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COUNCIL OF THE CITY OF PHILADELPHIA

3

COMMITTEE OF THE WHOLE

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Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, May 8, 2007
10:45 a.m.

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PRESENT:

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COUNCIL PRESIDENT ANNA C. VERNA

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COUNCILWOMAN JANNIE BLACKWELL

COUNCILMAN DARRELL L. CLARKE

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COUNCILMAN FRANK DiCICCO

COUNCILMAN W. WILSON GOODE, JR.

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COUNCILMAN WILLIAM GREENLEE

COUNCILMAN JACK KELLY

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COUNCILMAN JAMES F. KENNEY

COUNCILWOMAN DONNA REED MILLER

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COUNCILMAN BRIAN J. O'NEILL

COUNCILWOMAN BLONDELL REYNOLDS BROWN

15

COUNCILMAN FRANK RIZZO

COUNCILWOMAN MARIAN B. TASCO

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BILL 070220 - An ordinance authorizing the
Director of Commerce to enter into Use and
Lease Agreements between the City of
Philadelphia and each of the airlines...

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BILL 070221 - An ordinance constituting the
Seventh Supplemental Ordinance to the Amended
and Restated General Airport Revenue Bond
Ordinance...

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COUNCIL PRESIDENT VERNA: Good morning, everyone. This is a public hearing of the Committee of the Whole.

I would ask Mr. McPherson to please read the titles of Bill Nos. 070220 and 070221.

MR. MCPHERSON: Bill No. 070220, an ordinance authorizing the Director of Commerce to enter into Use and Lease Agreements between the City of Philadelphia and each of the airlines servicing Philadelphia International Airport, under certain terms and conditions.

Bill No. 070221, an ordinance reconstituting the Seventh Supplemental Ordinance to the Amended and Restated General Airport Revenue Bond Ordinance.

COUNCIL PRESIDENT VERNA:
Mr. Isdell.

Good morning. Welcome. Please identify yourself for the record and proceed with your testimony.

MR. ISDELL: Good morning,

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 President Verna and members of City
3 Council. My name is Charles Isdell and
4 I'm the Director of Aviation for the City
5 of Philadelphia. To my right is James
6 Tyrrell, our Deputy Director for Property
7 Management and Business Development, and
8 on my left is Ed Anastasi, our Deputy
9 Director for Finance and Administration.

10 Before I begin my testimony, I
11 would like, with your indulgence, to
12 present a technical amendment to Bill No.
13 070220, which has been distributed to the
14 Councilmembers this morning, and it
15 basically corrects an error in which the
16 advertisement indicated that the Lease
17 itself was attached as Exhibit A and
18 corrects that, because the Lease was not
19 attached to a new section that says "the
20 Chief Clerk of City Council shall keep on
21 file the document referred to as Exhibit
22 A and make it available for inspection by
23 the public during regular office hours."
24 And the City Solicitor's Office has asked
25 me to present that amendment to correct

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 the advertising error.

3 COUNCIL PRESIDENT VERNA: Well,
4 will the Chief Clerk be receiving it and
5 when?

6 MR. ISDELL: They have already,
7 Madam President.

8 COUNCIL PRESIDENT VERNA: Oh,
9 they have already. Very well.

10 I believe everybody has a copy
11 of the amendment. Please proceed.

12 MR. ISDELL: Once again, good
13 morning and I'm pleased to have this
14 opportunity to testify in support first
15 of Bill No. 070220, an ordinance
16 authorizing the Director of Commerce to
17 enter into a new Use and Lease Agreement
18 between the City of Philadelphia and each
19 of the airlines servicing Philadelphia
20 International Airport.

21 The Agreement before you today
22 replaces an Agreement that was effective
23 beginning July 1st of 1974. With the
24 current state of flux in the airline
25 industry and with recent advances in

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 technology, the need for a new Agreement
3 is critical. This Agreement will be of a
4 much shorter duration than the 32-year
5 agreement it replaces. The Agreement's
6 term is for four years. That is the
7 current standard for this type of
8 Agreement currently in the industry. We
9 believe the new Agreement provides
10 important management flexibility and
11 reflects the current best airport
12 management concepts in use throughout the
13 country.

14 Before we commenced
15 negotiations with the airlines, we
16 identified the goals and objectives that
17 we wanted to reach by reviewing our
18 experience with the old Agreement,
19 identifying areas of concern from
20 financial rating agencies, reviewing
21 other large hub airport best practices
22 and evaluating our internal concerns
23 along with a recognition of our specific
24 facility status.

25 I am pleased to report that the

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 new Agreement accomplishes the goals and
3 objectives that we identified.

4 Specifically, the new Agreement gives us
5 greater flexibility in managing our
6 facilities. It has streamlined the
7 process for airline approval of new
8 capital projects; created new financial
9 reserves to achieve credit enhancement;
10 simplifies our rates and charges
11 calculations by removing three cost
12 centers; and, finally, maintains
13 reasonable airline rates and charges.

14 Important facets of the
15 Agreement include converting all gate
16 lease arrangements from exclusive to
17 preferential, which gives us the ability
18 to accommodate other airlines if the
19 leasing airline does not meet minimum use
20 requirements for their gates;
21 pre-approval of \$315.6 million in
22 necessary capital improvement projects;
23 the establishment of an Operating and
24 Maintenance reserve, or O&M Account,
25 which will grow to \$20 million over the

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 four-year term of the Agreement; and the
3 establishment of a Bond
4 Redemption/Improvement Account equivalent
5 to 25 percent of our annual debt service;
6 the generation of a discretionary cash
7 flow to fund airport projects of
8 approximately \$45 million, again, over
9 the four-year term of the Agreement; and,
10 finally, a cost per enplaned passenger
11 that keeps our airport competitive with
12 other major hubs throughout the country.

13 I greatly appreciate the
14 opportunity to speak on behalf of Bill
15 070220. And before answering questions,
16 I would like to present testimony on its
17 accompanying bill, 070221.

18 Bill 070221 is the Seventh
19 Supplemental Ordinance to the Amended and
20 Restated General Airport Revenue Bond
21 Ordinance.

22 The purpose of this Seventh
23 Supplemental Ordinance is to amend
24 certain technical provisions of the
25 General Ordinance that relate to the new

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 Use and Lease Agreement. Specifically,
3 the Seventh Supplemental Ordinance will
4 permit the incorporation of the Airport's
5 Outside Terminal Area Cost Center
6 revenues and expenses into the revenue
7 bond pledge of the General Ordinance.
8 The Outside Terminal Area Cost Center
9 consists of the roadways, parking
10 operations, hotel and certain rental car
11 facilities. The inclusion of the net
12 revenues of the Outside Terminal Area
13 will improve the Airport's annual revenue
14 bond coverage and also enable the Airport
15 to finance future Outside Terminal Area
16 capital projects with Airport Revenue
17 Bonds.

18 In addition, the Seventh
19 Supplemental Ordinance will revise
20 certain definitions in the General
21 Ordinance so as to be consistent with the
22 terms and conditions of the new Use and
23 Lease Agreement.

24 When the General Ordinance was
25 amended and restated last in 1995, this

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 change was anticipated and provided for
3 at that time by including a provision to
4 the General Ordinance giving the Division
5 of Aviation the option to bring the
6 Outside Terminal Area into the revenue
7 pledge of the General Ordinance. The
8 Division of Aviation, with the
9 concurrence of the signatory airlines,
10 has determined that exercising this
11 option is in the Airport's and the City's
12 best interest.

13 It should be noted that the
14 Seventh Supplemental Ordinance does not
15 authorize the issuance of any additional
16 Airport Revenue Bonds.

17 I appreciate the opportunity to
18 speak on behalf of both bills today, and
19 we'll be happy to answer any questions
20 you may have.

21 Thank you very much.

22 COUNCIL PRESIDENT VERA: Thank
23 you .

24 Mr. Isdell, the bill specifies
25 that the Agreement will be effective on

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 July 1, 2007. What is the expiration
3 date of the current Agreements with the
4 airlines?

5 MR. ISDELL: The existing
6 Agreement, the 32-year Agreement that ran
7 from 1974, expired on June 30th of 2006.
8 Since that time, we have operated under a
9 regulation that was promulgated through
10 the City's Records Department which has
11 basically minimum terms/conditions for
12 airport activity and airline use of the
13 facility and also, most importantly,
14 prescribes the rates and charges that the
15 airlines are paying to us today. It's
16 kind of a bridge arrangement that we have
17 entered into.

18 COUNCIL PRESIDENT VERNA: I was
19 just wondering why it took so long for
20 the Administration to seek approval of
21 City Council for the continued operation
22 of the Airport.

23 MR. ISDELL: Well, I believe
24 that these negotiations have been ongoing
25 for approximately three years now. We

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 had a number of very high-spirited
3 negotiating sessions with the airlines.
4 It was a lengthy process. The
5 negotiators, each time we have a session,
6 have to fly in from various parts of the
7 country. They are generally the real
8 estate vice-presidents for the various
9 airlines, and it has been a difficult
10 process.

11 We think that during that time
12 of negotiation, we have learned a great
13 deal from a number of other airports
14 whose leases expired in the years between
15 2003 and the present time. So we gained
16 valuable experience each time we did
17 that. We tried to incorporate the best
18 practices from other airports into our
19 negotiations, and ultimately it has taken
20 longer than -- we would have liked to
21 have presented this, a new Agreement, to
22 you before the old one expired, but we
23 had to live with the realities of tough
24 negotiations.

25 COUNCIL PRESIDENT VERNA: The

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 term of this Agreement is four years.
3 Your testimony is that this is the
4 current standard of the industry. Why is
5 there such an abrupt change in the term
6 length?

7 MR. ISDELL: Many major U.S.
8 airports entered into long-term leases in
9 the 1970s, as Philadelphia did, and at
10 that time, the term of the Lease
11 Agreement was tied to the term of bonds
12 that were sold for facility construction.
13 In the years and the decades since then,
14 the industry and the market has proven
15 that a city like Philadelphia is not
16 dependent, that our ability to repay debt
17 service on bonds is really much more
18 connected to the large population and the
19 market that we serve in Philadelphia and
20 that the Lease Agreement with the
21 carriers is not necessarily appropriately
22 connected to the term of revenue bonds.

23 So those long-term agreements
24 as they've expired in the new millennium
25 since 2000, most of them have been

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 replaced with much shorter terms, and
3 that's a mutually agreeable situation for
4 both the airlines and the City. We would
5 prefer a shorter term agreement and they
6 would as well, because we've also learned
7 this is a very changeable industry and
8 it's best not to be tied down for two or
9 three decades to terms and conditions
10 that were written by another generation.

11 COUNCIL PRESIDENT VERNA: It
12 has been suggested that the Airport be
13 sold or leased to a private operator. In
14 your opinion, would this make any
15 economic sense for the City? If so, what
16 would be the financial benefits for the
17 City? If not, what is the financial
18 downside for the City?

19 MR. ISDELL: I think we have to
20 first present the background that under
21 the current federal Authorization Act for
22 the FAA and the funding of airport
23 improvements around the country, there is
24 a provision for pilot projects in the
25 privatization mode that's been described,

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 but there are limitations on the number
3 of airports that are allowed to
4 experiment like that, and currently,
5 there is only one slot allowable for
6 what's called a large hub airport.
7 Philadelphia is a large hub airport.
8 There are about 30 of those in the
9 country. That slot has now been filled
10 by Midway Airport in Chicago, Chicago's
11 second airport behind O'Hare. And the
12 process of putting together a request for
13 proposals and negotiating a similar type
14 of agreement has been, I believe, a
15 couple years in the making in Chicago and
16 I presume will probably be another year
17 or two before it's finalized.

18 For Philadelphia to do
19 something similar, first of all, a new
20 federal Aviation Authorization Act has to
21 be passed that would in fact allow
22 additional large airports to participate
23 in this program. And that is a
24 possibility, but it has not happened as
25 of yet. It's been proposed.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 And then, secondly, I think
3 that our best ability to measure whether
4 or not such an arrangement would be
5 beneficial to the City would be to
6 monitor the Chicago experiment. It is
7 the closest airport in size to our
8 airport that would in fact be embarking
9 on this type of project.

10 The other thing that would be
11 different under the current rule in order
12 for an airport to do such a
13 privatization, the airlines, the majority
14 of the airlines operating in that
15 airport, have to approve the deal. The
16 new proposal takes away that condition.
17 Again, that has not been approved by
18 Congress yet, but it's been proposed.

19 So I think that we need to
20 watch the happenings in Chicago very
21 carefully. If there is a benefit to the
22 greater community, certainly Philadelphia
23 should consider that, but the numbers
24 that are being proposed, I cannot really
25 comment on them or speak to them. I

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 don't know how those calculations are
3 made. But I do believe the other big
4 difference under the privatization
5 program is that under today's rules, an
6 airport that generates revenue under
7 federal law today must reinvest that
8 revenue in the airport property, in the
9 airport facility. The pilot projects, I
10 believe, are exempted from that
11 requirement, and that would mean
12 potentially that some additional surplus
13 dollars would be available for other uses
14 in the City, but at the present time,
15 again, that is not existing law. It's
16 merely been proposed.

17 COUNCIL PRESIDENT VERNA: Thank
18 you.

19 The Use and Lease Agreement is
20 a rather complicated document. I think
21 you'll agree with me.

22 MR. ISDELL: Yes.

23 COUNCIL PRESIDENT VERNA: Is
24 there anyone here who is prepared to go
25 through the document to highlight the

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 significant difference between it and the
3 previous Use and Lease Agreement? I'm
4 sure you can do that.

5 MR. ISDELL: I think we can do
6 it relatively quickly.

7 COUNCIL PRESIDENT VERNA:

8 That's great. The definition of
9 "Airfield Area M11 Formula" provides that
10 capital improvements impacting the
11 airfield area requirements requires no
12 less than 50 percent plus one of the
13 number of eligible signature airlines, et
14 cetera, to approve.

15 Has the percentile approval
16 rate remained the same as they required
17 prior to this new Agreement?

18 MR. TYRRELL: For the most
19 part, the percentages --

20 COUNCIL PRESIDENT VERNA: I'm
21 sorry. Identify yourself for the
22 stenographer, please.

23 MR. TYRRELL: I'm sorry. My
24 name is James Tyrrell. I'm the Deputy
25 Director of Aviation for Property

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Management and Business Development.

3 Council President, I believe
4 the percentages required to approve an
5 airfield project remain the same. The
6 differences between the new Agreement and
7 the old Agreement come in the threshold
8 amounts of the project as being approved.
9 The previous Agreement, I believe,
10 required approval of any contract in
11 excess of \$100,000. The new Agreement is
12 1.5 million, I believe -- I'm sorry; a
13 single project of \$500,000. So we
14 increased the threshold by 500 percent.

15 COUNCIL PRESIDENT VERNA: Also,
16 the definition of, quote, "Airline Cost
17 Centers," end of quote, includes the
18 Northeast Philadelphia Airport Cost
19 Center. Does the proposed Agreement
20 cover all of the costs of operating and
21 maintaining the Northeast Airport?

22 MR. TYRRELL: Yes, Madam
23 President, it does.

24 COUNCIL PRESIDENT VERNA: Also,
25 Paragraph 6, I believe it is, "Hotel

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 Service Station, Car Rental Facilities,"
3 et cetera, do these areas provide
4 revenues for the operation of the
5 Airport? If so, why and what are the
6 arrangements?

7 MR. ANASTASI: Good morning.
8 My name is Ed Anastasi, Deputy Director
9 of Aviation for Finance and
10 Administration.

11 The Outside Terminal Area is a
12 cost area that, frankly, it's really a
13 profit center. It generates a profit,
14 for the most part, each year, and the
15 chief sources of revenue is what you
16 mentioned, the parking facilities,
17 because at the end of the year, the
18 Parking Authority submits a net revenue
19 or net payment to us after it pays off
20 all of its expenses for the parking
21 operation. The other principal sources
22 of revenue are the revenues received from
23 the Marriott Hotel. We receive a
24 percentage of their gross revenues.
25 Another one would be the rental cars.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 There are land agreements we have with
3 the rental car companies so that they
4 provide a rental to us. And also there
5 are certain rental cars for which we
6 receive ten percent of gross revenues
7 that is allocated to the Outside Terminal
8 Area Cost Center.

9 So if you take all of those
10 revenues and you subtract from it the
11 expenses of the Outside Terminal Area, we
12 normally come to a surplus or a net
13 revenue for that cost center. And the
14 net revenue presently is about between \$8
15 and \$10 million annually.

16 COUNCIL PRESIDENT VERNA: Thank
17 you.

18 I have a number of other
19 questions, but I note that my colleagues
20 would also like to be recognized.

21 At this time, the Chair
22 recognizes Councilman Rizzo.

23 COUNCILMAN RIZZO: Thank you,
24 Madam President.

25 First of all, I think the

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Airport is a real asset to our region.

3 When I say that, I mean just the

4 environment there, how clean it is. It's

5 a pleasure when you hear people coming

6 through the airport in recent years since

7 you've been in charge and your colleagues

8 have been in charge to hear nice things

9 about the airport. So congratulations on

10 that.

11 MR. ISDELL: Thank you.

12 COUNCILMAN RIZZO: Is it safe

13 to say that what you just described as a

14 result of President Verna's question --

15 as you know, there's a lot of

16 conversation of privatization. I assume

17 the same scenario would be for a lease,

18 that leasing the airport to a private

19 person, would those comments that you

20 just made apply to that also?

21 MR. ISDELL: Yes. That is

22 correct. Without injecting us into the

23 mayoral campaign, I mean, the answer to

24 the question is what I just responded to

25 the Council President, that that type of

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 arrangement depends on the next round of
3 federal legislation.

4 COUNCILMAN RIZZO: And that
5 legislation would have to allow another
6 airport like Philadelphia to lease. That
7 couldn't happen unless that federal piece
8 occurred; is that correct?

9 MR. ISDELL: Yes, that is
10 correct. And relative to today's
11 presentation, I think the important point
12 is that the City or whoever is operating
13 the airport needs to have an agreement
14 between the operator and the airlines
15 that defines what each side's
16 responsibilities and rights are and, very
17 importantly to the airlines, defines how
18 much they have to pay to use the
19 facility.

20 So this agreement is really a
21 completely separate issue from the
22 proposals that we're talking about
23 relative to privatization. And it's an
24 important point that as this is written,
25 this Lease Agreement, this four-year

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Agreement is assignable if the City
3 should decide that that's appropriate
4 during the four-year term, and it does
5 give us a basis to charge the airlines
6 and to operate in the ensuing period.
7 And, again, a four-year term is
8 relatively short compared to what we had
9 in the past.

10 COUNCILMAN RIZZO: In reviewing
11 the bill, I think another good thing, at
12 least from my perspective, is the fact
13 that you have, I think, listened
14 carefully and the way that the gates are
15 going to be dealt with where additional
16 carriers that want to come in, there's
17 going to be some opportunities for
18 growth, if that's even possible to grow
19 more than you have already, but if you
20 could just take a minute and explain the
21 difference in the way the gates are going
22 to be dealt with where they just can't be
23 controlled by one particular carrier.

24 MR. ISDELL: Right. Under this
25 Agreement, unlike the previous Agreement

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 which afforded exclusive rights to the
3 leased gates that airlines controlled at
4 the airport, all the gate leases under
5 the new Agreement have been converted
6 from exclusive to preferential or
7 common-use type arrangements. This will
8 enable the City to accommodate another
9 airline on a preferential use gate if
10 it's not being used by the leasing
11 airline at a minimum of four times a day,
12 and it also will accommodate airlines on
13 common-use gates at our discretion.

14 So the new Agreement gives the
15 City a great deal of flexibility to make
16 gates available for competition, which we
17 were impeded from doing under the old
18 Agreement.

19 COUNCILMAN RIZZO: Would you be
20 able to manage the fact that that can't
21 be manipulated where that gate will, all
22 of a sudden, become -- let's say that
23 there's eight flights at one particular
24 gate, that they just manage it better and
25 use it four times a day to meet the

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 requirement. Are you going to keep an
3 eye on the fact that that isn't
4 manipulated by any of the carriers there?

5 MR. ISDELL: Yes. That is one
6 of our responsibilities, and one of the
7 ways we're looking at doing that, copying
8 some of the other major airports in the
9 country, is, there are gate management
10 systems, software systems, that assist us
11 monitoring the daily use of every gate in
12 the terminal.

13 Under the old Agreement, the
14 use of the gates in the exclusive areas
15 was really self-reported by the airlines.
16 But we will now have the ability -- and
17 hopefully we can move from a manual
18 monitoring system to a more sophisticated
19 system, but we will now have the ability
20 to monitor the use of all the gates and
21 make sure that they are used and that
22 there isn't any manipulation going on to
23 basically occupy a gate to keep
24 competition out. That's one of the
25 things that motivated us.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 COUNCILMAN RIZZO: My last
3 question is, I received an e-mail
4 recently from a visitor to our city that
5 said a flight coming from a foreign
6 destination that landed in, I think it
7 was, BC, that here it is at 10 o'clock at
8 night, they parked the plane at the
9 furthest gate at the airport and the
10 people had to walk from A-26 or B-26,
11 whatever it is out there, when all of
12 these other gates were available.

13 What was the need for U.S.
14 Airways to park the plane all the way at
15 the furthest gate in the airport?

16 MR. ISDELL: Well, I don't have
17 the specific answer to that incident.
18 There may have been some reason why they
19 did that. My guess is that it was more
20 about convenience of the airline than it
21 was about the convenience of the
22 customer. And we can in fact -- again,
23 we can monitor that activity.

24 One of our problems, of course,
25 is that in Terminals B and C a departing

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 passenger may park their car at the
3 terminal they depart from, such as C, and
4 then U.S. Airways when they return,
5 because U.S. Airways utilizes gates in A
6 West, A East, B, C and F, their return
7 flight might bring them into a completely
8 different part of the airport and they
9 have quite a long way to go to get back
10 to their car. Part of that is facility
11 driven, but I do think we will continue
12 to monitor that type of activity.

13 When I get complaints like
14 that, I go over them with my staff and
15 the airline management people and just
16 try to emphasize the fact that we serve
17 the citizens of this community and
18 sometimes the most expedient type of
19 operation that saves the airline a few
20 dollars may not be in the best interest
21 of the public service, and that's the
22 role that we play as the public operator.

23 COUNCILMAN RIZZO: Thanks
24 again. And to end it, they wound up
25 sending the luggage to another terminal,

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 where then the people had to go from
3 where the plane arrived to another
4 terminal to get their luggage. So it
5 must get better, because if that scenario
6 is accurate, that is not a good thing for
7 the airport.

8 MR. ISDELL: Right. And I
9 think you would generally think that
10 there are greater challenges when you
11 have common-use arrangements in terms of
12 the fact that airlines from a day-to-day
13 basis might be using different gates
14 based on the Airport's management, but
15 the reality is, under the old exclusive
16 arrangement which the airlines operated
17 under -- and not to pick on one airline,
18 but U.S. Airways does handle two out of
19 every three passengers in Philadelphia,
20 but even under the old exclusive
21 Agreement we had these problems, where
22 there didn't seem to be a lot of concern
23 for where the returning flight was
24 bringing someone who went out of one
25 terminal and came back to another and, as

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 we said, parked their car one place to
3 another.

4 So we think that more
5 involvement by the City and by the
6 Airport management will improve things
7 rather than make them go the other
8 direction.

9 COUNCILMAN RIZZO: Again, thank
10 you, Madam President.

11 And I appreciate the good work
12 of everyone there at your airport.

13 MR. ISDELL: Thank you,
14 Councilman.

15 COUNCIL PRESIDENT VERNA: Thank
16 you.

17 The Chair recognizes Councilman
18 Kenney.

19 COUNCILMAN KENNEY: Thank you,
20 Madam President.

21 Mr. Isdell, could you give the
22 major reasons why we would experience
23 delays and where does the airport rank
24 nationally as far as delayed flights?
25 Because periodically you hear like a lot

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 of complaints about it. Then you don't
3 hear too much. Then it starts up again.
4 I don't know whether it's seasonal, it's
5 cyclical.

6 What are the causes of flight
7 delays?

8 MR. ISDELL: The number one
9 cause of flight delays is weather,
10 weather and wind. Our airport has some
11 specific challenges relative to the way
12 the runways were designed and built over
13 the last 50 years so that we do
14 experience more delay on average.

15 Currently, the average delay at
16 our airport is about 11 minutes per
17 flight, which may not sound like much,
18 but that's averaged over a half a million
19 flights a year. So that includes the
20 ones that come in on time, but also
21 averages in the ones that are an hour and
22 a half stuck out on a taxiway.

23 Besides weather-related delays,
24 which we experience obviously with winter
25 storms and also summer thunderstorm

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 activity, we have a situation where our
3 two main runways -- one is 9,500 feet
4 long, the other one is 10,500 feet --
5 those two runways were built too close
6 together to operate simultaneously under
7 current FAA rules. So even though we
8 have two very large runways that can
9 accommodate just about every type of
10 aircraft, the stream of planes coming in
11 is a single stream, for the most part.
12 So you don't get the benefit of those two
13 runways.

14 We have two smaller runways
15 that are about 5,000 feet long. They
16 were designed and built really to handle
17 turbo prop and small regional jet
18 service. And the airline industry in the
19 '90s seemed to be moving very rapidly
20 into replacement of big jets more and
21 more with regional jets. They're going
22 in a different direction now and they're
23 switching from 50- and 75-seat regional
24 jets to hundred seat jets. Those two
25 runways, which would give us a total of

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 four runways and a lot of flexibility,
3 right now can't be used by a lot of the
4 main line aircraft. An example is
5 Southwest Airlines. Every plane that
6 Southwest Airlines owns is a 737. A 737
7 can land on a short runway, because when
8 it's coming in for a landing, it's light
9 without as much fuel, but it can't take
10 off from those runways. So to a large
11 extent, we only have two out of the four
12 runways that are usable for most of our
13 aircraft activity.

14 We are under -- at the moment
15 we're extending one of those two short
16 runways, the one that runs north and
17 south, Runway 17-35. We're going to turn
18 that from a 5,400 foot runway to a 6,500
19 foot runway, which will make it more
20 useful for takeoffs of those larger
21 regional jets, those hundred seaters, and
22 also smaller narrow-body planes like
23 737's. That will help us a lot.

24 The other generator of delay in
25 Philadelphia, which we've all read about

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 in recent weeks, is the management of the
3 airspace over our heads, which is
4 entirely under the control of the Federal
5 Aviation Administration. We are,
6 unfortunately, layered underneath
7 airspace that's used by the New York and
8 Washington airports. So there are a lot
9 of planes flying over us that are not
10 coming or going from Philadelphia. Our
11 airspace goes up about 10,000 feet. When
12 we have problems of weather that might be
13 between here and Atlanta, between here
14 and Chicago, we tend to get pushed down
15 to the bottom of the priority list
16 relative to New York and their three
17 airports and Washington and their three
18 airports.

19 We fight about that frequently
20 with the FAA. They claim that there's no
21 favoritism, but I think if you're an FAA
22 employee who lives in New York and your
23 place of employment is on Long Island,
24 you're going to tend to want to deal with
25 New York problems first.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 We're governed by the New York
3 center, which is based on Long Island.
4 We don't have a center in Philadelphia.
5 The next nearest one is in Washington.

6 So a lot of factors involved.
7 Again, I don't want to pretend that
8 weather isn't the main one, but we need
9 to continue pushing for improved use of
10 the airspace and some runway improvement
11 that will give us a wider separation
12 between our big runways so we can use
13 them more effectively.

14 COUNCILMAN KENNEY: As far as
15 space is concerned, I mean, we're pretty
16 much constrained, aren't we, relative to
17 expansion?

18 MR. ISDELL: Yeah; 2,300 acres.
19 We have some opportunities whenever we
20 see them to pick up little pieces of
21 property on our perimeter. But if you
22 compare Philadelphia's 2,300 acres with a
23 new airport that's been built in the last
24 decade or last 20 years, Denver is 34,000
25 acres. Orlando is a fairly new airport.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 It's over 10,000 acres. Dallas/Fort
3 Worth is 17,000 acres. Twenty-three
4 hundred, we're about the same size as
5 Newark. The only major airport smaller
6 than Philadelphia in terms of total
7 acreage is LaGuardia, which is a real
8 postage stamp up in New York. So we have
9 the river to the south. We have I-95 to
10 our north, the Navy Yard to the east and
11 Tinicum Township to the west.

12 I think what we try to do every
13 day is just squeeze as much as we can
14 into a relatively compact package and try
15 to do everything we can to make
16 passengers comfortable if they're stuck
17 in the facility, but long term there
18 needs to be runway improvement and I also
19 believe some fair spreading of traffic
20 among other regional airports, which up
21 until today has not happened.

22 COUNCILMAN KENNEY: But the
23 long-term opportunity to expand is
24 probably not there?

25 MR. ISDELL: There's not really

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 room to expand appreciably. One
3 alternative that we had suggested for FAA
4 review, which would have given us a
5 runway model or template similar to what
6 a new airport would have, like Atlanta or
7 Dallas or Denver, where we would have two
8 what we call dual parallels, two
9 east/west runways on either side of a
10 midfield terminal complex, that was ruled
11 out. Within the constraints of our 2,300
12 acres, we had figured out a way to
13 shoehorn in a dual parallel concept, but
14 that concept would have taken a lot of
15 flights over the Heinz Wildlife Preserve.
16 The FAA felt that that was risking a bird
17 strike catastrophe and that the risk was
18 certainly not worth taking, so that
19 alternative was discarded and we're back
20 to trying to squeeze in another runway
21 down by the river or something like that.

22 COUNCILMAN KENNEY: Could you
23 just quickly explain the -- and I don't
24 think we've had it here, as far as I can
25 remember, but some of the horror stories

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 of other airports where for weather or
3 any other delay people wind up sitting in
4 an aircraft on the runway or at the gate
5 for three, four, five, six, 12 hours?
6 What are the rules that require that to
7 happen? Is it an airline decision? Is
8 it an FAA regulation? And why can't they
9 just taxi back to the gate and let the
10 people sit in the waiting room as opposed
11 to keeping them on the plane?

12 MR. ISDELL: Well, the most
13 prominent recent example was JetBlue at
14 JFK. I think that was on Valentine's
15 Day. We had an ice storm and they in
16 fact did have people stranded on planes,
17 and the subsequent investigation
18 indicated that some of that at least
19 could have been alleviated.

20 I don't know exactly how they
21 operate at JFK, but recently when we had
22 the more recent ice storm in
23 Philadelphia -- I think it was March
24 16th -- our Deputy Director for
25 Operations, Mark Gale, who is seated

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 behind us, he actively contacted U.S.
3 Airways. We had our operations staff out
4 on the airfield in vehicles monitoring
5 whether any aircraft in fact were sitting
6 out there for any great length of time.
7 We offered -- what we got back -- and I
8 think this goes to the heart of your
9 question. U.S. Airways' local management
10 responded that the reason they were
11 sitting out there even though they
12 couldn't take off was because they didn't
13 have any gates to bring them back into to
14 unload them. So Mark and his team found
15 them four or five gates. I think we had
16 about a dozen aircraft that had been
17 sitting for a number of hours. And Mark
18 in fact said to the U.S. Airways manager,
19 We do not want a JetBlue in Philadelphia.
20 So we got them four or five gates
21 immediately that they could use over in
22 the international terminal, which were
23 open at the time.

24 We also reminded them, as we
25 had reminded them the day before, that we

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 have a fleet of six passenger transfer
3 vehicles which can hydraulically hook up
4 with an aircraft and each one can take
5 about 125 people. We can unload a plane
6 very quickly and at least get people back
7 into the building so they can get
8 something to eat, they can use the
9 restrooms, they can make phone calls, et
10 cetera.

11 So we were able to literally
12 unload a dozen planes with our PTVs with
13 gates that normally would not be
14 available to U.S. Airways. And also we
15 reminded them that they have a fleet of
16 their own buses out on the airfield and
17 they have stair trucks, which in a real
18 emergency could be used to unload an
19 aircraft. But in that case, the people
20 would have gotten exposed to the weather.
21 So the PTV is a better alternative to
22 unload people without putting them out in
23 the snow and ice.

24 That's, I think, a pretty good
25 illustration of the role that we can play

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 in a situation like that. Airlines are
3 focused a lot of times on systemwide
4 situations. U.S. Airways is managed out
5 of Phoenix. They're looking at what's
6 going on in Pittsburgh, Charlotte, New
7 York, Boston, Atlanta, and the airport
8 management sometimes has to be the
9 squeaky wheel to protect really our own
10 citizens that are the customers of the
11 airport.

12 COUNCILMAN KENNEY: Thank you.
13 And just one suggestion, and I don't know
14 whether you guys have looked at this or
15 not, but I flew into O'Hare recently and
16 I think it was Delta had -- as you were
17 beginning your descent into Chicago, they
18 had a film about the City of Chicago and
19 the events that were going on in that
20 particular month and some of the new
21 projects and buildings that were being
22 constructed and just a general overview
23 of the city as you were landing.

24 Is there anything that's been
25 investigated for Philadelphia with U.S.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Air especially since it's such a dominant
3 carrier?

4 MR. ISDELL: Actually, they do
5 play a video like that on international
6 flights arriving into the City.

7 COUNCILMAN KENNEY: This was
8 the domestic one.

9 MR. ISDELL: The one that I'm
10 thinking of, first it explains to you the
11 customs procedures and the passport
12 processing. It actually has a video of
13 our terminal to show people where they're
14 going to be, and then it has some
15 highlights of things to do in
16 Philadelphia and some of the great
17 attractions of the City.

18 There's no reason why we
19 couldn't do that on domestic flights.
20 That's a great idea.

21 COUNCILMAN KENNEY: I was
22 impressed with it because it just really
23 gave you a good feeling about the City of
24 Chicago as you were landing. If you
25 could check it out, I'd appreciate it.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 MR. ISDELL: Okay. Will do.

3 COUNCILMAN KENNEY: Thank you.

4 COUNCIL PRESIDENT VERNA: The
5 Chair recognizes Councilman O'Neill.

6 COUNCILMAN O'NEILL: Don't
7 overpromise on that one, Charlie.

8 MR. ISDELL: Don't overpromise?

9 COUNCILMAN O'NEILL: Chicago
10 doesn't have to worry about
11 overpromising. But it's a great idea and
12 worth pursuing.

13 I'm just glad to see the day
14 has finally come. I've been sitting in
15 meetings when it seemed like an eternity
16 when this Agreement was going to expire
17 and you were going to bring modern
18 management principles into the equation
19 with the new Agreement.

20 So you'll be able to move
21 somebody out now, an airline out, if
22 they're not using or fully using a gate
23 so another airline can share it or use
24 it --

25 MR. ISDELL: Yes.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 COUNCILMAN O'NEILL: --

3 entirely? And it's long overdue.

4 A question while we're on the
5 terminal, though, and you may have
6 answered it and I didn't quite understand
7 it. Many times I've heard you asked the
8 question in meetings, How come
9 such-and-such gates are in such
10 deplorable condition or tattered or not
11 very clean or the rug is ripped up and
12 another one you walk in and it's very,
13 very nice. And your answer at the time
14 was, Well, the airlines are in charge of
15 that for their gate areas.

16 Does that change or has it
17 already changed so we can walk in as a
18 good landlord and say, There's a certain
19 condition that we require and we're going
20 to either have you do it or we're going
21 to do it and bill you for it? I mean,
22 how does that kind of thing work?

23 MR. ISDELL: There are a couple
24 of new things in the Agreement, and I'm
25 going to defer to Jim, I think, to

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 respond further, but I know one of the
3 issues was we had to get -- if we were
4 going to take responsibility to, for
5 example, replace carpeting and seating in
6 hold rooms that are predominantly used by
7 one carrier, where were we going to get
8 the money to do that, and I think that we
9 had to build into the capital -- the
10 pre-approved capital spending that we got
11 as part of this Agreement with the
12 airlines, it includes money for us to do
13 repairs like that if we feel it's
14 necessary to go in. That was one of the
15 things we had to struggle with them
16 about, which they resisted.

17 The Agreement also provides --
18 we do have the authority to -- they have
19 an obligation to maintain their
20 facilities and we have the authority to
21 go in and push them in that direction
22 with some tools, not necessarily a
23 default, but some fines and other things.
24 But I think the main thing is our
25 ability, if we see fit, to go in --

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 particularly over the last dozen years or
3 so when you have an airline that might be
4 in bankruptcy, on the verge of bankruptcy
5 and you say to them, There's holes in
6 your seating and it's embarrassing and
7 everybody thinks that it's the City, we
8 will now have the ability in those kinds
9 of circumstances to go in and either
10 reupholster or replace that seating with
11 money that we drove through the
12 negotiations.

13 And I don't know if Jim wants
14 to add to that.

15 MR. TYRRELL: Councilman, we
16 agree with exactly what you said, and
17 within the budget mechanism in the
18 Agreement, the Airport will create or
19 we'll create a reserve fund so that we do
20 have the ability to go in. At first
21 we'll advise the airlines of our
22 intention that -- or the fact that their
23 facilities are not up to the Airport
24 standard. If the airline does not
25 correct that condition themselves, then

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 the Airport will go in and correct that
3 condition if it's an airport-leased
4 facility and then charge the airline a
5 surplus for the cost of doing that.

6 In the event it's an
7 airport-owned facility where it's not
8 leased to an individual airline, we also
9 had the right to go in and use those
10 funds to upgrade the condition of that
11 facility as well.

12 COUNCILMAN O'NEILL: Okay.
13 Thank you. That's a big improvement.

14 The 50 percent threshold for --
15 you were going through this, where U.S.
16 Air as a dominant carrier or in Chicago
17 where United and American can decide
18 together and try to stop things because
19 they control more than half, is there any
20 break in this? When I say "break," is
21 there any break for the airport where
22 there are any conditions under which you
23 can overrule the 50 percent when there's
24 such a need, or is it strictly if you
25 have more than 50 percent, you pretty

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 much can stop anything from happening on
3 the capital side?

4 MR. ISDELL: Well, our recent
5 experience has been -- let me kind of
6 answer the question from a different
7 direction, which is if improvements are
8 needed that are going to benefit a
9 particular carrier and there's a need for
10 a majority-in-interest vote to support
11 those improvements and that vote does in
12 fact bind all the carriers -- so in this
13 case, U.S. Airways wanting to do
14 improvements to their baggage system, for
15 example, they would like to see a project
16 like that move forward. The City would
17 like to see that project move forward as
18 well, but, in fact, there is an impact on
19 the other carriers. Even if they only
20 have three, four, five percent of our
21 total passengers, they're going to pay
22 part of that debt service, and their
23 attitude is, Well, what benefit are we
24 getting from that?

25 The role that we have played --

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 and I think we've done it very
3 effectively -- is, we try to maintain a
4 balance. We present MII projects in a
5 way so that if there is one beneficiary
6 airline, we will propose projects that
7 will be of benefit to the other carriers
8 as part of a package.

9 We also have passenger facility
10 charge money which we use for various
11 capital projects, and we can try to
12 balance the equation sometimes by
13 agreeing to use passenger facility charge
14 revenues to do projects that would
15 benefit the greater good but still push
16 for the project that benefits the one
17 carrier. And, again, our reasoning is --
18 and Ed has pointed this out very
19 eloquently to me many times -- is that in
20 the end, we want the customer, we want
21 our citizens, our passengers, to have a
22 good experience at the airport, and if
23 two-thirds of those passengers are
24 running on one airline, it does make
25 sense to help that airline to improve its

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 infrastructure.

3 So I think a lot of it has to
4 do with the way we manage the MII
5 process, the majority-in-interest voting
6 process. And even though U.S. Airways is
7 quite aware and has been aware for as
8 long as I've been at the airport that
9 they have the ability unilaterally to
10 shove projects down everyone's throat,
11 figuratively speaking, I think we've done
12 a really good job -- and credit to them
13 as well -- that we've been able to
14 balance those types of improvements to
15 the airport by just good negotiating
16 skills, rational thinking and reminding
17 them -- and this doesn't always involve
18 us, but they work in a different capacity
19 at another airport where they're not the
20 dominant carrier, and if they become
21 Draconian or self-serving too much at one
22 airport, they can suffer the consequences
23 at another airport where they're the
24 minority carrier.

25 So among the airlines

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 themselves, there is a certain amount of
3 fair treatment, because United can
4 dominant Chicago, American can dominate
5 Dallas, and Delta can dominate in
6 Atlanta, but they all have to operate
7 different outposts in airports around the
8 country. So they do tend, I think, to be
9 reasonable, and we play a pretty
10 significant role in coordinating that as
11 negotiators.

12 COUNCILMAN O'NEILL: Is that
13 threshold that we have in the MII, is
14 that common in Atlanta, Chicago, Dallas?

15 MR. ISDELL: That is the
16 standard in the industry we found when we
17 tried to rewrite it.

18 COUNCILMAN O'NEILL: D and E --
19 everyone loves B and C, what you did
20 there. I think it's nice as anything in
21 the country from a user standpoint. I
22 mean, our physical limitations, we have
23 nothing on the outside of security. I
24 mean, some airports have the ability to
25 allow people to have some amenities prior

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 to security or if they're waiting and
3 they're not flying. We're sort of
4 limited by geography there, but I think
5 we do really well with what we have.

6 B and C was done before
7 Southwest. Southwest now has what
8 percentage of your traffic?

9 MR. ISDELL: About 11 percent.

10 COUNCILMAN O'NEILL: Which is
11 probably double anybody else, except U.S.
12 Air?

13 MR. ISDELL: U.S. Airways, I
14 guess, is about 65 percent, most recently
15 Southwest at 11, and the next group of
16 Delta, American, United, they're all
17 hovering around three or four percent.

18 COUNCILMAN O'NEILL: So it's
19 almost triple or quadruple what anyone
20 else has.

21 I know something is going on at
22 D and E. I don't know if it's going to
23 be quite what is B and C, but can you
24 describe it? Because I think it will
25 be -- I mean, Southwest has really made

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 an impact in the airport. I think it
3 actually helps with competition with U.S.
4 Air for the consumer. Maybe not for the
5 airline, but for our traveling public.

6 Could you just go over those
7 improvements that are going on?

8 MR. ISDELL: Yes. And I'll
9 start by pointing out that the financing
10 for a lot of those improvements in
11 Terminals D and E has been done with the
12 cooperation over the years of U.S.
13 Airways as the majority-in-interest vote
14 at the airport for the bond issues that
15 are supporting this construction.

16 The primary construction that
17 you would see today is between the ticket
18 counters of Terminal D where United,
19 Continental and AirTran operate today and
20 Terminal E where we have Southwest,
21 Northwest and Delta. There's an empty
22 space, which is actually being filled in
23 as we speak. Structural steel is going
24 up, and that will be -- that one
25 connector will consist of three levels.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 The bottom level will primarily be a
3 state-of-the-art outbound baggage system
4 for both Terminals D and E, for all those
5 airlines that I mentioned, and it will
6 include an in-line explosion detection
7 system, which is the newest way to handle
8 bags so they don't have to be taken on
9 and off conveyor belts to be checked for
10 explosives.

11 The second level, which is
12 where the passengers board aircraft, as
13 you can come up from new ticket counters
14 that are going to be created downstairs,
15 you'll come up to a giant merged security
16 checkpoint. And whereas today over at
17 Terminal D we have four lanes, in
18 Terminal E we have four lanes in what are
19 really very temporary and not ideal
20 configurations that have evolved since
21 9/11, in the new construction we will
22 have a 14-lane checkpoint that will serve
23 both terminals. So you'll come upstairs
24 outside security. You'll go through, I
25 guess, the shortest line that you can

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 find, and after you're screened, you will
3 be in a common secure side space whereby
4 you can walk to E or D, and we will
5 present passengers immediately with a
6 beautiful new concession program right at
7 that point after they've come through
8 security. Not quite as large as what we
9 have in B and C, but similar in concept.

10 And the other great thing about
11 that is that you will then be able to
12 walk freely inside security from Terminal
13 E all the way down past D, C, B, A East,
14 A West. That will all be common inside
15 security.

16 So we think it will be a great
17 improvement. The next phase of the
18 project will be the addition of three
19 more gates down at the end of the
20 Concourse E, and we will combine the two
21 baggage claim buildings, D and E, into
22 one giant bag claim building, very
23 similar to what we did at B and C in the
24 '90s. And I think that not only will
25 this be an improvement in terms of the

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 passenger experience going through a lot
3 of naturally lit space where the security
4 checkpoint will be not as threatening, it
5 will be very welcoming, but we will
6 focus, as we have in the past, on trying
7 to get local vendors into those
8 concession areas, again, to help promote
9 the notion that this is the City of
10 Philadelphia and that we have a lot of
11 great offerings here as well.

12 So that's sort of an overview.
13 There's a lot of other stuff. The third
14 floor, they're going to move our offices
15 and some other facilities from the second
16 level where they are today up to this
17 newly created third floor, and that will
18 help to create the additional space for
19 these concessions and for the checkpoint.

20 It's an ambitious project, but
21 it keeps us competitive with other
22 airports and, again, helps us to be
23 moving toward an evolution that has more
24 and more common use ability for people to
25 circulate from one end to the other to

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 the airport without regard to which
3 particular airline or which terminal
4 their gate is.

5 I didn't want to forget. One
6 of your first points, though, was, we do
7 have very few offerings outside security,
8 and what we have discovered since 9/11 is
9 that they have a very hard time making
10 ends meet. Passengers, for the most
11 part, want to get through the screening
12 process before they do their shopping and
13 buy their coffee, et cetera. So, in
14 fact, we've lost some vendors over time
15 who tried to operate outside security.
16 We do have Lamberti's in Terminal D
17 outside security. We have some news and
18 gift offerings. We have some small
19 concessions in the baggage claim areas.

20 This is a project that -- this
21 is a problem that came to light
22 particularly during the March 16th ice
23 storm when U.S. Airways left about -- I
24 think a thousand people or so were stuck
25 in the ticket lobby. They were outside

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 security and they couldn't get back in
3 because they didn't have -- they weren't
4 rebooked yet. They didn't have a
5 boarding pass. We actually fed 300
6 people with sandwiches and coffee during
7 that procedure, but that's one of the
8 things we recognized, was in a situation
9 like that, we really need to find a way
10 to bring the food and concessions outside
11 security. Although it's a highly unusual
12 situation, it is something we learned
13 from.

14 COUNCILMAN O'NEILL: When is
15 that job going to be completed, Charlie,
16 that project?

17 MR. ISDELL: It will be done in
18 phases. The connector building will be
19 done late next year. The new gates and
20 the baggage claim connector will not be
21 completely done until '09. And we're
22 actually looking right now at some ways
23 to accelerate that process. So I'm
24 giving you conservative dates.

25 COUNCILMAN O'NEILL: And is

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 anything being done as part of this
3 overall project, now that you're going to
4 have this great security in '09 at D and
5 E, with B and C?

6 MR. ISDELL: Yes.

7 COUNCILMAN O'NEILL: B and C is
8 kind of tight. They don't have a lot to
9 work with there.

10 MR. ISDELL: B and C, which
11 were considered state of the art when
12 they opened in 1998, they each have four
13 checkpoint lanes. Mark Gale and his team
14 have come up with a very creative
15 initiative that will add one lane to each
16 of those before this summer. So by the
17 end of this month, B and C will each have
18 five security checkpoint lanes. That is
19 only a temporary improvement, though. We
20 are working with U.S. Airways to find a
21 way to make something bigger like a
22 common-use checkpoint that has more
23 lanes. They have in fact also driven a
24 lot of their traffic in the last few
25 years over to Terminal F. So Terminal F

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 is actually the busiest terminal in the
3 airport today, even though it was just
4 built for small planes. That checkpoint
5 used to be the easiest one to get
6 through. It's pretty congested today.

7 So it's kind of a never-ending
8 evolution, but you're right on target.
9 We do have to work on B and C next. We
10 do have a really great checkpoint at A
11 East that opened recently, though, that
12 if you haven't been through it, it's
13 worth checking out.

14 COUNCILMAN O'NEILL: Last
15 thing, do we control the cabs at the
16 airport or does the Parking Authority?

17 MR. ISDELL: We control them in
18 the sense of we dispatch them. When a
19 passenger needs a cab, we have employees
20 who call down the cabs. The actual
21 regulation and the regulatory authority
22 over the cabs rest with the Parking
23 Authority, and we've been working with
24 the Parking Authority on some
25 initiatives, because obviously we have

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 joint objectives to try to make cab
3 service pleasant and clean, et cetera,
4 for our passengers. We do things when we
5 have big conventions come into town.
6 You've probably seen where we do a cab
7 wash. We bring in a portable like a tank
8 truck with car wash equipment, and every
9 cab as it's dispatched, the cabbie gets a
10 free lunch, the cab is washed, interior
11 and exterior, if they're willing, and we
12 also when they're not looking we stick a
13 deodorant on the rear-view mirror to make
14 sure that the arriving passengers have a
15 good experience.

16 COUNCILMAN O'NEILL: That's
17 nice to hear. I wish we had it in the
18 City.

19 The main problems I've been
20 hearing about cabs lately is that they
21 require to have credit card machinery on
22 their cab. They have it. They don't
23 like using it. They tell people it
24 doesn't work. I mean, it's been on
25 Channel 29 or some other stations. And

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 it's really tough on visitors,
3 particularly businesspeople. But in the
4 City we have so many students and
5 students that we want to encourage to
6 stay here, tell other students to come
7 here, and they're driven by ATM cards
8 often times because parents don't want
9 them to have cash. They'll put money in
10 their ATM and they use it like cash.
11 They get in a cab and they're all broken.
12 And we know they're not broken.

13 But you seem to have a little
14 more ability to regulate that on the
15 airport, because if they're doing that --
16 they pretty much made some just obscene
17 gestures at the people from the TV
18 stations that were asking them and had to
19 get out of their cab because they
20 wouldn't take a credit card.

21 You can keep them off the
22 airport ground, can't you?

23 MR. ISDELL: We do have that
24 authority. I'm not sure. I'm going to
25 look for Mark Gale, if he's still here.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 That enforcement is entirely
3 done by the Parking Authority.

4 COUNCILMAN O'NEILL: Do you do
5 anything in concert with them on the
6 airport ground where you've got
7 double-barrel authority? Because you
8 could keep them off if you want, right?

9 MR. ISDELL: I'm going to ask
10 Mark to come up since he's closer to that
11 issue than I am.

12 MR. GALE: Good morning. My
13 name is Mark Gale. I'm the Deputy
14 Director of Aviation at the Airport for
15 Operations and Facilities.

16 Councilman, we do meet
17 regularly with the Parking Authority
18 officials, along with the taxicab
19 association and the limousine operators
20 and whatnot. We do have airport
21 operations personnel that do monitor all
22 the roadway systems in the cab lot. Our
23 monitoring and enforcement is primarily
24 aimed at trying to make sure that the
25 taxicab drivers and other ground

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 transportation operators adhere to the
3 rules and regulations of the roadway, no
4 solicitation, making sure that their
5 vehicles are properly marked and
6 registered and whatnot.

7 The actual enforcement and
8 issuing of monetary fines, violations,
9 removing operators from the airport, for
10 the most part, on the taxicab side falls
11 within the Parking Authority's
12 jurisdiction. However, our operations
13 people, along with our ground
14 transportation management provider, do
15 remove individuals and taxicab operators
16 and limousine operators for failure to
17 abide by rules and regulations, and if we
18 do have somebody that we witness that is
19 refusing to accept either a credit card
20 or to take a short haul, we do remove
21 them from the airport and penalize them
22 and keep them or suspend them from
23 operating at the airport for given
24 periods of time, depending upon the
25 infraction.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 COUNCILMAN O'NEILL: So it's
3 safe to assume that if you get in the cab
4 at the airport, you're going to have a
5 cab that takes a credit card or you're
6 going to have a cab that's not using the
7 airport anymore?

8 MR. GALE: Councilman, I think
9 that's a pretty safe assumption, and
10 we're trying to, along with the Parking
11 Authority, rigorously enforce that
12 everybody is adhering to the rules.

13 COUNCILMAN O'NEILL: Thank you,
14 Mark.

15 MR. GALE: You're welcome.

16 COUNCILMAN O'NEILL: I'm
17 finished.

18 COUNCIL PRESIDENT VERNA:
19 Mr. Isdell, what taxes and assessments
20 are the airlines liable for payments to
21 the City or School District of
22 Philadelphia?

23 MR. ISDELL: Taxes or
24 assessments, was that your question?

25 COUNCIL PRESIDENT VERNA: Taxes

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 and assessments.

3 MR. TYRRELL: The airlines
4 would be responsible for essentially real
5 estate taxes --

6 COUNCIL PRESIDENT VERNA: Move
7 the mike closer to you, please.

8 MR. TYRRELL: Council
9 President, the airlines would be
10 essentially responsible to pay real
11 estate taxes on facilities that they
12 lease other than the terminal complex.
13 So that would mean, for example, U.S.
14 Airways, who leases an aircraft
15 maintenance hangar just to the east of
16 Terminal F, they are responsible to pay
17 real estate taxes on that facility. For
18 the most part, I believe that is the only
19 facility that is owned by an airline
20 outside of -- within the City limits that
21 is outside of the terminal complex.

22 MR. ISDELL: And I know that
23 the airlines pay -- their employees pay
24 the City wage taxes, and I do know that
25 because we sit -- we straddle the border

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 between the City and County of
3 Philadelphia. There are reporting
4 requirements that all of our tenants have
5 to adhere to when they have employees who
6 may work part of the time in Delaware
7 County and part of the time in the City
8 of Philadelphia. I know there's a lot of
9 paperwork associated with that, but to
10 the best of our knowledge, the airlines
11 do comply with the requirement that their
12 employees all pay the City wage tax.

13 COUNCIL PRESIDENT VERNA: Do
14 the airlines have any other tax
15 liabilities to local governments?

16 MR. ISDELL: To the local
17 governments? Not that I'm aware of.
18 This might be an Ed Anastasi question.

19 COUNCIL PRESIDENT VERNA: Well,
20 in the airport complex itself, there are
21 restaurants.

22 MR. ISDELL: Oh, sure. I'm
23 sorry.

24 COUNCIL PRESIDENT VERNA: They
25 do sell liquor, so we get liquor by the

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 drink taxes.

3 MR. ISDELL: Right. I

4 apologize. I misunderstood.

5 COUNCIL PRESIDENT VERNA: Do

6 they pay the business privilege tax also?

7 MR. ISDELL: Yes, they pay

8 business privilege tax. The gross sales

9 of retail food and beverage last year I

10 believe came in at somewhere over a

11 hundred million dollars.

12 MR. TYRRELL: 126.

13 MR. ISDELL: And sales tax is

14 paid on all that revenue. The parking

15 tax is paid on the parking revenues that

16 come in through the garages and the

17 economy lot. The rental cars pay the

18 stadium tax.

19 I had those numbers in my head

20 last night and I don't have them right

21 now, but the rental car operations are

22 all located within the City limits, so

23 each and every one of them pays toward

24 the stadium tax. And that's all that I

25 can think of right now.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Anything else?

3 MR. ANASTASI: And I would just
4 add that they're required to pay, not
5 only the airlines but our concessions,
6 are required to pay any taxes that --

7 COUNCIL PRESIDENT VERNA: Any
8 other business would have to pay.

9 MR. ANASTASI: -- the Revenue
10 Department requires them to pay.

11 COUNCIL PRESIDENT VERNA: Thank
12 you.

13 Does the City purchase policies
14 of insurance for the airport or is the
15 airport self-insured?

16 MR. ISDELL: We actually have
17 property insurance and we also have
18 liability insurance.

19 MR. ANASTASI: That's correct.

20 MR. ISDELL: We're guided by
21 the Office of Risk Management in terms of
22 how those policies are entered into. And
23 I'm not sure if we have any other
24 policies. I think the reason we carry
25 those as opposed to being self-insured is

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 a result of the relationship we have with
3 the tenants and the airlines that in some
4 cases requires us to be insured.

5 MR. ANASTASI: That's correct.

6 COUNCIL PRESIDENT VERNA: What
7 are the premiums that we pay; do you
8 know?

9 MR. ANASTASI: We pay annually
10 in property insurance and in liability
11 insurance approximately, I would say,
12 between \$1 million and \$1.3 million
13 annually.

14 COUNCIL PRESIDENT VERNA: Are
15 these considered as airport expenses
16 which are paid to the City pursuant to
17 the Use and Lease Agreement?

18 MR. ANASTASI: Yes, they are.
19 They are part of the definition of
20 "operating expenses" which the airlines
21 have to pay through their rates and
22 charges.

23 COUNCIL PRESIDENT VERNA: Do
24 the terms and conditions of the proposed
25 Use and Lease Agreement alter in any

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 manner the obligations of the City to the
3 holders of the Airport Revenue Bond?

4 MR. ANASTASI: I would say that
5 they do not. The only legislation which
6 we put forth was the Seventh Supplemental
7 Ordinance, which will be an amendment to
8 the General Airport Revenue Bond
9 Ordinance, but the purpose of that is
10 really to bring in to the revenue bond
11 pledge the Outside Terminal Area Cost
12 Center, which actually improves revenue
13 bond coverage and it really will be a
14 benefit to the bondholders.

15 COUNCIL PRESIDENT VERNA: Thank
16 you.

17 The Chair recognizes Councilman
18 Kelly.

19 COUNCILMAN KELLY: Thank you,
20 Madam President.

21 Mr. Isdell, I just want to
22 know, are you responsible for the
23 short-term parking garages?

24 MR. ISDELL: No. Those are
25 operated by the Philadelphia Parking

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Authority.

3 COUNCILMAN KELLY: I guess I
4 just want to know if there's any plans to
5 expand any of those facilities. And the
6 reason why I say this is because numerous
7 times that I've been into Terminal D and
8 any time I arrive there, they're always
9 full, and I'm told that, Oh, if it's a
10 Wednesday or a Friday, it's impossible.
11 You end up going to A. If you're lucky,
12 you'll find a space up in the top,
13 somewhere up in the top level. And I
14 just wanted to know if there's any
15 possibility of adding a couple more
16 levels onto those facilities.

17 MR. ISDELL: We're actually
18 working with the Parking Authority on a
19 couple of initiatives. One right now has
20 to do with expanding the economy parking
21 lot. I believe they are also interested
22 in some new construction, some garage
23 construction, which would have to be done
24 as -- they would sell parking revenue
25 bonds. I think they would have to come

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 to City Council to do that. And we would
3 like to see that happen.

4 We definitely -- we have 18,000
5 total parking spaces at the airport, but
6 it never seems to be enough. As you
7 mentioned, there's certain days of the
8 week when we literally turn people away
9 and they go and spend their money in a
10 lot that's off airport. That's not the
11 optimum for us, not only because we lose
12 the money, but because it's less
13 convenient for the passenger and they
14 have further to go to get back and forth
15 to their cars.

16 COUNCILMAN KELLY: That's very
17 true.

18 MR. ISDELL: I think the
19 economy lot improvement would come first,
20 though, before the new garages could be
21 built.

22 COUNCILMAN KELLY: Another
23 question that I have, is it possible to
24 make it more comfortable for people who
25 are waiting for passengers to come out of

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 a secured area; in other words, the
3 secured terminal? I've noticed many
4 times that you're waiting there an hour,
5 sometimes more, waiting for passengers to
6 come out and there's nowhere to sit,
7 there's nowhere to do anything other than
8 just stand there and wait.

9 MR. ISDELL: We've added not
10 very much permanent seating -- that's a
11 result of 9/11 where you can't go down to
12 the gate with your relative or friend and
13 you can't go down to meet them when they
14 come off the plane. So, yes, people
15 congregate right at the exit lane at the
16 checkpoint.

17 We've done some things. We've
18 put more flight information displays in
19 that area. We've put rocking chairs
20 wherever we could fit them in there,
21 because permanent seating, unfortunately,
22 in most of those locations, we just can't
23 fit it in in a way that doesn't end up
24 becoming a safety hazard.

25 But you will see an improvement

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 with the D/E project in that project I
3 described earlier. There will be a lot
4 more room for us to have seating outside
5 security. And as we do -- as we work
6 through the design for improvements to B
7 and C checkpoints, the same thing will
8 happen. This is a consideration. Under
9 the present situation, though, we're
10 pretty much constrained by the space
11 there. But I'll have our people take
12 another look at that, Councilman. We
13 might be able to do something better than
14 what you've experienced.

15 COUNCILMAN KELLY: Thank you.
16 Thank you, Mr. Isdell.

17 Thank you, Madam President.

18 COUNCIL PRESIDENT Verna:
19 You're welcome.

20 The Chair recognizes
21 Councilwoman Tasco.

22 COUNCILWOMAN TASCO: Thank you.

23 Let me ask you a question about
24 the insurance. Is that a bid contract, a
25 no-bid contract for the insurance?

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 MR. ANASTASI: The process is
3 for the Risk Management Department within
4 the Finance Department to handle the
5 actual initiation, and that is done
6 through an RFP process that is handled by
7 their organization, and we have a liaison
8 that works with them regarding getting
9 them the information they need to put
10 into that RFP so they can receive
11 proposals.

12 COUNCILWOMAN TASC0: Let me
13 just ask you a question, Mr. Isdell. Who
14 has the responsibility for keeping the
15 bathrooms clean?

16 MR. ISDELL: That is the City's
17 responsibility. If they're the public
18 bathrooms that the passengers use, that's
19 our responsibility.

20 COUNCILWOMAN TASC0: A number
21 of times I've come through the airport at
22 night -- and you know I've called you
23 about that -- and sometimes the bathrooms
24 are in deplorable condition.

25 MR. ISDELL: We do have -- we

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 use in-house staff. We have close to 300
3 custodial workers who are responsible for
4 cleaning the bathrooms, the terrazzo
5 floors. A lot of the work does get done
6 overnight, because during the day
7 hours -- and it seems like we never have
8 a lull anymore -- it's very difficult to
9 do some of that cleaning while the
10 passengers are moving through the
11 building.

12 But what we have found is with
13 dispatching of custodial crews, even if
14 we keep them posted at the busiest
15 restrooms, really in a matter of minutes
16 a restroom that was cleaned can be
17 completely trashed by an arriving flight.

18 It is a never-ending battle.
19 It is our responsibility. We focused in
20 2005, we called it "The Year of the
21 Restroom" and we focused a lot of our
22 forces, our activity, on making the
23 restrooms more presentable, brighter
24 lights. Ladies' rooms in particular
25 there are concerns about where to put

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 your pocketbook, security, et cetera, and
3 we made a number of improvements. We
4 also put artwork in the restrooms,
5 changed some of the interior finishes.

6 But cleanliness is really just
7 basically a day-to-day operation. I
8 think on the whole we do a pretty good
9 job, but I do get complaints like yours,
10 and I think it's just a product of the
11 fact that we're now squeezing almost 32
12 million people through a facility that we
13 never thought would have that many people
14 in it.

15 So we continue to hire. The
16 hiring process sometimes can be a
17 problem. We go through the City Civil
18 Service system. We tend to use up the
19 custodial worker list very quickly. A
20 lot of the people when we go to interview
21 them, they have to go through this
22 federal background check process and they
23 get eliminated before we can even
24 interview them.

25 So it's not an easy challenge,

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 but I certainly apologize for any
3 negative experience that you've had, and
4 we will try to do better. And I don't
5 know whether Mr. Gale wants to add
6 anything to that as the Deputy in charge
7 of operations and maintenance.

8 COUNCILWOMAN TASC0: The other
9 thing is the issue of hot water. The
10 water never seems to be hot. Do you have
11 hot water at the airport?

12 MR. ISDELL: Do you want to
13 address the hot water issue?

14 COUNCILWOMAN TASC0: And the
15 bathrooms.

16 MR. GALE: Thank you,
17 Councilwoman.

18 COUNCILWOMAN TASC0: You know,
19 I'm a member of the Airport Advisory
20 Board. I'm of counsel. So when I go
21 into a ladies' room and people are
22 complaining, I just listen to the
23 complaints and then, of course, I come
24 back and I call Phyllis about what's
25 going on. But it's hard to listen to

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 that, or they blame Philadelphia and this
3 is the worst airport in the country and
4 all that kind of stuff.

5 MR. ISDELL: I appreciate you
6 sharing that with us, and we're
7 embarrassed and we apologize for that,
8 but I think Mark could shed a little bit
9 more light on the daily operation.

10 MR. GALE: I would like to echo
11 Mr. Isdell's comments and apologize. It
12 is an area of responsibility of mine
13 directly to oversee that operation, and
14 we are working hard to make sure that the
15 bathrooms are clean and well stocked
16 every day. We do a lot of the heavy
17 clean work at night, cleaning carpets,
18 terrazzo floors, restocking the
19 bathrooms, and during the day we do a lot
20 of going in quick, making sure that we
21 have paper towels, toilet paper, soap and
22 detergents.

23 But to follow up again, yes, we
24 do have hot water. Most of the
25 facilities that we have now are

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 hands-free facilities for sanitary
3 reasons and so there is no longer any
4 individual hot or cold knobs in any of
5 the bathrooms. It's a blended mix, which
6 ends up being more of a warm temperature
7 water with automatic sensors to save
8 water and the like.

9 In addition to going in and
10 doing a lot of the improvements that
11 Charlie already mentioned, as part of the
12 D/E project, we're going to be going in
13 and renovating some bathrooms in those
14 two concourses. We do have in our
15 capital improvement program, the
16 pre-approved capital improvement program
17 that's in the Lease, a project to go in
18 and actually renovate and restore some
19 bathrooms with different finishes that
20 hold up a lot better and look a lot
21 cleaner than what you may find in some of
22 our older restrooms today.

23 So it's an ongoing process, as
24 Charlie indicated, and it's one that we
25 have to stay atop of. And, again, I

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 apologize for any inconveniences that
3 you've had.

4 COUNCILWOMAN TASC0: When you
5 have the automatic sensors for the water,
6 if a unit -- say the end unit is used
7 more, so the water may be warmer on this
8 end than the one down the corner. Is
9 there some way that the water stays --
10 when you use the faucet, the water comes
11 out cold and then it goes off and then it
12 takes a while before it warms up. I
13 mean, is there something you can do about
14 it?

15 MR. GALE: It shouldn't work
16 that way, Councilwoman, but I promise
17 that I'll go back and I'll talk to our
18 maintenance personnel and see if there's
19 things that we do to help better adjust
20 it and make sure that we avoid either
21 particularly cold water in the winter and
22 overly hot water in the summer when
23 you're looking for the exact opposite
24 when you're washing your hands.

25 COUNCILWOMAN TASC0: You should

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 have hot water all the time.

3 MR. GALE: All the time.

4 Absolutely.

5 COUNCILWOMAN TASC0: One other
6 question. You talked about the cabs. Is
7 there notice in the taxi, in the cab,
8 where you notify the rider that this cab
9 does accept credit cards and if you are
10 turned down, they can report it
11 someplace?

12 MR. GALE: I believe that is
13 required, Councilwoman. I'll have to
14 double-check, but I believe that the
15 Parking Authority regulations do require
16 for that to be posted, along with their
17 other tariffs.

18 COUNCILWOMAN TASC0: Okay. Oh,
19 one other thing, Mr. Isdell. Once I came
20 in from out of town, I wasn't on the
21 international flight, I was on a local
22 flight, but I went into the international
23 terminal for some reason, but the bags
24 weren't there, and it was winter and we
25 had to walk down to B/C. Does that

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 happen often?

3 MR. ISDELL: I have heard that
4 complaint before and I think it's similar
5 to Councilman Rizzo's story that he told,
6 and the only thing that I know from
7 experience is that if U.S. Airways, for
8 example -- and most likely it was U.S.
9 Airways -- if they bring you into a
10 common-use gate, as we call it, on the
11 international terminal with a domestic
12 flight, which could result if all their
13 other gates are in use, or for some other
14 operational reason, they may be planning
15 to take that same plane after it's empty
16 and fly it to the Caribbean, for example.
17 So it goes -- it's easier for them to put
18 it in the international terminal.

19 What we have asked them to
20 do -- and more and more we supplement
21 this type of service with our own staff.
22 We have a growing public relations staff,
23 but what we think they should do is have
24 either the flight attendant or some
25 airline employee as you're getting off

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 the plane say to you, We are in Terminal
3 A West, for example, but your bags will
4 come out in Terminal A East because this
5 is a domestic flight, it's not an
6 international flight. Our experience is
7 that they don't go to that trouble and
8 people assume, Well, I'm in A West, so my
9 bags should be in A West, or I'm in A
10 East, my bag should be in A East.

11 It's a small thing, but it's
12 the kind of thing that we need to be, I
13 think, a little more aggressive about
14 explaining to them what a negative impact
15 this has on the passenger experience.
16 And the old story in this business as
17 long as I've been here is that they kind
18 of -- the airlines in general, not to
19 mention any one in particular, but they
20 tend to forget about you once you get off
21 the plane, and looking for your bags and
22 all, you're suddenly -- you have no one
23 to call on. There's nobody in the
24 baggage office to talk to. If you want
25 to call somebody on the phone, you get an

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 800 number and you're speaking to someone
3 far away.

4 So these are airline service
5 standards that -- we have put some
6 language in the new Lease that calls upon
7 them to live up to best practices in
8 their industry and certain industry
9 standards. We would prefer not to have
10 to actually fine them or default them or
11 take any extraordinary action, but we can
12 be a vocal advocate with the airlines to
13 do a better job with service, and that's
14 what we're trying to do.

15 COUNCILWOMAN TASCO: Thank you.

16 I'm finished, Madam President.

17 COUNCIL PRESIDENT VERNA: The
18 Chair recognizes Councilman DiCicco.

19 COUNCILMAN DiCICCO: Thank you,
20 Madam President.

21 Good afternoon, gentlemen.

22 MR. ISDELL: Afternoon.

23 COUNCILMAN DiCICCO: You may
24 have testified to this earlier,
25 Mr. Isdell, the number of people passing

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 through our airport on an annual basis?

3 MR. ISDELL: The number?

4 COUNCILMAN DiCICCO: Yes.

5 MR. ISDELL: In 2006, it was
6 31.8 million passengers. The year
7 before, 31.5 million. And the year
8 before that, 28.5 million. So we've
9 continued to grow.

10 COUNCILMAN DiCICCO: Do you
11 expect continual growth?

12 MR. ISDELL: Yes. I believe
13 the FAA forecasts that by 2010 we'll have
14 about 35 million passengers. By 2015, it
15 could be as many as 40 million.

16 COUNCILMAN DiCICCO: What is
17 the average stay that a passenger will
18 spend in any of the terminals? You go
19 in, you get a ticket. If you have a
20 ticket, you go through the cuing, through
21 the security, and then there's a certain
22 amount of time that you spend before you
23 board generally.

24 Do you have a number, general
25 number, or time that a person spends

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 there?

3 MR. ISDELL: I don't have a
4 scientific answer for you. My own
5 experience has been that the airlines and
6 the TSA encourage passengers to come to
7 the airport an hour before their flight,
8 at a minimum, and two hours before an
9 international flight. Whether you get
10 through security and your ticketing
11 process, which could take five minutes or
12 it could take closer to a half an hour
13 depending on time of day, day of the week
14 and which terminal you're in, I think in
15 many cases, though, people once they get
16 through security, they have a half an
17 hour or more to spend before their flight
18 actually departs.

19 And, again, that's just
20 observation. I don't have science on
21 that, but we have found obviously since
22 9/11 that people have a lot more time and
23 they spend a lot more money after they go
24 through security than they did in the old
25 days. And also part of that is because

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 the airlines are not providing them with
3 much to eat on the planes.

4 COUNCILMAN DiCICCO: That's
5 kind of where I'm going with this. Aside
6 from the folks who are cuing up, bought a
7 ticket, go in to take an airline to
8 leave, you also have people who are
9 transferring from one airline to another.
10 Is there a number that identifies the
11 amount of time those folks would spend at
12 the airport? Because, I mean, when you
13 go through there, the bars and the
14 restaurants are pretty much full all the
15 time, which is a good thing. I'm just
16 trying to get a sense of --

17 MR. ISDELL: Well, I think
18 first let's remember that about
19 two-thirds of our passengers are
20 originating passengers from the
21 Philadelphia area. So the other third,
22 which -- so on an annual basis, about 10
23 million passengers are connecting from
24 one flight to another and they're never
25 leaving the airport. The airlines have a

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 minimum that you can't really connect
3 unless -- I think you have to have at
4 least 45 minutes between flights, your
5 arriving flight and your departing
6 flight, or they won't sell you a ticket,
7 because they know that they might not be
8 able to meet that turn-around time. So
9 let's say we have a minimum of 45 minutes
10 and probably a maximum up in the range of
11 two hours before you're going to get a
12 connecting flight.

13 COUNCILMAN DiCICCO: A
14 significant amount of time.

15 MR. ISDELL: Yes.

16 COUNCILMAN DiCICCO: One other
17 question. There are one or two hotels
18 that are connected directly to the
19 airport?

20 MR. ISDELL: The Marriott is
21 the only one.

22 COUNCILMAN DiCICCO: Are there
23 any plans for any additional hotels to be
24 built that you know of?

25 MR. ISDELL: Not on our

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 property. From time to time the
3 Marriott, because they've enjoyed very
4 good occupancy rates, they've talked
5 about expanding, although not recently.
6 But currently on our property, there are
7 hotel deals going on, I think, all around
8 our perimeter that we're not always privy
9 to.

10 COUNCILMAN DiCICCO: I'm
11 talking specifically to your property.

12 MR. ISDELL: No.

13 COUNCILMAN DiCICCO: And is
14 there room for expansion?

15 MR. ISDELL: Hotel expansion
16 particularly?

17 COUNCILMAN DiCICCO: Yes.

18 MR. ISDELL: I would say we
19 could find room.

20 COUNCILMAN DiCICCO: Any idea
21 how many square feet?

22 They're all laughing. I gave
23 this to Rendell two, three years ago. He
24 told me I was nuts. Thirty million
25 people a year going through our airport.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Great casino business. They're only
3 anticipating five in each of the casinos
4 on Delaware Avenue, five million visitors
5 a year. We already got 30 million
6 already. We got a captive audience.

7 I'm not asking you to promote
8 casinos. I'm just curious if we have
9 enough space to accommodate. I know it's
10 the Council President's district.

11 COUNCIL PRESIDENT VERNA: Thank
12 you.

13 COUNCILMAN DiCICCO: But it's
14 well beyond 1,500 feet from a residential
15 community.

16 Just curious. There's enough
17 room to build a hotel?

18 MR. ISDELL: Yes, and I think
19 one thing we've learned --

20 COUNCIL PRESIDENT VERNA:
21 Enough room for a hotel but not a casino.

22 COUNCILMAN DiCICCO: Or a
23 casino attached to the existing hotel.

24 COUNCIL PRESIDENT VERNA: No,
25 no, no. Stop right there.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 MR. ISDELL: If you look at
3 Terminal A West, though, one thing we've
4 learned is, you can always create
5 available square footage by building over
6 top of roadways and parking lots and
7 things like that.

8 COUNCILMAN DiCICCO: Okay.

9 MR. ISDELL: So that's one
10 idea.

11 COUNCILMAN DiCICCO: Thank you.
12 No further questions.

13 Thank you.

14 COUNCIL PRESIDENT VERNA: Thank
15 you.

16 Mr. Isdell, on Page 27(C) under
17 Mechanics Liens, this section starts
18 with, quote, "Although prohibited by
19 law," end of quote. Does this
20 prohibition apply to the inclusion of
21 this condition in the Agreement or to the
22 filing of mechanics liens or other liens
23 or orders against airport facilities?

24 MR. ISDELL: I think I need the
25 Law Department to help me answer that

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 question. I have Joe Messina, Divisional
3 Deputy City Solicitor, standing by.

4 MR. MESSINA: Good afternoon,
5 Council President. I'm Joe Messina of
6 the City Law Department.

7 COUNCIL PRESIDENT VERNA: Good
8 afternoon.

9 MR. MESSINA: The specific
10 provision that you've referred to, first
11 of all, states that it's prohibited to
12 file any mechanics lien against airport
13 property. If a mechanics lien is filed,
14 if it's not immediately removed, it's an
15 event of default under the Agreement. If
16 you look at the last phrase --

17 COUNCIL PRESIDENT VERNA: So it
18 does not apply?

19 MR. MESSINA: That's correct.

20 COUNCIL PRESIDENT VERNA: Thank
21 you.

22 MR. MESSINA: Very often the
23 airlines are doing their own work and a
24 mechanic or other tradesman thinks they
25 can file a lien. In the past we've seen

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 them filed. My staff sends out a letter
3 and they're immediately removed.

4 COUNCIL PRESIDENT VERNA: Okay.
5 I just wanted that to be addressed
6 because of the section starting "although
7 prohibited by law."

8 MR. MESSINA: Yes.

9 COUNCIL PRESIDENT VERNA: Thank
10 you.

11 Can we talk about the airport
12 security program? Can someone briefly
13 describe what the City's TSA-approved
14 security program is comprised of?

15 MR. ISDELL: That's a Mark Gale
16 question.

17 MR. GALE: Council President,
18 Mark Gale, Deputy Director for Operations
19 and Facilities.

20 The TSA is the Transportation
21 Security Administration, and under
22 federal law, the airport is required to
23 produce a document called -- what we
24 refer to as our ASP, or Airport Security
25 Program, which essentially spells out an

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 agreement between the TSA and ourselves
3 as to what we are responsible for looking
4 after with respect to our security
5 provisions, whether they be access
6 control, ID badging, how we deal with our
7 tenants, the process that individual
8 tenants or airlines would have to go
9 through in order to get security
10 clearances at the airport to be able to
11 move in and about our facility.

12 COUNCIL PRESIDENT VERNA: Thank
13 you very much.

14 Rule 15(C)2-12, this refers to
15 the airline as an obligated party under
16 the rule. Can anyone explain what are
17 the duties of an obligated party?

18 MR. ISDELL: Council President,
19 do you have a page reference there?

20 COUNCIL PRESIDENT VERNA: Page
21 5 -- I'm sorry; Page 50. Page 50(C), SVC
22 Rule 15(C)2-12.

23 MR. ANASTASI: Madam President,
24 Ed Anastasi.

25 Each time the Airport issues

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 General Airport Revenue Bonds --

3 COUNCIL PRESIDENT VERNA: I'm
4 sorry. I can't hear you.

5 MR. ANASTASI: Each time the
6 Airport issues General Airport Revenue
7 Bonds, the City and an obligated party
8 has to sign an agreement. It's called a
9 Continuing Disclosure Agreement, and that
10 agreement requires the City to prepare
11 financial statements and provide them to
12 certain repositories at some period after
13 the end of the fiscal year. An obligated
14 party is, for instance, a party who at
15 Philadelphia International Airport has a
16 majority of the traffic, and under that
17 circumstance, the obligated party would
18 have to provide financial information on
19 an annual basis.

20 COUNCIL PRESIDENT VERNA: I'm
21 sorry.

22 MR. ANASTASI: Under that
23 Continuing Disclosure Agreement, which we
24 have to sign for every bond issue, an
25 obligated party in this case for

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 Philadelphia International, U.S. Airways,
3 would have to provide continuing
4 financial information or make that
5 financial information available to the
6 City. So that language is in the Use and
7 Lease Agreement to make sure that U.S.
8 Airways is cognizant of the fact that,
9 number one, it is an obligated party and,
10 number two, it has to abide by this
11 Continuing Disclosure Agreement.

12 COUNCIL PRESIDENT VERNA: Thank
13 you.

14 On Page 66(G), Passenger
15 Facility Charges, "City should have the
16 right to use such PFCs collected in any
17 lawful manner." Does this mean that the
18 collected fees can be used for purposes
19 not associated with the airport?

20 MR. ANASTASI: The PFCs can be
21 used for eligible projects, and what
22 projects are eligible are really
23 determined by the PFC regulation that the
24 FAA has put forth. Each use of Passenger
25 Facility Charge has to be approved by the

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 FAA, and the eligible projects are only
3 projects which are on the airport.

4 COUNCIL PRESIDENT VERNA: Thank
5 you.

6 The Chair recognizes -- oh,
7 he's on the phone. Councilman O'Neill
8 has a question or two.

9 COUNCILMAN O'NEILL: Councilman
10 Kelly has requested that I make it short,
11 and I promise to. Councilwoman Krajewski
12 is not here, so Councilman Kelly is
13 sitting in for her on the brevity orders.
14 And since I just got off the phone with
15 Councilwoman Krajewski, it's only
16 fitting.

17 Wireless Philadelphia, we are
18 internationally known for this
19 make-or-break project that's going to
20 attract young people and make us hip.
21 And I'm looking at Councilwoman Blondell
22 Reynolds Brown, who is very much involved
23 with this. We don't know how successful
24 it's going to be, but we know it's
25 cutting edge and we're trying to keep a

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 lot of these students here and attract
3 the younger workforce from all around the
4 world and companies that might be
5 attracted to that. And when these people
6 get tied up for three and four hours in
7 the airport or when they get stuck
8 because their planes are late or they go
9 on them with their laptops, they find out
10 that we're not so wireless friendly. Of
11 all the WiFi hot spots in the City, we're
12 not one of them.

13 We've talked about this
14 privately, Charlie, I know, and I just
15 think there should be, even if it's just
16 the Food Court area or something -- and
17 now you're going to have two major food
18 courts with your D and E -- there should
19 be a place where people don't, as young
20 people would say, get ripped off, because
21 they feel if they're paying to use a
22 computer in that circumstance, that
23 particularly in a hip "next great city"
24 atmosphere like Philadelphia, that they
25 get WiFi.

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Is there anything you can
3 really do about this and do it in a way
4 that is not going to bankrupt the
5 airport? But other airports seem to be
6 able to do it and it seems to me it's
7 just a matter of will.

8 MR. ISDELL: Well, we'd like to
9 point out that we were one of the first
10 airports in the country to have wireless
11 Internet availability. That actually
12 started back in 2004. The way we were
13 able to get ahead of the power curve,
14 though, was without getting airline
15 approval. We would have had to have the
16 airlines approve a capital project to
17 install the antenna infrastructure, and
18 at that time, U.S. Airways in particular,
19 struggling through bankruptcy, did not
20 see it as an essential need. So to get
21 it done, what we did was essentially have
22 the provider install the system at their
23 own expense, and the result is that they
24 are recapturing their investment through
25 the user fees that are charged. We think

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 the user fees are reasonable, but
3 certainly compared to zero or free, it's
4 not -- it never sounds good.

5 COUNCILMAN O'NEILL: Charlie,
6 there's a difference between something on
7 an expense account that thinks anything
8 is reasonable that they can submit and
9 somebody who is a student or a traveler
10 who is always online. And this comes up
11 and it's just -- it's a very unfriendly
12 gesture. And I think most airports -- I
13 mean, the City is doing it. We're doing
14 it in our public places. What could be a
15 more public place than the airport in
16 terms of friendliness.

17 So we have no plans to do it at
18 this point?

19 MR. ISDELL: Well, we have --
20 and based on your stimulus, we've been
21 looking into this. What we tried in the
22 second half of last year, we actually
23 made the entire Food Court and concession
24 area free for a period of three or four
25 months, and the way we did that was that

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 we paid the bill. We paid the user fees,
3 which are six ninety-five a day. Or how
4 much a month? I think there's a monthly
5 option. But it was prohibitively
6 expensive for us to continue doing that.

7 COUNCILMAN O'NEILL: Well,
8 that's prohibitively expensive, but how
9 about --

10 MR. ISDELL: Because what
11 happened was by making it free, we had
12 mobs of people with laptops sitting on
13 the floor, and we thought we would offset
14 the expense by the fact that they would
15 buy hamburgers and ice cream, and that is
16 not really what happened. So it was a
17 noble experiment, but it didn't work.

18 COUNCILMAN O'NEILL: Well,
19 Charlie, you were being hosed, as they
20 say on the street, the same way the users
21 are being hosed right now by your
22 contractor.

23 Now, each District
24 Councilmember was asked to pick a WiFi
25 hot spot, at least one in their

1 5/8/07 - WHOLE - BILL 070220, ETC.
2 districts. If you would just give the
3 Council President a second one, she could
4 have it as the airport, and it's free
5 whenever we get our Wireless Philadelphia
6 infrastructure in. Could I suggest that
7 would be a nice, friendly gesture to the
8 Council President to have the airport be
9 a WiFi hot spot that doesn't cost her
10 another one at a rec center or somewhere
11 or a park that she may be choosing?

12 MR. ISDELL: If there's a way
13 that we can do it that passes legal
14 muster, because we also looked at buying
15 out the existing agreement, and, again, I
16 think we would have needed airline
17 approval to get the money we need to buy
18 out early.

19 COUNCILMAN O'NEILL: I just ask
20 you to be --

21 MR. ISDELL: But I would
22 certainly consider that. We would love
23 to make Philly free. I did recently
24 research this, and at least the most
25 recent article that I could find,

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Councilman, says that of the top 40
3 airports, only six of them are offering
4 WiFi for free. Most of the others are
5 charging something. It's a pretty
6 developing area. We are happy about the
7 fact that we had it early, but we're
8 paying the price relative to the free
9 service that you're talking about.

10 COUNCILMAN O'NEILL: Just
11 remember, Charlie, we're "Wireless
12 Philadelphia." There's no Wireless
13 Atlanta or Wireless Detroit. It's us.
14 We're the ones in National Geographic.
15 We're the ones that are trying to get on
16 the front page of the New York Times and
17 all that. I just ask you to be more
18 aggressive on it.

19 And the last question, parking
20 lots, short term, any plans to build any
21 more?

22 MR. ISDELL: Councilman Kelly,
23 I think, asked us that question --

24 COUNCILMAN O'NEILL: Then I
25 apologize. I'll get the answer from

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 Jack.

3 MR. ISDELL: We're working with
4 the Parking Authority both to expand
5 economy and garage parking.

6 COUNCILMAN O'NEILL: Okay.
7 Thank you.

8 COUNCIL PRESIDENT VERNA: Thank
9 you.

10 Are there any other questions
11 from members of the Committee?

12 (No response.)

13 COUNCIL PRESIDENT VERNA: Do we
14 have anyone else that would like to
15 testify on the bills before us?

16 (No response.)

17 COUNCIL PRESIDENT VERNA:
18 Seeing no one, this will conclude our
19 public hearing. We will now go into our
20 public meeting, and the Chair recognizes
21 Councilwoman Blackwell regarding Bill No.
22 070220.

23 COUNCILWOMAN BLACKWELL: Thank
24 you, Madam President. I make a motion
25 for the adoption of the amendment to said

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 bill.

3 (Duly seconded.)

4 COUNCIL PRESIDENT VERNA: It

5 has been moved and seconded that the

6 amendment be adopted.

7 All in favor will say aye.

8 (Aye.)

9 COUNCIL PRESIDENT VERNA: Those

10 opposed?

11 (No response.)

12 COUNCIL PRESIDENT VERNA: The

13 ayes have it and the amendment is

14 adopted.

15 The Chair again recognizes

16 Councilwoman Blackwell.

17 COUNCILWOMAN BLACKWELL: Thank

18 you, Madam President. I move that Bill

19 No. 070220 be reported out of Committee

20 as amended with a favorable

21 recommendation.

22 (Duly seconded.)

23 COUNCIL PRESIDENT VERNA: It

24 has been moved and seconded that Bill No.

25 070220 be reported out of Committee with

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 a favorable recommendation as amended.

3 All in favor will indicate by
4 saying aye.

5 (Aye.)

6 COUNCIL PRESIDENT Verna: Those
7 opposed?

8 (No response.)

9 COUNCIL PRESIDENT Verna: The
10 ayes have it and the motion carries.

11 Again, the Chair recognizes
12 Councilwoman Blackwell for the purpose of
13 making a motion on Bill No. 070221.

14 COUNCILWOMAN BLACKWELL: Thank
15 you, Madam President. I move that Bill
16 No. 070221 be reported out of Committee
17 with a favorable recommendation.

18 (Duly seconded.)

19 COUNCIL PRESIDENT Verna: It
20 has been moved and seconded that Bill No.
21 070221 be reported out of Committee with
22 a favorable recommendation.

23 All in favor will say aye.

24 (Aye.)

25 COUNCIL PRESIDENT Verna: Those

1 5/8/07 - WHOLE - BILL 070220, ETC.

2 opposed?

3 (No response.)

4 COUNCIL PRESIDENT Verna: The

5 ayes have it and the motion carries.

6 Thank you all very much. Thank

7 you.

8 (Committee of the Whole

9 adjourned at 12:30 p.m.)

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CERTIFICATE

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proceedings, evidence and objections are

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contained fully and accurately in the

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stenographic notes taken by me upon the

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foregoing matter on May 8, 2007, and that this

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