantly negatively impacted. Some of these
24 negative issues are the great concern for the public's
25 safety with the increased flights over densely

01 populated areas of Delaware County and the ability to
02 provide emergency services if that would occur.
03 Adverse environmental impact, it would increase the
04 air pollution with additional noise and indeed, these
05 property values would have a direct impact on tax
06 revenues. Also these issues will have a tremendous
07 and unfavorable impact on the quality of life in
08 Delaware County and make the eastern part of Delaware
09 County a less desirable place to live. Secretary
10 Senna told me she is from a small town up in New York
11 State and that she was able to relate to the impact of
12 all these issues on small communities. She also told
13 me that she wanted her office to be able to work with
14 all of us in Delaware County to resolve these issues.

15 I'm aware of prior discussions on airport
16 regionalization including issues of quality control of
17 the airport authority, jobs and tax revenue. I
18 reviewed Pennsylvania House Bill 1182 and in my
19 initial review it appears to be a worthwhile course of
20 action. In the Philadelphia Inquirer this morning, it
21 said that the FAA reported that total flights are
22 expected to increase by more than 60 percent in the
23 next four years. We understand the need for the
24 airport to expand and perhaps this growth could be
25 favorable if the increased flights would be over the

01 Delaware River and not over densely populated areas of
02 Delaware County. I am hopeful that we continue a
03 positive dialogue between all of the involved and
04 interested parties that will lead to a final result
05 that will satisfactorily address all these issues. It
06 is crucial that all municipalities and elected
07 officials in these communities impacted by these
08 airport proposals continue to work together. Since my
09 involvement with all this started in the fall of 2003,
10 there are many people who have been actively involved
11 with these issues and I specifically want to thank
12 Andy Reilly from Delaware County Council, my former
13 work colleague, and U.S. Representative Joe Sestak,
14 Pennsylvania Senator Ted Harrison (phonetic) and
15 Pennsylvania Representatives Bryan Lentz and Ron
16 Raymond, all who were very helpful in this entire
17 process. I thank you very much for the opportunity to
18 be here to present these thoughts to you today.

19 CHAIRMAN MARKOSEK:

20 Thank you. Mr. Willert.

21 COMMISSIONER WILLERT:

22 Thank you. First I'd like to welcome you
23 all again to Ridley Township. I represent the Italian
24 side of the Council here. Like Jack, I grew up, was
25 born and raised in Ridley Township and we really

01 appreciate the opportunity of coming here to Ridley to
02 discuss these matters. I'd like to thank Bryan Lentz,
03 Representative Bryan Lentz and Representative Ron
04 Raymond for introducing this Bill. And Congressman
05 Sestak who got involved with this. We've been
06 fighting this for a couple years now, so I just have a
07 brief couple of comments and I'll let you get out of
08 here early. The Blue route of the airport is a mess.
09 But thank you for --- let me take this opportunity to
10 address the Committee. My name is Robert J. Willert.
11 I'm the President of the Board of Commissioners of
12 Ridley Township. On behalf of the Board of
13 Commissioners and on behalf of the 30,000 residents
14 that we represent, I'm here to support House Bill
15 Number 1182. It's my opinion that we should have a
16 voice to discuss all the airport issues and any
17 decisions they make affect all the surrounding
18 communities. It would be nice, as everybody said
19 earlier, to split all this up for us Lehigh County,
20 Atlantic City, Delaware, be really good to split up
21 all the traffic and all the other problems that we
22 had. Philadelphia Airport has been bursting at the
23 seams at the expense of the bordering communities.
24 The latest is the decision to fly more planes over our
25 community in Delaware County in Ridley Township, one

01 of which dropped a large chunk of ice into one of the
02 roofs of our residents. I'd like to say two houses
03 away from myself. And it's a scary, scary scene when
04 you see it up close. You hear it on the news, you see
05 it on the news, but we seen it personally. It really
06 could have killed somebody. And that's why we're
07 here, you know, to direct some of that traffic away
08 from us. Big planes fly over Ridley Township but if
09 we can minimize that, we would greatly appreciate it.
10 Another issue is the traffic which travels through our
11 county by way of 95, 476 and 291. It should save the
12 state highways, and it shouldn't affect us but it
13 does, especially when there's an accident. When
14 there's an accident, our police, our firefighters, our
15 EMS and all our other services are being utilized and
16 it takes away from serving the residents of Ridley
17 Township. We also had to divert the very heavy
18 traffic from the accident and the cut through traffic,
19 taking shortcuts around, traffic jam ups coming
20 through the township which again puts a lot of wear
21 and tear on our township roads. And there's always
22 the environmental impact when we have all these
23 traffic jams from 95 and 291 in lieu of people heading
24 to the airport plus we get the regular commuting
25 traffic, it's a --- you know, just all the

01 environmental impact on our air, the air pollution.
02 And the planes flying overhead, you know, our
03 waterways. We have Garvey Creek that runs through the
04 --- over to the Delaware River. We have a marina
05 apparently there now. They get those in, dropped from
06 an airplane and it causes a lot of problems as far as
07 the pollution. And they're just some of the reasons
08 we think it'd be better to spread out the traffic, you
09 know, all the different things that I just said. So
10 again, I'd like to welcome you and thanks for the
11 opportunity. I want to thank you very much. We
12 appreciate your support.

13 CHAIRMAN MARKOSEK:

14 Thank you. Mr. Walsh, would you like to
15 say something on behalf of the Congressman?

16 MR. WALSH:

17 Mr. Chairman, thank you very much and
18 given the hour I'll be brief. Congressman Sestak
19 would like to thank you and all the members of the
20 House Transportation Committee for visiting this
21 county today. We'd especially like to acknowledge the
22 leadership and vision of Representative Lentz and the
23 bipartisan work that he's conducting with
24 Representative Raymond to bring a strategic vision to
25 this problem, this very difficult problem. The

01 Congressman would have been here today except for the
02 fact that he's engaged in another event here in the
03 county that's directly related to what Jack Whelan
04 just said. He is all for growth and all about
05 revitalization and the relevance of this state and
06 this district in particular. Today he had 250 women
07 and others out at Bryn Mawr College with the Chairman
08 of the House Small Business Committee to hold a
09 hearing on developing small businesses and increasing
10 the economic strength and vitality of the region and
11 the state. He understands very well that there are a
12 lot of pressures that are brought to bear on the
13 region by the airport. He also understands that from
14 an operational sense, from an environmental sense, and
15 today, as you all have illustrated, from a strategic
16 sense, there's a better solution that needs to be
17 found. And so he would like you to know that he will
18 work with you in whatever way he can at the federal
19 level to see that the most correct operational,
20 environmental and strategic solution to this problem
21 is addressed and brought to bear. Thank you very
22 much.

23 CHAIRMAN MARKOSEK:

24 Thank you. Question by Representative
25 Siptroth.

01 REPRESENTATIVE SIPTROTH:

02 Thank you, Mr. Chairman. Mr. Willert,
03 unfortunately I had to step out for a moment so I
04 didn't hear you give most of your testimony. But you
05 had indicated the airport does influence and put a
06 strain on the emergency services of the township. Is
07 that what you indicated?

08 COMMISSIONER WILLERT:

09 Yes.

10 REPRESENTATIVE SIPTROTH:

11 Okay. Does the airport make a voluntary
12 contribution to the township for those additional
13 services or do you assess the airport for those
14 additional services?

15 COMMISSIONER WILLERT:

16 No, we don't. That's something we should
17 look into.

18 REPRESENTATIVE SIPTROTH:

19 I was just curious whether you've ever
20 asked those folks at the ---.

21 COMMISSIONER WILLERT:

22 We will now.

23 REPRESENTATIVE SIPTROTH:

24 Okay. Regarding the operations of the
25 airport, if, in fact, an authority were ever to be

01 formed, and this is hypothetical, would the township
02 have the capital to be able to enter into an agreement
03 with the City of Philadelphia to become a capital paid
04 partner in the operation of the airport?

05 COMMISSIONER WILLERT:

06 I would say we would not have the
07 capital. But we would look into the state that ---
08 partner with the state, we would definitely add our
09 expertise or any professionalism that we can. And
10 help you with --- to do that but, you know, Ridley
11 Township is an old community like a lot of communities
12 with a budget.

13 REPRESENTATIVE SIPTROTH:

14 I understand.

15 COMMISSIONER WILLERT:

16 Do you understand? And you know, it
17 would have to be something that would be state and
18 federal. As a township, we would actually do our part
19 in trying to help.

20 REPRESENTATIVE SIPTROTH:

21 Thank you very much. I appreciate that.

22 CHAIRMAN MARKOSEK:

23 Okay. I want to thank everybody for
24 attending here today, particularly the panelists, all
25 that showed up as well as the ---. Oh, we have one

01 more? I'm sorry. We have Mr. Bill Tyson, Delaware
02 Chamber of Commerce. Bill? Sorry about that. Will
03 you come forward? My apologies, sir.

04 MR. TYSON:

05 Good afternoon, Mr. Chairman. I
06 appreciate the opportunity to speak. I realize that I
07 am the final panelist. I'll do my best to keep my
08 testimony under two hours or less. I am Bill Tyson
09 and I'm Chairman of the Government Affairs Committee
10 with the Delaware County Chamber of Commerce. The
11 Delaware County Chamber has 3,200 members and is the
12 largest suburban Chamber of Commerce in Pennsylvania.
13 And the premier business organization in business
14 advocacy in the region. The Chamber works hard to
15 represent the business community and to promote the
16 economic well-being of the county and the region and
17 the state. As recently as Representative Raymond's
18 bill at the last legislative session and as far back
19 as the TRI-PAC Commission in the early 1970s, the
20 Delaware County Chamber of Commerce has long supported
21 proposals to make the Philadelphia Airport part of a
22 regional Airport Authority.

23 Pennsylvania is the only state in the
24 northeastern United States without a regional airport
25 authority that is controlling its airports and

01 airfields. This puts us at a major disadvantage,
02 particularly since airport travel is guaranteed to
03 increase considerably in the future. Cooperation
04 through an Authority is in the best interest of the
05 residents and business community of the Greater
06 Philadelphia region and the greater Lehigh Valley
07 region. We would even argue that all of Pennsylvania
08 has an interest in the success of air travels in
09 southeast Pennsylvania.

10 The absence of a regional Authority
11 hampers coordination and it's been obvious and it's
12 certainly obvious this afternoon throughout the
13 testimony that Philadelphia International Airport is
14 overused while airports in the Lehigh Valley, New
15 Castle/Delaware and Atlantic City, New Jersey regions
16 are dramatically underused.

17 Airport Authorities are not new and in
18 fact, many major cities on the east coast have Airport
19 Authorities including Boston, New York, Atlantic City,
20 Wilmington, San Diego, St. Louis and Louisiana to name
21 a few. The Louisiana Airport Authority is of
22 particular interest to the Delaware County Chamber
23 because it is the key driver behind a \$4 billion
24 economic development project focusing on international
25 cargo, a deep water port, rail and an industrial

01 complex designed specifically for manufacturing. In
02 Massachusetts, the Port Authority monitors air service
03 levels at more than half a dozen airports. It
04 continually analyzes airport development, how to
05 improve and distribute services and how the region as
06 a whole can market itself to air carriers. The New
07 York Port Authority follows a similar approach and
08 recently purchased Stewart Airport in order to expand
09 the Authority's regional capacity. In Manchester, New
10 Hampshire, the regional airport received extensive
11 infrastructure improvements after entering into a
12 cooperative arrangement with Logan International
13 Airport in Boston.

14 As you can see, regional planning works
15 in other states and it can work here in Eastern
16 Pennsylvania. A regional Authority can play an
17 integral role in the economic development and growth
18 of our region through commerce, industry, research
19 development and the utilization of our resources. A
20 regional approach would not end the local role in
21 airport management but it would provide an opportunity
22 for local airports to prosper in a very difficult
23 industry.

24 This bill presents an opportunity for our
25 region to do what other Authorities have done. It

01 allows us to cooperate for the greater good of the
02 citizens and businesses in the Greater Philadelphia
03 and Lehigh Valley regions. In fact, if we do not work
04 together, we will be ill-equipped for the continued
05 increase in air travel in the years to come and left
06 out of the economic benefits that air travel
07 generates. This bill will make our region a leader in
08 airport management and a key player in the world
09 economy.

10 The Delaware County Chamber looks forward
11 to working with this Committee, Representative Lentz
12 and our Delaware County legislative delegation as well
13 as the Lehigh Valley legislative delegation, Lehigh
14 Valley's Chamber and Lehigh Valley's business
15 community to ensure that everyone's concerns are taken
16 into consideration. Our initial analysis is that this
17 bill is fair to all of the counties involved and
18 allows Lehigh and Northampton Counties the same
19 representation on the Authority as the counties in
20 this area. In addition, officials from Lehigh Valley
21 Airport have previously stated that they would like to
22 grow where other airports cannot. They were
23 specifically quoted in a recent article that the
24 Lehigh Valley Airport is underutilized and due to
25 passenger traffic is decreasing and in addition the

01 passenger traffic is decreasing at Lehigh Valley
02 Airport. Officials from Lehigh Valley also stated
03 they can increase their share of the market by adding
04 more flights and believe that if they add additional
05 services, people will come and use those services.

06 With that in mind, air traffic at
07 Philadelphia International Airport is expected to
08 increase and the airport is already at or above
09 capacity. An Authority would be able to distribute
10 flights within its airports and send more domestic
11 nonstop flights to Lehigh Valley, as well as be in a
12 better position to coordinate with airports in New
13 Jersey and Delaware. This better distribution of
14 domestic flights would allow Philadelphia to
15 concentrate on international traffic for the longer
16 domestic flights. As recently as last Thursday, our
17 local paper, the Delaware County Daily Times, ran an
18 article about U.S. Airways offering nonstop flights
19 from Philadelphia to Beijing. Demand for available
20 flights to China is high because of the Chinese
21 growing economy. The route being considered by the
22 U.S. Department of Transportation as part of an
23 expansion of airline service that the U.S. and Chinese
24 governments agreed to earlier this year.

25 More international flights such as the

01 one to China would be an immense economic opportunity
02 and would help the economy of all of eastern
03 Pennsylvania and the Delaware Valley. Direct flights
04 to China do more for the region than ten daily flights
05 to Pittsburgh.

06 Finally, I want to mention that this bill
07 allows the Authority to coordinate planning and
08 investment with SEPTA and Amtrak. We find this part
09 of the bill intriguing and think it is another driver
10 for the region's economy and is a better way to
11 distribute passengers throughout the region.

12 In closing, I want to reiterate that the
13 Delaware County Chamber fully supports this bill and
14 is very excited about the economic opportunities that
15 would come with a regional Authority. We commend you
16 and your committee members for seeking input on this
17 issue.

18 I would just add quickly although for
19 those of us who live very close to here employment is
20 a way --- the thought of having Lehigh or Atlantic
21 City --- I, myself, have driven to BWI, many of my
22 neighbors and business travelers have driven to BWI.
23 So in a sense we need to --- it's almost part of the
24 region so I think these other airports are certainly
25 close enough. And the reason it took me an hour to

01 find a parking place at Philadelphia Airport and I
02 could have been to Atlantic City in an hour. So I
03 think in our reports on infrastructure, it needs to
04 gather a regional approach. It's just a very common
05 sense way to go. We certainly appreciate Mr. Lentz
06 for introducing the bill. Thank you.

07 CHAIRMAN MARKOSEK:

08 Thank you very much. I appreciate it
09 very much. I don't see any questions here so ---.

10 REPRESENTATIVE LENTZ:

11 I would like to thank the Chairman. I
12 know it was short notice to your organization. But
13 I'm hopeful that they'll continue to work with us and
14 also to reach out to the Lehigh Valley Chamber of
15 Commerce so that, as you pointed out, the business
16 community from which we'll see the benefits of this
17 kind of Authority.

18 MR. TRON:

19 Al Tron (phonetic), the Bonner
20 Association (phonetic). I contact lobbies for the
21 Delaware County Chamber. We have reached out to
22 Lehigh Valley Chamber and conversations have started.
23 And just one other thing, the Ridley Park Council and
24 the Chamber is mostly Delaware County. That's where
25 most of Delaware County is found. They've come out

01 very strongly against the airport redesign. I just
02 thought it was worth mentioning as some of the other
03 Council had brought it up. But also it will affect
04 the economic vitality of the county. I just wanted to
05 make sure that was on the record.

06 CHAIRMAN MARKOSEK:

07 Thank you. Very good summary. I want to
08 thank you very much. And again, I want to thank you
09 for testifying and the persons who came to listen ---.
10 Yes, sir?

11 MR. POLONCARZ:

12 May I have a minute?

13 CHAIRMAN MARKOSEK:

14 Sure.

15 MR. POLONCARZ:

16 Are you finished?

17 CHAIRMAN MARKOSEK:

18 Do you have any ---?

19 MR. POLONCARZ:

20 Yes. My name is Nort Poloncarz and I'm a
21 resident of Tinicum Township where 60 percent of the
22 airport is located. In the past, I've served as
23 President of the Board of Commissioners and the
24 Township Manager. Any time legislation came up for an
25 Authority since the time of Mr. Loper, the citizens

01 have always insisted that the legislation include the
02 following. That the Airport Authority shall have no
03 right of eminent domain or condemnation, that local
04 zoning ordinances must be preserved and respected,
05 that the Township and Interboro School District tax
06 revenue be preserved. There must be a guarantee that
07 airport property continues to remain on the tax roles
08 for Tinicum Township and for the Interboro School
09 District. Existing contracts must remain in effect
10 and that Tinicum Township must have representation on
11 the Airport Authority. In conclusion, I cannot
12 express to this Committee enough that should our
13 legislature approve an Airport Authority without the
14 restricted powers of eminent domain and uncontrolled
15 land use, Tinicum Township as we know it will no
16 longer exist. Our community infrastructure and our
17 local schools, not only in Tinicum Township, but those
18 in Norwood, Glenolden and Prospect Park, which make up
19 the integral district will suffer at the enormous loss
20 of our tax revenue. That's the lifeline in our
21 community and when you're proposing this bill --- all
22 these facts were in the local bill and it was a doable
23 thing. I mean, the residents are definitely going to
24 insist on these proposals. Thank you, Mr. Chairman.

25 CHAIRMAN MARKOSEK:

01 Thank you.

02 MR. POLONCARZ:

03 May I put my letter in your report?

04 CHAIRMAN MARKOSEK:

05 Certainly.

06 MR. POLONCARZ:

07 I appreciate that.

08 CHAIRMAN MARKOSEK:

09 Sir, if you could please repeat your name

10 for the stenographer?

11 MR. POLONCARZ:

12 My name is Norbert Poloncarz,

13 P-O-L-O-N-C-A-R-Z. I'm a resident of Tinicum

14 Township.

15 CHAIRMAN MARKOSEK:

16 Thank you.

17 MR. POLONCARZ:

18 Where 60 percent of the airport is

19 located and we've been dealing with decisions over the

20 years. Thank you.

21 CHAIRMAN MARKOSEK:

22 Thank you. Anybody else?

23 REPRESENTATIVE SIPTROTH:

24 Just one question for Mr. Poloncarz.

25 Does the airport currently pay taxes or taxes in lieu

01 of ---?

02 MR. POLONCARZ:

03 Let me tell you what's happening. There
04 are 13 properties on the airport that are taxable.
05 They pay tax based under the assessment rules. That's
06 the UPSs, the FedEx, various freight buildings. They
07 pay the County and school district in Tinicum
08 Township. The airport also has an agreement with
09 Tinicum Township that they pay in lieu of taxes. It's
10 an ongoing agreement that has to be renegotiated at
11 this time because the final payment is due this year.
12 And those funds also provide support for the Interboro
13 School District. In lieu of taxes is for property
14 that's not taxable such as runways.

15 REPRESENTATIVE SIPTROTH:

16 And that's the ---.

17 MR. POLONCARZ:

18 That's the part that has to be
19 renegotiated and in our taxing authorities they're
20 going to keep the tax base the way it is otherwise I
21 don't know how we're going to support our school
22 system and our municipalities.

23 REPRESENTATIVE SIPTROTH:

24 Thank you very much.

25 MR. POLONCARZ:

01 Thank you.

02 CHAIRMAN MARKOSEK:

03 Thank you, sir. And just one other thing
04 so we know who we're really doing this all for. We
05 have young Joe Lentz in the back right there with mom,
06 Jennifer. And that's what it's all about. So I want
07 to say thanks to everybody. Representative Lentz and
08 ---.

09 REPRESENTATIVE LENTZ:

10 May I say my son Joseph is named after
11 Chairman Markosek? I want to thank everybody for
12 coming out today and listening and participating, all
13 the elected officials. The bill is a concept that is
14 a work in progress, so we have no prior ownership. We
15 welcome all interested parties on how we can make this
16 better, to make sure that it works for all the
17 citizens in Delaware County. Thank you.

18 CHAIRMAN MARKOSEK:

19 Thank you. Meeting adjourned.

20 * * * * *

21 HEARING CONCLUDED AT 4:25 P.M.

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