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COUNCIL OF THE CITY OF PHILADELPHIA
COMMITTEE ON LEGISLATIVE OVERSIGHT

- - -

Room 400, City Hall
Philadelphia, Pennsylvania
Tuesday, March 2, 2010
10:05 a.m.

- - -

PRESENT:

COUNCILMAN JAMES F. KENNEY, CHAIR
COUNCILMAN WILLIAM GREENLEE
COUNCILMAN CURTIS JONES, JR.
COUNCILMAN W. WILSON GOODE, JR.

RESOLUTION 090881 - Resolution authorizing
City Council's Committee on Legislative
Oversight to hold public hearings to evaluate
Philadelphia International Airport's current
resources for international travelers...

RESOLUTION 100016 - Resolution authorizing
City Council's Committee on Legislative
Oversight to hold public hearings to
investigate how the Philadelphia International
Airport can expand its international flight
options...

- - -

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COUNCILMAN KENNEY: Good

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morning, ladies and gentlemen. Thank you

4

for your attendance today. Due to the

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fact this is two resolutions, we will not

6

be requiring a quorum, because no

7

legislation will be leaving from the

8

Committee. So we can kind of get started

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on time for a change, which is always

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nice in here.

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This is a hearing on the

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Committee of Legislative Oversight on two

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resolutions: Resolution No. 090881, a

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resolution authorizing City Council's

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Committee on Legislative Oversight to

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hold public hearings to evaluate

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Philadelphia International Airport's

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current resources for international

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travelers and explore current trends and

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opportunities to improve these services

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to improve our City's international

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image; and

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Resolution No. 100016, which is

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a resolution authorizing City Council's

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Committee on Legislative Oversight to

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 hold public hearings to investigate how
3 the Philadelphia International Airport
4 can expand its international flight
5 options to position the City to become
6 more competitive in serving area
7 residents and more attractive for tourism
8 and conventions.

9 I'd just like to make a few
10 opening comments, if I may, very short.

11 Good morning. We're here today
12 to discuss ways to improve Philadelphia's
13 international appeal and accessibility by
14 expanding flight options and resources
15 for international travelers at
16 Philadelphia's International Airport.
17 Already PHL is one of the largest
18 economic engines in Pennsylvania,
19 generating \$14 billion annually in the
20 local economy.

21 Currently, there are 22
22 airlines that operate out of the Airport,
23 four of which offer international
24 flights. Furthermore, the Airport has
25 passenger assistance staff assigned to

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 greet international flights and offer
3 language services through courtesy phones
4 located in all terminals. However, room
5 remains for improvement.

6 Compared to other airports in
7 the region, PHL does not offer as many
8 international flights. It does not have
9 as many international or domestic
10 carriers. In addition, opportunities
11 exist to improve customer service through
12 multi-language information kiosks, which
13 the Chicago airport system uses.

14 Improving these two areas will provide
15 exponential benefits to the City.
16 Increased international flight options
17 would benefit residents, enhance business
18 opportunities and bolster our city's
19 economy. Expanding resources for
20 international travelers would help
21 improve the customer experience and help
22 Philadelphia continue to emerge as a
23 world-class city.

24 As I mentioned, PHL is one of
25 the largest economic engines in

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Pennsylvania, and it has the potential to
3 build on this foundation to better serve
4 the City, the region and the economy. By
5 finding ways to expand flight options and
6 resources, we can do just that.

7 And before we get started with
8 the witnesses, would any members of the
9 Committee like to say anything?

10 (No response.)

11 COUNCILMAN KENNEY: Thank you
12 very much.

13 Our first witness is Mark Gale,
14 the Director of Philadelphia
15 International Airport.

16 (Witnesses approached witness
17 table.)

18 COUNCILMAN KENNEY: Before
19 Mr. Gale gets started, I just want to
20 thank you and your staff at the Airport
21 for all your cooperation and sharing of
22 information and making yourself
23 accessible to my staff in preparing for
24 this hearing and your ongoing
25 improvements overall at the Airport.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Again, you were an integral part, before
3 Mr. Isdell left, of our J.D. Power award
4 last year or the year before, and we do
5 have a great airport, and this hearing is
6 to try to look at ways to make it even
7 better than it is. So I thank you for
8 all your cooperation and for your
9 attendance this morning.

10 Please identify --

11 MR. GALE: Good morning and
12 thank you, Chairman Kenney. I do
13 appreciate the kind remarks, and also
14 good morning to the members of the
15 Committee.

16 I trust you have a copy of the
17 written testimony?

18 COUNCILMAN KENNEY: Yes.

19 MR. GALE: Would you like me to
20 read that testimony, Councilman?

21 COUNCILMAN KENNEY: No. You
22 can just summarize.

23 MR. GALE: I'll just summarize
24 the testimony in general, if you would.

25 Again, first, thank you very

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 much for the opportunity to speak before
3 you today to talk a little bit about
4 Philadelphia International Airport, some
5 of the accomplishments that we've been
6 able to achieve, particularly in the area
7 of international air service development
8 and growth over the past decade plus, but
9 also talk a little bit about my new role
10 as the CEO and some of the initiatives
11 that I want to undertake, along with many
12 of the stakeholders that are here in the
13 room, for the same purposes that you've
14 just identified.

15 The Airport is one of the
16 largest economic engines in this region.
17 As I stated when I took the office, I
18 believe that the Airport needs to be an
19 epicenter for economic development
20 activity, for jobs, for growth. But just
21 as importantly, I think it needs to be
22 our nexus, our connection to the globe.
23 We do need to get out beyond the reaches
24 that we currently have reached today, and
25 I think we have some good plans that

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 we're going to be pursuing in the future
3 hopefully that will enable us to do that.

4 Just from the testimony, again,
5 since 1997, we've been able to double our
6 international traffic, going from two
7 million passengers a year to four million
8 passengers a year in 2009, added 21
9 additional international destinations in
10 that timeframe. Most notably, the banner
11 marked year was in 2003, which was the
12 opening of our new international
13 terminal, Terminal A-West, which added 13
14 gates to our existing complement of
15 international gates, bringing our total
16 to 21. At the end of that year, we
17 recognized that we added 11 new
18 destinations in Europe, one in the Middle
19 East since then.

20 Today, Philadelphia
21 International Airport offers 60 daily and
22 seasonal non-stop flights to 18 cities in
23 Europe, 12 destinations in the Caribbean,
24 three cities in Canada, one city in the
25 Middle East. And while that sounds

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 fantastic, and I do want to take this
3 opportunity to thank U.S. Airways for
4 what they've been doing for the City of
5 Philadelphia over these past number of
6 years, if it were not for their ventures
7 into other parts of the world and the
8 backing of the building of new
9 international facilities at the Airport,
10 I don't think we would be where we are
11 today. And they do operate roughly 75
12 percent of the international flights that
13 arrive into the Airport.

14 But one of the other platforms
15 that I stand on is, as grateful as I am
16 to U.S. Airways, I also believe that
17 strength comes from diversity, and what
18 I've been saying is, I believe we need to
19 diversify our air service portfolio. I
20 want to continue working with U.S.
21 Airways to grow our international air
22 service route development, but at the
23 same time, I want to be talking to other
24 carriers, whether they be aligned with
25 U.S. Airways or not aligned with U.S.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Airways, and looking for ways and
3 opportunities to grow what we currently
4 have today. But I cannot do it in a
5 vacuum. I need to do it together with
6 our business community, with our tourism
7 agencies in the area and with yourselves,
8 because going after new international
9 service cannot be done haphazardly.
10 There needs to be a lot of research that
11 goes into identifying what city pairs
12 would make the most sense to launch
13 service or attempt to launch service or
14 attract service into the Philadelphia
15 market.

16 There are limited resources,
17 both on our side as well as on the
18 airlines' side. We need to be able to
19 put together very strong business cases
20 in order to approach either another city
21 and/or another airline to potentially
22 offer this service.

23 So, again, while I think we've
24 done a fairly good job, there remains a
25 lot of work in front of us. The good

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 thing is, I believe that we're up to the
3 task. We do need to make some
4 improvements moving forward at the
5 Airport.

6 Last year, in the summer, in
7 the peak summer season, with U.S. Airways
8 and the service -- the additional service
9 announcement that they made, three cities
10 in particular - Tel Aviv, Oslo and
11 Birmingham - that put us into a situation
12 where a number of airplanes were
13 hardstand in a remote park every single
14 day. So we did fill up all 21 gates
15 plus.

16 We used our mobile lounges or
17 passenger transfer vehicles last year to
18 convey passengers back and forth. A
19 total of almost 50,000 passengers went
20 back and forth between remotely parked
21 airplanes and the terminal facility.
22 That's not the type of environment that
23 we want to have for certainly visitors
24 that are coming from abroad or the folks
25 that are actually flying in and out of

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Philadelphia on a regular basis,
3 particularly those that would be the core
4 that a new airline would look to serve
5 here and that's within the business
6 community. They want to make sure that
7 if they're going to start service to a
8 new city, that there's going to be folks
9 dedicated to filling those seats on a
10 regular basis.

11 On the U.S. Airways side, we
12 have a lot of strength in terms of them
13 not only having a domestic hub here in
14 Philadelphia as well as providing an
15 international gateway, about 70 percent
16 of the U.S. Airways international traffic
17 is connecting traffic. That's what
18 bolsters that service to be able to fly
19 to and from Philadelphia.

20 But I also believe that U.S.
21 Airways, as a member of an airline
22 alliance group, and particularly the Star
23 Alliance, that there are opportunities
24 there to be had going forth in the future
25 to get us into other parts of the globe

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2 that we currently do not serve, at least
3 not on a non-stop basis.

4 We have great access into
5 Western Europe. We have great access
6 into the Caribbean. We have access into
7 Canada. We have now a direct service,
8 albeit not non-stop, to South America and
9 to Rio de Janeiro, but if you take a look
10 at the globe, obviously we're not hitting
11 the continents Asia, Africa, further into
12 South America, off into India as well.
13 They're the pieces that I want to
14 concentrate on getting Philadelphia
15 service directly into those areas,
16 hopefully with the assistance of U.S.
17 Airways and other Star Alliance members,
18 but if that's not attractive to them, my
19 initiatives will not stop there. They
20 will continue on to work with the
21 business community to find how to make
22 that happen.

23 I do want to also touch upon in
24 the resolution we -- specifically, the
25 one in reference to amenities for

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 international travelers. Again, I think
3 that the addition of our new
4 international terminal in 2003 received a
5 lot of acclaimed attention in terms of
6 taking us into the 21st century with
7 respect to an international facility that
8 was designed to operate and feel like an
9 international facility with first-class
10 amenities in that facility. We do have
11 staff members on board, as you mentioned,
12 Chairman, that speak a total of 23
13 different foreign languages. We have
14 over 750 white courtesy telephones
15 throughout the Airport to be able to
16 connect our travelers with operators that
17 speak French, German and Spanish. We
18 also have access to a language hotline
19 through our Airport Communications Center
20 to over 100 additional languages.

21 With respect to the kiosks that
22 were referenced in Chicago, I would like
23 to say I think in terms of Philadelphia
24 International being on the cutting edge,
25 our Visitor Information Center kiosks

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 that are located in each one of our
3 baggage claims that currently have
4 touch-screen capability that were put in
5 in 2005 were state of the art at that
6 point in time, and I think we were one of
7 the first airports to actually put them
8 in. Admittedly, some other airports like
9 Chicago have put in subsequent versions
10 with upgraded software, now have the
11 ability to offer those same type services
12 and more in multiple languages, up to
13 eight different languages.

14 For Philadelphia, we can say
15 today that, and also in speaking with
16 Chicago, the provider that installed
17 those devices in Chicago just happens to
18 be the same provider for Philadelphia
19 International Airport. We are reaching
20 the end of our negotiation process with
21 that provider. We are going through the
22 contract extension, and through our
23 negotiation, we were able to get from
24 them a commitment that they will provide
25 those upgrades to Philadelphia at no cost

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2 to us. We're talking, between the
3 upgrades to the touch screen as well as
4 to additional cell phone and laptop
5 charging stations free for our passengers
6 coming through the facility, we're
7 talking almost a couple hundred thousand
8 dollars worth of investment at no cost to
9 us.

10 At this time, I can say the
11 timing for those improvements should
12 occur prior to the summer season. But
13 they're just another example of the
14 things that we're working on to try to
15 make the experience of coming through
16 Philadelphia International Airport a much
17 better experience.

18 In terms of getting the
19 messages out to our passengers about
20 welcoming them to Philadelphia, being
21 proud of our city, I've been meeting with
22 the folks from the Pennsylvania
23 Convention and Visitors Bureau, from
24 GPTMC, from the Independence Visitors
25 Center and others, the Chamber of

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Commerce, in my new role to be an
3 ambassador for the City and for the
4 Airport to use the Airport essentially as
5 a mouthpiece to announce ourselves to the
6 world that we welcome visitors into our
7 city and give them first-class amenities
8 when they're coming through that.

9 We've been playing welcome
10 messages and advertisements from those
11 agencies in our terminal building on our
12 CNN monitors and soon on our flight
13 display monitors, and I think as we
14 continue on, we'll be looking for video
15 messages, welcome messages, from the
16 Mayor specifically tailored to be played
17 at the Airport as well.

18 COUNCILMAN KENNEY: Will the
19 Mayor be speaking any foreign languages?

20 MR. GALE: I haven't asked if
21 he'll be speaking, Chairman, foreign
22 languages. I'm going to stick with
23 English for the time being.

24 I would say that with respect
25 to air service development -- and then

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 I'll wrap up, Chairman -- there was an
3 announcement. Some of the strategies
4 that I've been talking to our staff, our
5 air service development consultants and
6 others in order to get Philadelphia into
7 other parts of the world that we
8 currently don't provide directly but at
9 least to be able to get there without too
10 much difficulty, U.S. Airways announced
11 just a few days ago a new co-chair
12 agreement with Brussels Airlines, and
13 they're going to be using that co-chair
14 agreement specifically to fly passengers
15 to Philadelphia, potentially to Brussels,
16 but then they will connect with Brussels
17 Airlines and fly into other parts of the
18 world that we currently don't get to
19 directly, specifically places in Africa
20 and off into the Middle East and Asia,
21 but it will look like you're flying on
22 U.S. Airways completely through as part
23 of a co-chair agreement. It's a step in
24 the right direction, I believe. I think
25 some of the tests to be able to attract

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 new service if we were going to go, let's
3 say, Tokyo-Philadelphia in the future is
4 to be able to show that there is traffic
5 and demand, and this is one of the ways
6 to actually get there. They just
7 announced that service. Pending DOT
8 approval, they hope to be able to be off
9 and running with that service by the
10 summer as well.

11 But, again, these things do
12 take time. They do need to occur in some
13 logical sequence. We do need to be able
14 to match the resources that we have
15 available at the Airport; i.e., gates for
16 parking airplanes, ticketing counters,
17 baggage claim areas, in order to make
18 sure that the entire package works for
19 somebody to come into the facility.

20 COUNCILMAN KENNEY: If you
21 could add five cities over the next two
22 years, what would be the five cities
23 you'd choose? I mean, all things being
24 equal and just your general desire,
25 without any caveats, just what would be

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 the five cities you'd want to add.

3 MR. GALE: I think I've been a
4 little reluctant to identify specific
5 cities and I've been focusing on strategy
6 and asset management right now, but if I
7 had my druthers, places that I would like
8 to see -- certainly one of the painful
9 things that happened within recent months
10 is that U.S. Airways released the
11 authority to fly Philadelphia-Beijing at
12 the end of last year due to the economic
13 recession and the difficulties there. I
14 certainly would love to get us into
15 Beijing. I would also love to be able to
16 get us into Tokyo.

17 There are a couple of other hot
18 spots that when you look around very
19 large cities, that whether it's Newark or
20 Dulles, some of our direct competitors,
21 further down into South America, into
22 Buenos Aires, potentially into Lima, also
23 into portions of Africa and South Africa
24 into Johannesburg and some other
25 locations in Africa as well.

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2 So around the globe, Tokyo,
3 Moscow, certainly Beijing. Dubai is a
4 very hot spot right now with respect to
5 economic activity that several airports
6 are serving directly as well.

7 COUNCILMAN KENNEY: The further
8 away the city is, are there strategic
9 issues or operational issues relative to
10 the size of the plane and the number of
11 people that they need to be booked on
12 that plane in order to make that route
13 profitable for any city?

14 MR. GALE: The route
15 profitability has many factors to it.
16 Obviously I think, again, one of the key
17 stakeholders at a table to talk to a new
18 airline or to prove to an airline like
19 U.S. Airways that you could fly that
20 route directly, obviously if we have
21 businesses that are located in
22 Philadelphia, whether they be
23 pharmaceutical businesses, life science
24 businesses, educational and the like, to
25 get a commitment from them that they'll

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 actually -- instead of going up to JFK or
3 Newark or going to Dulles, that they'll
4 put seats in those aircraft.

5 Certainly the length of the
6 stage of the flight and what's in the
7 individual airline's fleet mix is a
8 challenge, and that's partly one of the
9 issues that came into play with U.S.
10 Airways into Beijing. They could
11 potentially get there with something in
12 their fleet mix today, but it would have
13 been pushing the outer limits and they
14 may have had to take some penalties;
15 i.e., take some folks off the airplane
16 and put more fuel on the airplane in
17 order to stretch it out there.

18 We have a lot of strengths that
19 have to play into our decision. That's
20 why I said about strategy moving forward,
21 talking to the business community, their
22 corporations, corporate members, where
23 would they like to see us serve, where
24 would they be willing to back us,
25 ethnicity and demographics of our own

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 area, folks that would get on airplanes
3 and go to some of these locations, and
4 tourism, what are great hot spots for
5 tourism.

6 If you're talking about going
7 up to Vancouver or you would like to go
8 to Tokyo, there's a lot that goes into
9 the mix, and because we have limited
10 resources right now at the Airport, I
11 think we need to be very careful as we
12 move forward and concentrate on what the
13 best moves will be for the City and for
14 the region.

15 At the same time, I will be
16 looking for ways to expand our
17 international capability at the Airport
18 to attract additional airlines so that
19 when they come to Philadelphia -- and I
20 do want them to come to Philadelphia --
21 that they will be at a contact gate,
22 they'll be at the terminal building, they
23 won't have to park remotely and be bussed
24 into the terminals.

25 COUNCILMAN KENNEY: Are there

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 contractual issues that are obstacles to
3 the use of the international terminal by
4 other carriers other than U.S. Air?

5 MR. GALE: Our international
6 gates right now are all done on a
7 common-use basis, meaning no one can lay
8 claim to any of those gates. Even if the
9 gates went to the other version of an
10 arrangement that we have with the
11 airlines, what we call preferential use,
12 that airline can use it preferentially as
13 long as the traffic is coming in, as long
14 as they can show that they're using the
15 gate X number of times per day according
16 to formulas that we have spelled out on
17 our use and lease agreements with those
18 carriers. When they don't or when they
19 cannot meet those formula tests, then the
20 gate would revert back to us in
21 international in a common-use fashion.
22 But for today, all our international
23 gates that we have are being operated on
24 a common-use basis.

25 COUNCILMAN KENNEY: Councilman

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Jones.

3 COUNCILMAN JONES: Thank you,
4 Mr. Chairman. And as Chair of
5 Transportation and Public Utilities, I
6 see a couple of our members on that
7 Committee here. We have a keen interest
8 in what you're doing, and thank you for
9 holding these hearings.

10 A couple of quick questions
11 that come to mind. How has generally the
12 economy impacted, upwards or downwards,
13 our viability as an airport?

14 MR. GALE: Great question,
15 Councilman. Thank you. The end of 2009,
16 we've completed the year about 3.7
17 percent down in total passenger traffic.
18 We're sliding back. Last year at 31.8
19 million. We ended 2009 at 30.7 million
20 passengers.

21 So the economy has certainly
22 worked against us in terms of drawing
23 down some of our passenger traffic. At
24 the same time, it's drawing down our
25 aircraft operational traffic.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 COUNCILMAN JONES: So until
3 that time we had been trending up?

4 MR. GALE: The last two years
5 we've been trending downwards as part of
6 the recession.

7 The good news at least from
8 this past year was that we realized an
9 increase in international traffic. It
10 was up two and a half percent. Now, some
11 of that is due to the fact that U.S.
12 Airways added three new cities this past
13 summer, as I said, Oslo, Birmingham and
14 Tel Aviv. Tel Aviv and Oslo did quite
15 well, and U.S. Airways has retained those
16 routes. Birmingham, which was a new city
17 for them this past summer, did not
18 perform as well. They opted to drop
19 Birmingham at the end of the summer,
20 along with a few other cities at the end
21 of the summer that were essentially not
22 performing to the level that they needed
23 in order to make a profit on those runs.

24 Globally, the international
25 traffic, particularly in Europe, has been

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 down significantly, but all the things
3 that we are looking at, both on the
4 domestic side as well as on the
5 international side, indicate that as we
6 start to rebound from the recession, we
7 should continue to look for growth in
8 those sectors.

9 On our side, Airport side, and
10 the plans that we're working on, we are
11 still forecasting -- this past year we
12 had a little over 30 million passengers,
13 30.7 million passengers, or about 15.3
14 million passengers, enplaned at the
15 Airport, roughly half of the total number
16 of passengers that enplaned at the
17 Airport. We're looking for those
18 enplanements by the year 2020 to grow to
19 20 million passengers enplaned out of
20 Philadelphia. And then as you get closer
21 and you take the outer-lying years, if
22 the forecasts hold true -- and I believe
23 that they will -- we're looking at a
24 total of almost 30 million enplaned
25 passengers leaving out of Philadelphia or

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 60 million passengers coming through our
3 facility, twice what we have today,
4 within the next 15 to 20 years.

5 COUNCILMAN JONES: In analyzing
6 your market, how would you describe,
7 other than transfers coming through the
8 Airport terminal, who is our local
9 market? Where do they come from and why
10 do they use us?

11 MR. GALE: The Philadelphia
12 metropolitan area. And what we look at
13 as far as air service, we take into
14 consideration about an hour to an hour
15 and a half's drive time to get to the
16 Airport, which encompasses an 11-county
17 region around the facility. That's what
18 we refer to as our catchment area.

19 The total population in that
20 catchment area is about six to eight
21 million of potential flyers that we've
22 identified. To the north of us, we've
23 always considered Newark Airport a
24 competitor of ours, particularly with
25 international traffic, and to the south

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 of us, Baltimore-Washington Airport was a
3 competitor of ours for domestic traffic.

4 COUNCILMAN JONES: When you say
5 "Newark," you're talking about New York
6 as well?

7 MR. GALE: Not so much JFK, but
8 Newark Airport with direct competition
9 with Philadelphia. Continental Airlines
10 hubs out of Newark. They also run a
11 gateway out of Newark, an international
12 gateway out of Newark. Compared to what
13 we do at Philadelphia with U.S. Airways,
14 that's more of a direct competition. JFK
15 is more of a melting pot. American
16 Airlines and Delta do run out of JFK, but
17 when you go through JFK, you can see a
18 complete mix of foreign-flag carriers
19 that service that airport from all parts
20 of the world.

21 COUNCILMAN JONES: From your
22 natural marketplace, eight million
23 people, the 11-county catchment area, is
24 there any -- I'm sure there is --
25 statistical analysis of who is flying

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 where and how to enhance that particular
3 service, what's the frequency of those
4 flyers?

5 MR. GALE: Sure. We have
6 statistical data on what our top markets
7 are domestically. Chicago, Orlando,
8 Atlanta end up always being in the top
9 realm of whether we're talking about
10 folks that are connecting through
11 Philadelphia or they're getting on the
12 planes in Philadelphia. They're some of
13 our top markets, and the list is 50 to
14 100 cities long, but we have all that
15 statistical data.

16 COUNCILMAN JONES: What about
17 on the international?

18 MR. GALE: International side,
19 the market, the top international market,
20 flying out of Philadelphia is Cancun.

21 COUNCILMAN JONES: Imagine
22 that.

23 COUNCILMAN KENNEY: That's a
24 college town, isn't it?

25 MR. GALE: But we have those

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2 statistics as well, Councilman, and
3 they're published. We could get those to
4 you.

5 In terms of the demographics of
6 the traveler at Philadelphia
7 International Airport, an airport's
8 strength lies strongly in many cases in
9 its origin/destination traffic, meaning I
10 got on the plane here or I ended my trip
11 here, I live in this area. And for
12 Philadelphia, our origin/destination, or
13 our O&D traffic, is about 60 percent.
14 It's quite strong. As opposed to a
15 location, let's say, Pittsburgh a half a
16 dozen years ago when U.S. Airways
17 operated a very big hub facility at
18 Pittsburgh, their transfer traffic was 80
19 percent and their origin/destination
20 traffic was down around 20 percent. So
21 when U.S. Airways pulled the plug on the
22 hub operation there, they lost all their
23 traffic and Pittsburgh Airport became
24 almost a ghost town with that respect.

25 In Philadelphia, we don't

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 believe that we have the same
3 vulnerability. Certainly we'd like to
4 see it bolstered even further than what
5 it is today, and we look at it quite
6 closely, particularly in the age where
7 airline bankruptcies become quite common.
8 In an economic recession, that's even
9 more of a vulnerability, but we continue
10 to look at it.

11 The other demographic that we
12 look at in terms of the strength of our
13 O&D market is the split between business
14 and leisure traffic. Historically, the
15 traffic in Philadelphia is about 65
16 percent business traffic, 35 percent
17 leisure traffic. Now, over the past 18
18 months to 24 months, that business
19 traffic has dropped off significantly.
20 That's where we believe when you take a
21 look at the losses that we've incurred
22 passenger-wise, it's because the business
23 traveler had stopped flying for a while.
24 Businesses were withholding travel for a
25 lot of their corporate employees.

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2 We're starting to see some of
3 that come back. We're talking to the
4 airlines. They're starting to see what
5 they call their premium passengers, the
6 higher yield, pay the higher fares,
7 last-minute fares, the book-up in First
8 Class. That's where airlines tend to
9 make their money a lot of the time.
10 We're seeing a lot more of that starting
11 to rebound, and that's why we feel
12 confident that we're going to continue to
13 see a surge as we come out of the
14 economic recession.

15 This is really an interesting
16 time for Philadelphia being located
17 between Washington and New York and
18 coming out of the economic recession. I
19 think that with some of the things that
20 we're doing, we're well poised to strike
21 and do good things.

22 COUNCILMAN JONES: I want to
23 ask a couple of bullet questions so my
24 colleague can get in, but very quickly,
25 these improvements that you're talking

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 about under your fee structure, who pays
3 for them?

4 MR. GALE: Which improvements,
5 Councilman?

6 COUNCILMAN JONES: If we're
7 talking about increasing kiosks that
8 are -- does the airline pay? Does the
9 City pay? How does that work?

10 MR. GALE: Well, in this case,
11 in terms of the contract extension for a
12 vendor that we have that provides the
13 advertising at the Airport, that remits
14 revenues to the Airport and because of
15 the recession, instead of putting it back
16 out to bid again, we signed two one-year
17 extension deals with them to continue on
18 until the economy improves so that we can
19 put it back on the streets so we can
20 match what we believe will be a better
21 deal coming forward in terms of revenue.

22 COUNCILMAN JONES: And how much
23 revenue does that --

24 MR. GALE: The net revenue to
25 the Airport on an annual basis is --

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 well, last year I think it was about 3.5
3 million that comes into -- I should say
4 that the Airport is operated totally,
5 totally with dollars that are generated
6 at the Airport. There are no taxpayer
7 dollars that are infused in the Airport.
8 We're not part of the General Fund. We
9 operate the Airport on funds that are
10 generated at the Airport. And so split
11 between what we refer to as airline
12 revenues, what the airlines pay for
13 landing fees, for renting space at the
14 Airport, and non-airline revenues,
15 parking revenues from the garages,
16 concession revenues from the food and
17 beverage and retail shops throughout the
18 Airport, advertising, things that we're
19 talking about right now, all of those
20 revenues are what drive the budget at the
21 Airport, and in hard times, when the
22 airlines were losing money, just as the
23 City was going about its budget woes last
24 year, the Airport was going around its
25 own budget woes with the airlines,

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 because they were losing money

3 significantly and they were looking for

4 the Airport to cut costs due to revenue

5 projection shortfalls. That's pretty

6 much what we operate at.

7 COUNCILMAN JONES: It's not me.

8 He answers long, I'm just saying.

9 COUNCILMAN GREENLEE: I didn't
10 say anything.

11 COUNCILMAN JONES: Two quick
12 questions and I'll pass the mike. How
13 are we doing on diversity and
14 participation, both on the contract side
15 and on the concession side? And I want
16 to commend you again on your greening and
17 recycling efforts. I believe out of all
18 of our departments, you may have been on
19 the cutting edge of that in a
20 cost-containment component, but also
21 doing what's right for the environment.
22 So I want to say that. I remember that
23 as a very, very fresh freshman that that
24 was probably the gold standard of
25 departments, and I want to give you your,

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.
2 on the record, accolades.

3 MR. GALE: Thank you,
4 Councilman. One of my deputies is in the
5 audience, Calvin Davenger, who spearheads
6 our Planning and Environmental
7 Stewardship Program and has done a lot of
8 great things at the Airport and continues
9 to do great things at the Airport on the
10 environment side, and I do thank you.

11 Our Acting Director for
12 Compliance is also with me today, Caleb
13 Gaines, who has the specific diversity
14 numbers. I'll give you the general
15 numbers, but if you take our DBE average
16 between professional services and public
17 works and add in concessions, our average
18 is at roughly 32 percent right now. It's
19 a little higher on the one side and about
20 27 percent -- 38 percent on one side, 27
21 percent right on the other side. I think
22 we're right at about 32 percent.

23 Is that right, Caleb?

24 COUNCILMAN JONES: He has no
25 credibility. I know him from --

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 MR. GALE: He's got the numbers
3 better in his head than I do.

4 COUNCILMAN JONES: I know him
5 from way back. He used to work for me,
6 so I know -- no. He is absolutely great.

7 Thank you, Mr. Chairman.

8 COUNCILMAN KENNEY: You're
9 welcome.

10 Councilman Greenlee.

11 COUNCILMAN GREENLEE: Thank
12 you, Mr. Chairman.

13 Good morning, gentlemen. Thank
14 you for all the work you do at the
15 Airport. Just one follow-up on one of
16 the questions Councilman Jones had. You
17 mentioned that 65/35 split. Was that
18 international or is that all travelers?

19 MR. GALE: That's all
20 travelers.

21 COUNCILMAN GREENLEE: Have you
22 ever done any study of the international?

23 MR. GALE: I don't believe that
24 we have, Councilman, but I think that
25 something in talking to our air service

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 development folks as we get into
3 identifying which particular markets
4 would be beneficial for us to fly in,
5 that's certainly information in the
6 demographics that we need to look at.

7 COUNCILMAN GREENLEE: The
8 Chairman asked a question about the
9 contractual agreement of U.S. Air as far
10 as the gates go, and I know you said
11 you're working with U.S. Air and it's a
12 cooperative effort, but is there any
13 contractual limits at all with U.S. Air
14 that you would see as something you have
15 to deal with or any hindrance at all in
16 your long-range plans to expand more
17 travel places?

18 MR. GALE: I would say this:
19 In 2006, the Airport came to the end of a
20 32-year use and lease agreement, a use
21 and lease agreement with the Airport that
22 was signed back in 1974, that allowed the
23 airlines exclusive rights to the gates
24 that they operated on, and that was done,
25 in large part, to get a commitment from

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 them for capital improvement at the
3 Airport going forth; i.e., back bonds off
4 into the future.

5 We're currently in a four-year
6 agreement, and exclusive rights as part
7 of that agreement to any airline were
8 removed. So the airlines either have to
9 operate on a common use, if it's sporadic
10 activity, you want to use the gate, you
11 file with us, and as long as the gate is
12 available for that timeframe, you can use
13 it, and there are certain charges for
14 that.

15 An airline like U.S. Airways or
16 Southwest or United or American, they all
17 operate under what we refer to as
18 preferential use, meaning if United has
19 five gates and our average number of
20 turns -- an average turn for that gate is
21 four or five times per day, United has 25
22 flights a day, they have to use it an
23 average of five times per day. When it
24 drops below that average, they start to
25 have to do some things at that point in

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 time. They either need to bring the
3 average back up in a given period of time
4 or they have to give the gate back to us.
5 It's a way that we have better control of
6 our facility moving forth in the future,
7 and that's quite common in our industry
8 the way they're set up right now.

9 COUNCILMAN GREENLEE: So you
10 have pretty good control of what goes on.

11 MR. GALE: And on the
12 international side, for the most part, as
13 I said, it's pretty much all common use
14 in that arena.

15 COUNCILMAN GREENLEE: Is there
16 any other airports -- I know you talked
17 about the ones that are sort of your
18 competitors, if you will, but I'm sure
19 you study the airports all over the place
20 in the United States. Are there any
21 airports you can use as an example that
22 had been able to expand that
23 international travel comparable to what
24 you're looking at or what you'd like to
25 do?

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2 MR. GALE: I think the
3 expansion question again goes to two
4 individual elements. One, does the
5 Airport have the assets capable to offer
6 either to an existing airline like a U.S.
7 Airways or a new entry carrier to come in
8 and operate at the level that we want to
9 operate and service offerings that they
10 want to operate. We just relocated --
11 this past January, Delta and Northwest
12 Airlines merged. We moved the Delta
13 operation that was located in Terminal
14 A-East on international capable gates out
15 of A-East and into Terminal E. That
16 freed up three gates now that can be used
17 for international traffic.

18 We have a couple other moves
19 that we're looking at like that in order
20 to put more international-capable gates
21 in our asset bank that we can use in
22 order to market ourselves going forth in
23 the future.

24 Obviously the other piece is
25 work that I need to be doing with the

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 business community and with the marketing
3 and tourism groups to identify those
4 locations that will be good service
5 routes for Philadelphia to go forth in
6 the future.

7 Airports that have done a great
8 job in terms of growing international
9 side, obviously Atlanta is the busiest
10 airport in the world. We're sitting at
11 30 million passengers total annually
12 right now. Atlanta is at 90 million
13 passengers total. They far outpace the
14 rest of the industry.

15 But airports that are hotbeds
16 for not only business but for tourism,
17 some of the ones I mentioned before that
18 are going through expansion plans, LAX,
19 Chicago is in the midst of an \$8 billion
20 expansion program, Miami and others are
21 also in the midst of expansion programs,
22 just to be able to do some of the things
23 that we're talking about, and that's
24 exactly where Philadelphia is headed in
25 terms of our expansion plans.

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2 COUNCILMAN GREENLEE: One last,
3 if I could. You say in your statement
4 about you currently offer 60 daily and
5 seasonal non-stop flights. Do you have
6 what you would call a reasonable target
7 of how much you would like to improve
8 that over a given amount of time,
9 roughly?

10 MR. GALE: I think the flights
11 that we have today -- as I said, we have
12 great reach into Western Europe and great
13 reach into the Caribbean, a little bit
14 into Canada. When U.S. Airways announced
15 service to Rio de Janeiro, it's direct
16 service, one stop. It stops in Charlotte
17 and continues on down. The passengers
18 don't have to get off the airplane until
19 they come back. Then they have to get
20 off the airplane in Charlotte and go
21 through customs. Then they get back on
22 the plane and come back.

23 So, again, we're able to get
24 people to certain parts of the world, but
25 not in the fashion that I'd like to.

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2 Going forth in the future, I would love
3 for us to be able to pick up some
4 additional cities, Star Alliance members
5 with U.S. Airways, and then maybe some
6 non-Alliance members from foreign-flag
7 carriers.

8 Five years out from now, if we
9 had another five to ten cities that we
10 served around the globe, I think that
11 that is a good target, but, more
12 importantly, I think as part of what
13 we're trying to do with our world-class
14 image, working with members from the
15 Economy League, with PCVB, with the
16 Chamber, I think that we need to
17 penetrate markets directly into
18 continents that we currently don't serve
19 directly and get Philadelphia non-stop
20 service, whether it's into Johannesburg
21 or over to the Pacific Rim in Tokyo.
22 That's what I think is going to put
23 Philadelphia on the global map and start
24 to raise our attention around the world.

25 COUNCILMAN GREENLEE: Thank

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 you. Good luck.

3 Thank you.

4 COUNCILMAN KENNEY: Councilman
5 Jones, you have a follow-up?

6 COUNCILMAN JONES: Yes. Very
7 briefly, and I admit I'm a democrat and
8 sometimes we like to tax and we
9 definitely like to spend, but in our
10 financial condition as a municipality, we
11 are checking in the cushions of sofas to
12 find coins to add to our treasury.
13 Former mayoral candidate, Congressman
14 Chaka Fattah, had an interesting proposal
15 about a toll road in or out of the
16 Airport, one time, and probably as people
17 have dropped off.

18 Has there ever been any thought
19 given to that as a possible revenue
20 source to the City of Philadelphia?

21 MR. GALE: To sell the Airport?

22 COUNCILMAN JONES: No. I don't
23 want to sell the Airport. That was
24 his --

25 MR. GALE: For tolling?

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 COUNCILMAN JONES: Yeah, for a
3 road, a one-time access or departing auto
4 gate that might get us -- if you're
5 talking about 38 million people that drop
6 off there, that's \$38 million new
7 revenue, minus whatever the cost to
8 actually implement it. That's a couple
9 of quarters in the couch.

10 MR. GALE: Some airports are
11 using access tolling as ways to generate
12 revenues. Some municipalities or
13 governing entities are also looking at
14 those.

15 The issue with respect to
16 raising revenue at the Airport,
17 Councilman, whether it be through a
18 landing fee, through a space rental or
19 through our concessions or parking, is,
20 there's a federal law on the books that
21 says any airport -- or any revenue that
22 is generated at the Airport from
23 activities happening at the Airport is
24 revenue that must stay at the Airport.
25 It's not permitted to be diverted

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 anywhere else.

3 COUNCILMAN JONES: That's why I
4 said the road leading to the Airport.

5 MR. GALE: The road leading to
6 the Airport, if an agreement was made, if
7 we owned the roads coming into the
8 Airport; i.e., the City owned the roads,
9 then that's possible that the City could
10 look into doing those things as a revenue
11 source, but given that the access ramps
12 right off of I-95 belong to PennDOT, I'm
13 not sure if that necessarily would fly.

14 COUNCILMAN JONES: Okay.

15 MR. GALE: No pun intended.
16 I'm sorry.

17 COUNCILMAN JONES: I got it.

18 COUNCILMAN KENNEY: Just one
19 last question relative to regional
20 demographics, which you had mentioned in
21 your testimony earlier was one of the
22 factors in determining what would be a
23 viable route. It would seem to me a
24 natural viable nation for this region
25 would be India. I mean, Philadelphia

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2 alone has a substantial Indian
3 population. I know the region does, and
4 I know there's a large number of business
5 interests in the region.

6 Is that a problematic country
7 as far as trying to establish either
8 Mumbai or another --

9 MR. GALE: No. I think that
10 places in India are certainly opportune
11 markets. We need to, again, make sure
12 that we do our homework. When we start
13 talking about India and Saudi Arabia
14 area, again, Dubai, Riyadh, Jeddah, all
15 those locations become potential targets
16 for going after to get the direct
17 service, whether we're getting the
18 service into Pakistan. We are continuing
19 to look at India. Again, if not directly
20 with a carrier, can we get there at least
21 in the beginning indirectly through an
22 alliance with U.S. Airways or somebody
23 else.

24 COUNCILMAN KENNEY: Thank you
25 very much for your testimony. Just one

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 final comment. I recently finished a
3 book by Robert Caro called The Power
4 Broker, which is a pretty famous piece of
5 writing, and I didn't realize until I
6 read it that at the end of World War II,
7 Philadelphia had the deal cut for the
8 United Nations, and Rockefeller and some
9 other folks with Moses drug it back. And
10 I keep on thinking to myself what a
11 different city this would have been if we
12 had kept the United Nations and moved on
13 with that as a major element of our
14 city's culture. Just a would-have,
15 should-have, could-have moment.

16 MR. GALE: Yes, sir.

17 COUNCILMAN KENNEY: We wouldn't
18 be having this discussion today, I
19 wouldn't think.

20 MR. GALE: Hopefully we'll be
21 able to produce great things, Chairman.

22 COUNCILMAN KENNEY: Thank you
23 very much. Thanks for coming.

24 MR. GALE: Thank you.

25 COUNCILMAN KENNEY: We're going

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 to allow Mr. Sakiewicz to come up with
3 Nancy Gilboy. Nick has to, it's a shame,
4 he's got to get to Paris sometime this
5 morning.

6 Nancy, you can come up with
7 him, if you'd like. You were scheduled
8 with Nick on this panel, so I figured I
9 would call you up also.

10 (Witnesses approached witness
11 table.)

12 COUNCILMAN KENNEY: Please
13 identify yourself for the record.

14 MR. SAKIEWICZ: Nick Sakiewicz,
15 CEO and Operating Partner of the
16 Philadelphia Union.

17 COUNCILMAN KENNEY: Please
18 proceed. Do you have written testimony
19 or are you going to just give us some
20 verbal testimony?

21 MR. SAKIEWICZ: Both. Whatever
22 you'd like, Councilman.

23 COUNCILMAN KENNEY: Okay.

24 MR. SAKIEWICZ: I just wanted
25 to come here and support the effort.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Obviously the Philadelphia Union plays
3 the world's game, and international
4 travel is vital to our business and many
5 of our colleagues around the globe.
6 Ironically, I'm scheduled to leave
7 tonight for Paris and have to leave out
8 of Newark Airport and pay a lot of money
9 to go there because of the scheduling and
10 the seating availability wasn't here.

11 Our team travels overseas.
12 They're currently in Mexico, and it was
13 an interesting comment about Cancun.
14 They're training for two weeks in
15 Guadalajara, had to connect through
16 Dallas.

17 So we as a business have many
18 needs from an international travel
19 standpoint, but, conversely, in terms of
20 marketing Philadelphia and being a
21 centerpiece of international football
22 here in Philadelphia, we're going to be
23 bringing many fans and teams here over
24 the years. Last year in the summer, we
25 brought the Gold Cup Tournament here that

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 featured teams from Panama and Honduras
3 that traveled here to Philadelphia. This
4 summer we have three international games
5 scheduled from Great Britain and Spain,
6 and each year we'll be doing more and
7 more of that.

8 And also my comment about
9 international business, in this economy
10 the field has changed. The playing field
11 has changed dramatically for not only our
12 business, but many businesses that do
13 business internationally. Greater access
14 to international travel would be key to
15 not only us, but all of those companies
16 that do business internationally to be
17 able to access Philadelphia and also to
18 help sell Philadelphia as an
19 international destination.

20 I'll say that many of our
21 colleagues in Western Europe and Asia and
22 South America, counterparts, find it a
23 lot easier to travel into New York and
24 get to Philadelphia versus coming here
25 directly, and that's just been my

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 experience in the last couple of years.

3 So we would love to see expanded
4 international travel in and out of
5 Philadelphia.

6 COUNCILMAN KENNEY: One of my
7 favorite sporting events is going to
8 start again, I guess, in June. I think
9 it's one of the best events every four
10 years, I guess it is, that we see. I
11 happened to be in Italy during the last
12 World Cup when the United States lost
13 that we were in Rome and it was like when
14 they won, it was crazy. It was
15 craziness.

16 But I'm wondering -- I know the
17 answer to the question, but I need you to
18 maybe elaborate on it. What does that do
19 to our inability to be an attractive city
20 in the event that the effort is made to
21 bring it to the United States?

22 MR. SAKIEWICZ: Well, it's
23 huge. We're competing with a number of
24 other countries for the World Cup. South
25 Africa again, the second World Cup in a

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 row where more Americans have bought
3 tickets to that World Cup than any other
4 country on the planet, which means the
5 sport in this country is just becoming
6 more and more important. And in our --
7 we're not only competing with other
8 nations for the 2018 and 2022 World Cup,
9 but we're also competing with other
10 cities. We made the short list of 18
11 cities, but that will get cut down to 12.
12 And we're competing against markets like
13 New York and Baltimore and Washington, DC
14 and other big cities that have major
15 international travel to them. So
16 enhancing our international travel would
17 greatly benefit the World Cup bid.

18 COUNCILMAN KENNEY: Thank you.
19 Thank you very much for your testimony.
20 You're free to get going and get where
21 you got to be.

22 MR. SAKIEWICZ: Thank you,
23 Councilman.

24 COUNCILMAN KENNEY: But thanks
25 for coming in, and good luck this year.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 We're looking forward to a lot of fun.

3 Are you going to play your first few
4 games at the Linc?

5 MR. SAKIEWICZ: We're going to
6 play our first two games at the Linc and
7 then open up the stadium in Chester on
8 June 27th.

9 COUNCILMAN KENNEY: Very
10 exciting. Thank you.

11 MR. SAKIEWICZ: Very exciting.
12 We're also bringing U.S. against Turkey
13 for their final send-off game.

14 COUNCILMAN KENNEY: I will be
15 there.

16 Thank you very much.

17 MR. SAKIEWICZ: That will be
18 exciting.

19 Thank you.

20 COUNCILMAN KENNEY: Please
21 identify yourself for the record.

22 MS. GILBOY: I'm Nancy Gilboy.

23 COUNCILMAN KENNEY: Pull the
24 microphone a little closer.

25 MS. GILBOY: Nancy Gilboy,

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 President of IVC Philadelphia.

3 COUNCILMAN KENNEY: Please
4 proceed.

5 MS. GILBOY: Thank you so much
6 for inviting me to present today. IVC is
7 the International Visitors Council and we
8 are the private-sector partner with the
9 State Department and we represent
10 Philadelphia for the U.S. government's
11 highest exchange program. Our visitors
12 are not tourists. They are members of
13 city council, they are members of
14 Parliament, they are economists and
15 judges and people from all over the world
16 who have come here to gain a better
17 understanding of the United States and
18 form their own opinion of us.

19 Our work is known as citizen
20 diplomacy, and it's now considered an
21 important part of homeland security.
22 We're also a private-sector partner for
23 the City of Philadelphia, and we
24 administer the Sister Cities Program,
25 which links us with ten cities in nine

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 countries. And every year I meet people
3 from more than 100 countries, and because
4 of that, this is very personal to me and
5 to the people involved with IVC, that
6 these are not statistics. People going
7 through the Airport are not statistics.
8 They are people who will be forming their
9 opinion of the United States and of
10 Philadelphia based on what they see
11 there.

12 I'd like to say I've traveled a
13 lot and I can say that our airport is
14 among the world's best, and it is very,
15 very impressive. And I was reminded of
16 this just last week where I had to spend
17 eight hours in Terminal A as I waited for
18 my flight to take me to a warm island.
19 So I explored every restaurant, every
20 shop, everything that was there, and it
21 was very, very impressive, especially the
22 artwork. I don't think any city has
23 anything like ours. It really sets us
24 apart.

25 But I'd like to talk also about

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.
2 the importance of languages or the
3 absence of languages. And 11 years ago,
4 my first trip to China, and my husband
5 and I were traveling with a Chinese
6 family and we wanted to get away by
7 ourselves, so we jumped out of a taxi in
8 Shanghai and we just wanted to get lost,
9 and after about 20 minutes, we realized
10 that we really were lost. There was
11 absolutely nothing in English anywhere,
12 and it was probably the most frightening
13 experience that we've had. And as time
14 went on, we just got more and more
15 alarmed, and then we saw two words, two
16 magic words, that changed for us, gave us
17 comfort level, and that was "food court,"
18 and we immediately rushed in, going to
19 buy lunch and spend money there, but
20 there was nothing else in English. So we
21 finally left, got back to the hotel. We
22 realized that had there been something in
23 English, we would have spent money. It
24 really would have made a big, big
25 difference for us.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 So when I got back, I started
3 working on a project of making
4 Philadelphia the easiest city in the
5 United States for non-English speakers
6 and limited English speakers to visit,
7 live and work. This impacts tourists.
8 It impacts businesses. It impacts our
9 immigrants.

10 So there are two areas I'd like
11 to address and two recommendations that
12 I'd like to make. The first area is
13 business and language, and when Rendell
14 was the Mayor, he wasn't that interested
15 in things international. He was focused
16 on the City. But almost as soon as he
17 became Governor, he quickly tripled the
18 budget for international for the state,
19 and he must have seen that there is a big
20 economic advantage to that. And he's cut
21 it a bit because of the economy, but he
22 hasn't cut it as much as other states.
23 Some states have just wiped it out all
24 together.

25 However, last year, according

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 to Dun & Bradstreet, Philadelphia had 825
3 foreign-owned companies employing 20,392
4 people. In the five counties, there were
5 almost 2,700 foreign-owned companies
6 employing 92,000 people. And in all of
7 Pennsylvania, there are 6,600 foreign
8 companies employing 246,000 people. And
9 Tom Morr, when he speaks later, can tell
10 you more about this. But we need to
11 remember that foreign companies not only
12 hire American workers, they send their
13 own people here and their families. So
14 when they arrive, that first impression
15 of Philadelphia is going to be our
16 airport. So the more international
17 signage and things that are there, I
18 think will really create a positive
19 impression.

20 These people invest millions of
21 dollars in our economy, the Philadelphia
22 economy, and they really have earned the
23 right to feel welcomed and comfortable by
24 seeing their own language.

25 Area number two are

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.
2 international students, and I've left
3 some information with Sarah about this,
4 but international students at our
5 universities and colleges is a huge, huge
6 part of our economy, and it's one segment
7 that is usually overlooked. According to
8 studies done by NAFSA, which is the
9 association for international education,
10 in 2006-2007, international students and
11 their dependents contributed \$14.5
12 billion to the U.S. economy. Two years
13 later, the number increased 21 percent,
14 and last year it was at \$17.6 billion.
15 So Pennsylvania's slice of this pie is
16 820 million, and that includes students
17 at schools in Pittsburgh and across the
18 state, most of whom flew into the
19 Philadelphia Airport to get to their
20 school. So the economic impact on
21 Philadelphia County alone was 313
22 million. And in areas represented by the
23 congressional reps - Brady, Fattah,
24 Gerlach, Sestak, Murphy and Schwartz - it
25 was \$380 million, with 11,609 students

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 studying here.

3 Now, students have to pass a
4 TOEFL exam to be able to come here, and
5 that's a test of English as a foreign
6 language, but their families don't and
7 the families come to visit them. These
8 are people who really do need
9 international signage for them, not just
10 pictograms, but to feel comfortable here,
11 they want to have things in their
12 language. So as the front door to
13 Philadelphia, our airport really sets the
14 stage as to whether it's going to be a
15 positive experience or not, and generally
16 it is a most positive experience.

17 So my two recommendations.
18 Recommendation number one, create the
19 most user-friendly airport in the world.
20 We're already almost there, but we just
21 have to go up a little bit more. And how
22 do we do this? By having foreign
23 language signage in every terminal, even
24 the domestic ones, and by having
25 multi-lingual staff a priority for all

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 terminals.

3 When I'm in airports around the
4 world, I see that languages available are
5 largely based on the country to which
6 they're going or coming from. What needs
7 to be considered is that people arriving
8 on domestic flights may not speak
9 English. For example, IVC's State
10 Department visitors visit five cities,
11 and every year we have hundreds and
12 hundreds of people who are flying from
13 Philadelphia who don't speak English,
14 from Philadelphia to Cincinnati, Kansas
15 City, Little Rock, et cetera. They do
16 travel with a State Department
17 interpreter and escort, but if they
18 didn't have them, it would be pretty much
19 a frightening experience.

20 Recommendation number two,
21 provide Internet cafes and foreign
22 language signage in shops and
23 restaurants. And over the years, I've
24 been asking my State Department visitors
25 what is it that would make this a more

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 user-friendly city, and I have literally
3 thousands of these surveys. And it's in
4 English, so that sort of skews the
5 results, but they do fill it out also
6 with their interpreters. And I'm hearing
7 over and over and over again the main
8 thing that they want are Internet cafes,
9 and I don't think -- Philadelphia has a
10 dearth of them. It's not just the
11 Airport, but you just can't find them
12 really in Philadelphia unless you go over
13 to 17th and Walnut.

14 So in addition to that, last
15 week I asked a Chinese student at Penn's
16 Law School what he thought would be
17 important for him and other students at
18 the Airport. So he started asking
19 others, and what he sent me was this. He
20 wrote that we should provide signs and
21 directions in major international
22 languages, provide audio announcements in
23 major international languages, train
24 existing staff in major international
25 languages or hire new staff of targeted

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 international languages, and provide more
3 offerings of international cuisine by
4 food vendors. And he also went on to say
5 that quite a few people have indicated
6 they would like to see direct flights
7 between Philadelphia and major Chinese
8 cities. Some say there are studies that
9 find a quantifiable level of economic
10 growth in both the U.S. city and the
11 foreign city following the establishment
12 of direct flights.

13 So Philadelphia Airport really
14 is our front door for businesses,
15 students, immigrants, tourists and
16 residents. It's already among the best
17 in the world, but let's raise the bar a
18 little higher and make it the best. And
19 if we really are going to be the
20 hospitality city, let's have the most
21 language-friendly and user-friendly
22 airport in the world for internationals.
23 This will raise the image of the U.S.,
24 build civic pride, bring international
25 recognition to Philadelphia and a

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 stronger economy that will exponentially
3 benefit our city and region.

4 Over the last few years, we've
5 had funding from the William Penn
6 Foundation for an international language
7 project, and I'm happy to share the
8 results with you. I'm happy to work with
9 you in the future surveying our visitors,
10 talking to the international graduate
11 students and everything, helping you in
12 any way we can to make this the most
13 international city and the most
14 international airport in the world.

15 COUNCILMAN KENNEY: Thank you
16 very much.

17 Councilman Greenlee.

18 COUNCILMAN GREENLEE: Thank
19 you, Mr. Chairman.

20 Just quickly. Ms. Gilboy,
21 first, as somebody who has been lucky
22 enough to travel a little bit, I share
23 your experience that you said you had in
24 Shanghai, because it is very scary when
25 all the sudden you just have no way to

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 communicate and know either directions or
3 where to get food or anything like that.

4 Is the lack of signage in our
5 airport, is that kind of a problem
6 nationwide?

7 MS. GILBOY: Around the world.
8 Absolutely.

9 COUNCILMAN GREENLEE: Around
10 the world, too?

11 MS. GILBOY: Around the world,
12 yeah. We've done research on other
13 cities, and not necessarily the airport
14 but what they have for signage, and no
15 one city is doing it well. So that's an
16 opportunity for us.

17 COUNCILMAN GREENLEE: So even
18 around the world.

19 MS. GILBOY: Even around the
20 world. Everybody is relying on
21 pictograms, which are nice, but it's nice
22 if you see it in your language.

23 COUNCILMAN GREENLEE: Agreed.
24 Okay. Thank you.

25 COUNCILMAN KENNEY: Thank you

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 very much.

3 Mr. Aichele and Tom Morr,

4 please.

5 (Witnesses approached witness
6 table.)

7 COUNCILMAN KENNEY: Good
8 morning. Please identify yourself for
9 the record.

10 MR. MORR: While Steve is doing
11 that, I'll introduce myself. I'm Tom
12 Morr. I am the President and Chief
13 Executive of Select Greater Philadelphia,
14 which is a regional economic development
15 marketing organization that promotes
16 Philadelphia and ten other counties that
17 are in the metropolitan region here in
18 the City.

19 COUNCILMAN KENNEY: Good
20 morning.

21 MR. AICHELE: Good morning,
22 Mr. Chairman. My name is Steve Aichele.

23 COUNCILMAN KENNEY: I'm sorry.
24 Please proceed. I'm just trying to get a
25 witness list straightened out.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 MR. AICHELE: My name is Steve
3 Aichele and I'm here today on behalf of
4 CEO Council for Growth. The CEO Council
5 for Growth is the governing board of
6 Select Philadelphia. You just heard Tom
7 Morr introduce himself. And it's an
8 affiliate of the Greater Philadelphia
9 Chamber of Commerce. The CEO Council for
10 Growth, which is called CEO Council, is a
11 group of 60-plus CEOs from an 11-county
12 region throughout the area. We bring
13 together top business executives to set
14 and implement an economic development
15 agenda that we hope will create growth
16 and nurture collaboration among the many
17 economic development interests. As
18 you're aware, we're sort of a byzantine
19 group in our region of various economic
20 development councils, and Tom's job is to
21 coordinate all of that and make it a
22 regional effort.

23 We believe that as our regional
24 economy grows, the transportation
25 infrastructure, particularly Philadelphia

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 International Airport, lovingly known as
3 PHL, must be improved and expanded in
4 order to compete globally and to meet
5 increased demand all over, from all over.

6 The CEO Council is here today
7 because we recognize the importance of
8 PHL as a key driver in the Greater
9 Philadelphia region and in Greater
10 Philadelphia's economic competitiveness.
11 In fact, PHL currently has a \$14 billion
12 economic impact on the region, making it
13 one of the largest economic engines in
14 all of Pennsylvania and even nationally.

15 To that end, we support actions
16 and any facility projects which, over the
17 next ten years, will serve to improve the
18 quality of customer service, increase the
19 availability of non-stop international
20 flights and maximize the contribution of
21 PHL to the quality of life and growth in
22 the region.

23 There's some facts here, which
24 you can read, but the 11-county tri-state
25 greater region is the fourth largest

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 population center in the United States.

3 Within 200 miles of this city reside over

4 46 million people who generate \$1.46

5 trillion in total economic impact. And

6 this is the one that's really surprising

7 to me: Roughly 60 percent of the

8 populations of both the United States and

9 Canada reside within just over two hours

10 by air from Philadelphia. The population

11 concentration between Boston and

12 Charlotte, an area approximately the size

13 of America's largest state, is actually

14 twice as great as the population state of

15 California. So if you see PHL as a

16 central factor in that economic, Tom

17 calls it, catchment area, then you

18 understand the importance of PHL to the

19 region and to the country, actually.

20 Clearly, we're in one of the

21 most important market areas in the

22 states, and over the last decade alone,

23 we've seen tremendous strides at the

24 Airport and tremendous efforts to upgrade

25 the Airport. Since 2000, the Airport has

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 undergone more than \$1 billion in capital
3 improvements. As we've all been
4 discussing, we added a new international
5 terminal, new state-of-the-art security
6 screening facilities, and we've added 59
7 new boarding gates, all of which have
8 helped bring us into the modern era.

9 Today, 28 airlines offer 583
10 daily departures and more than 54 daily
11 flights to 36 international venues.

12 I should say at this point, Tom
13 and his staff have done a marvelous job
14 of putting together data, facts,
15 literature on any -- on the impact of PHL
16 economically on the region, and we would
17 love to work with you, with your staffs,
18 in any effort Council wants to undertake
19 in terms of bettering PHL. In fact, as
20 you know, Mr. Chairman, I was an elected
21 official for a couple of terms. Most of
22 what we do, you're excruciatingly trying
23 to divide up an existing pie. The good
24 thing about what you're doing here today
25 is, you're trying to grow the pie. It's

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 a different kind of problem-solving, and
3 if we look at it that way, there's really
4 no end to what we can accomplish.

5 But in addition -- that was off
6 the record. In addition to offering the
7 strong origination/destination traffic,
8 Philadelphia is home to U.S. Airways, a
9 leading network carrier, and we can never
10 lose sight of the fact that they're a
11 major asset to our region and critical to
12 the economic vitality of our city and our
13 state.

14 As we've discussed today, as
15 you can see with your own eyes, we've
16 made tremendous progress and continue to
17 make tremendous progress through Mayor
18 Nutter, Deputy Mayor Rina Cutler and the
19 new PHL management. It's exciting to be
20 on board at this time with the turnover
21 in management. With the newly appointed
22 Chief Executive Officer Mark Gale, we're
23 confident that great things that can
24 happen and are going to happen at the
25 Airport, and we look forward to working

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 with Mr. Gale and supporting him in those
3 efforts.

4 There's no doubt getting to
5 where you want to be today, there's no
6 doubt that additional non-stop
7 international flights into and out of PHL
8 will be an important driver in our
9 region's future economic success. As
10 we're all well aware, the Greater
11 Philadelphia region is home to a
12 knowledge-based service economy. It's a
13 leader in healthcare and life sciences,
14 financial services and alternative energy
15 sectors. That's where we're headed,
16 where our future is.

17 If you think about the current
18 mergers in the life sciences among
19 international corporations, you think
20 about the international nature of
21 financial services in the banking
22 industry, you think about names like
23 Gamesa and Helios in terms of the
24 alternative energy, it's clear that
25 improving the quality of service between

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Philadelphia and international
3 destinations will facilitate business and
4 specifically those businesses at which
5 we're going to be good and have an
6 opportunity to grow. So we need to
7 continue to focus on that.

8 Expanding the availability of
9 international destinations as well as
10 carriers will undoubtedly enhance PHL's
11 contribution to our regional prosperity.

12 While increasing international
13 destination is important, that's an
14 important goal, it's also important that
15 we take steps to enhance the customer
16 service for both domestic and
17 international travelers that utilize
18 Philadelphia International.

19 You can look at our testimony.
20 We've done some calling around. We've
21 done some studies of other airports.
22 Atlanta, Hartsfield-Jackson International
23 Airport, which we talked about, 90
24 million passengers a year. They have a
25 new \$1.4 billion terminal that will have

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 its own dedicated access from their
3 Interstate 75, easing traffic into the
4 airport, reducing waits at security
5 checkpoints. They have nine new security
6 gates and luggage-handling services.

7 So while we're focused on the
8 international, anything we do at the
9 Airport to increase the access or
10 increase the experience of the traveler
11 will also help our domestic flights,
12 which we can't forget.

13 Chicago -- we've already been
14 through the kiosks at Chicago. I'll skip
15 that. We've talked about the importance
16 of international Sea-Tac International.
17 You can read about having 150 languages
18 available by phone. Those are all
19 important steps to assure that our region
20 makes foreign visitors feel welcome.

21 If we're truly going to compete
22 in the 21st century, Philadelphia
23 International Airport must focus its
24 attention on increasing the number of
25 international destinations. You've heard

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Mr. Gale is trying. But improve service
3 for all travelers who come into the
4 Greater Philadelphia region.

5 Mr. Chairman, for all these
6 reasons, we support actions which will
7 serve to improve access to PHL, improve
8 the quality of customer service once
9 they're there, increase the availability
10 of more non-stop international flights
11 and maximize the contribution of PHL to
12 the quality of life and growth of
13 regional prosperity.

14 Thanks for the opportunity to
15 speak today. Tom Morr, you've heard
16 about his role. I've told you about what
17 he and his staff have done to contribute
18 a wealth of data, and we'll be happy to
19 answer any questions you have.

20 COUNCILMAN KENNEY: Mr. Morr,
21 do you have anything to add?

22 MR. MORR: Thank you,
23 Mr. Chairman. Just a few things.

24 My career in economic
25 development began running a non-profit in

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Washington that did air service
3 development for Washington Dulles
4 International Airport. When we started
5 that organization, Dulles had 47 flights
6 a day. When I left it, it had 600
7 flights a day. And so I have some
8 experience in helping to attract air
9 service to a community.

10 Now, the times are different
11 and communities are different, but I've
12 learned some things in that effort, and I
13 think we have great assets here. We have
14 grown the domestic service at
15 Philadelphia International of the City,
16 and the Airport has over the years. U.S.
17 Airways provides, as a, primarily today,
18 a European hub operator, tremendous lift
19 that bring people -- make this a natural
20 European gateway for many, many people.
21 In addition, they operate a domestic
22 system that borrows passengers from other
23 U.S. communities to be able to support
24 more profitable non-stop flights from
25 Philadelphia. So we benefit from that

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 hub operation.

3 U.S. Airways' Alliance carriers
4 will benefit in reverse. The deal that
5 U.S. Airways announced that Mr. Gale
6 mentioned with Brussels will allow
7 Brussels to offer the on-service to the
8 United States for many cities, not just
9 Philadelphia, and that will grow the
10 international traffic between those two
11 systems.

12 In doing air service
13 development work for Washington, I
14 learned several things. Number one, you
15 have to be very sensitive to the
16 economics of the airline industry, that
17 today many carriers are struggling to
18 survive, and while we want them to expand
19 and grow here, we're going to have to do
20 it in a way that allows them to be
21 profitable with those services so they
22 can continue to provide service. We
23 don't want them to collapse and lose all
24 of what we have from that hub operator.

25 Number two, in looking for new

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 routes, we should be looking for routes
3 that can be supported with domestic
4 service, that can be supported by our
5 origination and destination traffic from
6 this region, and that can be successful
7 markets, and that should be a key, that
8 we should not try to get service that
9 isn't going to be successful at the
10 outset, because if it fails, it will
11 actually harm our future growth.

12 Third, one of the things we
13 learned in doing this work in Washington
14 was that this non-profit that I ran was
15 driven by the business community, and
16 that was done for a unique reason. At
17 the time, the FAA owned Dulles
18 International Airports, and they would
19 not market those airports because they
20 owned them, yet they regulated other
21 airports. So the business leadership in
22 Washington said, We're going to do this,
23 and we developed a collaborative
24 relationship with the airports to make
25 that happen.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 What we learned was that the
3 airlines were always happy to talk to
4 customers, and so when we brought
5 business leaders to meet with airline
6 executives, that gave us a priority, if
7 you will, in consideration, because we
8 were taking customers to tell the
9 airlines they needed their service, and
10 that was impactful.

11 I think in terms of approach,
12 that we need to continue to grow the
13 domestic service, and Southwest's
14 announcement a week or two ago about
15 additional flights here is an example of
16 increasing the base of traffic that can
17 support international flights. We need
18 to look at the U.S. Airways' system with
19 them, try to figure out the potential for
20 additional feed for new markets from
21 throughout their domestic system, and
22 that will help us identify international
23 markets to pursue. We need to do the
24 same thing with their Star Alliance
25 partners so that we can analyze and use

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 data.

3 The obvious voids that we have
4 here, probably the largest are cities in
5 Asia. The second largest would be South
6 America, the Middle East and then
7 ultimately Africa. We will want to reach
8 out to international flight carriers to
9 grow this market. I agree with what
10 Mr. Gale said about diversity, that we
11 don't want to be dependent only on one
12 carrier, and the key to that will be
13 identifying the places where we either
14 have enough local traffic or enough
15 potential feed for that traffic that can
16 make it successful for those companies.

17 We can do things to increase
18 the size of our catchment area. For
19 example, if it were possible at some
20 point in the future to bring Amtrak
21 closer to the terminal, Amtrak service
22 could bring passengers from further away
23 to help increase the size of the pool of
24 passengers available here. All of that I
25 think would add to the success of the air

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 service development effort.

3 The last thing I'd like to
4 suggest is, I think we need to be smart
5 about how we provide quality service for
6 international travelers. I agree with
7 the notion that we want to be as
8 welcoming and we want to provide as much
9 assistance as we can. I would submit
10 that's important not just at the Airport
11 but it's important throughout our
12 community, that there are many places
13 where we need to be providing foreign
14 language capability. But I think we need
15 to also think about new ways to do it.

16 For example, I was at the Art
17 Museum, Philadelphia Art Museum, for an
18 exhibit not long ago, and as I approached
19 the exhibit, I realized that it was
20 instructing me to dial a number on my
21 cell phone, and I got an explanation of
22 what the exhibit was about. Well,
23 there's no reason that kind of technology
24 couldn't be available in multiple
25 languages to answer questions for people

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 at the Airport. So we could each use our
3 cell phones to get the service that we
4 need directly in our hands wherever we
5 are.

6 And I think one of the reasons
7 you see airlines going to -- or airports
8 going to international symbols is that
9 there are so many international travelers
10 today that if you provided foreign
11 language signage for each of them, it
12 would be a jumble of information. People
13 would have a difficult time finding the
14 information they need. So they tend to
15 use internationally accepted symbols, but
16 I think we ought to look at using new
17 technologies, like kiosks, like cell
18 phones in multiple -- with language
19 capability in multiple languages to
20 provide a quality service that is
21 welcoming, but is also personally
22 available to people wherever they happen
23 to be. I think we need to be creative
24 about that.

25 With that, I'll stop. Thank

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 you.

3 COUNCILMAN KENNEY: Thank you

4 very much for your testimony.

5 Any questions?

6 (No response.)

7 COUNCILMAN KENNEY: Thank you

8 very much for coming in. We appreciate

9 it.

10 MR. AICHELE: Thank you for

11 doing this.

12 COUNCILMAN KENNEY:

13 Mr. Momjian, please.

14 (Witnesses approached witness

15 table.)

16 COUNCILMAN KENNEY: Good

17 morning. Thank you very much your

18 patience. Please identify yourself for

19 the record.

20 MR. MOMJIAN: Thank you very

21 much, Mr. Chairman, for having us here

22 representing the diplomatic community.

23 May I introduce the people who are here

24 with me today?

25 COUNCILMAN KENNEY: Absolutely.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 MR. MOMJIAN: I'm the Consul
3 Honorary to the Republic of Haiti, but
4 also the President of the Philadelphia
5 Consular Corps. The gentleman to my left
6 is?

7 MR. SCULLIN: Good morning. My
8 name is Michael Scullin and I'm the
9 Vice-President of the Consular Corps
10 Association of Philadelphia and the
11 Honorary Consul of France in
12 Philadelphia.

13 COUNCILMAN KENNEY: Good
14 morning.

15 MR. MOMJIAN: And the third
16 person is someone that we hooked in as a
17 member of our Consul Corps now. Brazil
18 is now a member of the Consular Corps,
19 and the designated Consul is Paul
20 Johnson.

21 Paul, are you happy to be here?

22 MR. JOHNSON: Yes. Thank you.

23 COUNCILMAN KENNEY: Thank you.

24 Good morning.

25 MR. MOMJIAN: I'm also as

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Honorary Consul to the Republic of Haiti,
3 there are about 150,000 Haitians living
4 in the Greater Philadelphia area, and may
5 I introduce two of them here, Dr. Michel
6 Francois and Mr. Giordani Jean-Baptiste,
7 which is a good name for Haitians, and
8 they are the members of the Haitian
9 community, President and Vice-President.

10 COUNCILMAN KENNEY: Welcome.

11 Thank you.

12 MR. MOMJIAN: I think that I
13 start out by telling you that the
14 diplomatic community is something that is
15 so attracted to air travel, because they
16 go back and forth. This is not something
17 where they're driving to Nevada, driving
18 to Chicago. They're going all over the
19 world, and we have 23 countries -- 33
20 countries, and we're trying to get within
21 the next five or ten years maybe 50
22 countries. And the more countries there
23 are in the diplomatic community, the
24 better off we're going to be in terms of
25 promoting what we're trying to do, which

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 is promote tourism and trade between the
3 countries.

4 When I became the Consul in
5 1978 anointed by Baby Doc Duvalier, who
6 now is in France hiding, I was passing
7 out tracks for people in the Philadelphia
8 area to go to Haiti for tourism. That's
9 not the case anymore. Haiti became a
10 poor country, and even now with the
11 catastrophe that occurred by the
12 earthquakes, we have so much air travel
13 going back and forth to Haiti that we
14 don't have enough planes to go there.
15 They can't go there. The airport is not
16 good there.

17 Children's Hospital is sending
18 pediatric surgeons, pediatric nurses. We
19 are sending search dogs down there at the
20 time, and it's going to be two, three,
21 four, five, six, seven, eight, nine, ten
22 years before Haiti is restored to what it
23 could be, and air travel just between
24 that country and the people here is
25 critical.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 The Philadelphia Consular Corps
3 was founded in 1880. It was the first
4 Consular Corps established in the United
5 States. And, again, as I mentioned
6 before, our responsibility as Consul
7 officials is to promote trade and tourism
8 here in Philadelphia, and for people in
9 Philadelphia to be able to go to the
10 foreign countries that have tourism there
11 and to promote trade there as well, too.

12 At the last meeting of the
13 Consular Corps, the Consular Corps took
14 up the two resolutions that you had made,
15 and it was without reservation, that is
16 the greatest thing that we could probably
17 do for the diplomatic community, which
18 probably uses air travel more than anyone
19 else, and we're here to support the
20 resolutions and tell you it's critical
21 for the work that we do. If we didn't
22 have airplanes, we wouldn't know where to
23 go. We couldn't go to China, to Japan,
24 to Russia, to places that we were
25 obligated to go. And we are here. We

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 promised to be less than five minutes,
3 and that's it, but I'm going to ask that,
4 Michael, maybe if you want to make a few
5 comments, you're welcome to also.

6 MR. SCULLIN: Okay. Thank you.

7 I just wanted to reiterate that
8 we represent 33 countries, and so we are
9 the connection to our respective
10 communities and our nations. So I think
11 we can be an important resource for you
12 going forward, because we fill that
13 connection.

14 I would have made many of the
15 points that Ms. Nancy Gilboy made about
16 the importance of the business
17 communities and the student communities
18 here and also the importance of foreign
19 language accessibility at the Airport. I
20 think that's very important, but I'll
21 just merely underscore what she said.
22 The -- and I think I'll leave it at that.
23 Thank you.

24 COUNCILMAN KENNEY: Thank you
25 very much.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 MR. JOHNSON: I just wanted to
3 edify some of the earlier comments that
4 were made, and I think, Councilman, you
5 asked a really pertinent question when
6 you asked about India, because I think
7 that for the region, we have to look at
8 where the growth is in the world, and a
9 lot of the big emerging markets, like
10 India, like Brazil, like China, like
11 Russia, like Turkey, like South Africa,
12 are places where we need to find a way to
13 connect the region to those markets and
14 to those places.

15 I would also like to add that
16 travel does not just consist of travel of
17 persons. There's also cargo. There's a
18 brisk business in terms of moving some
19 goods and services to a lot of these
20 markets, which is also something that we
21 need to consider and we need to take into
22 account. And just --

23 COUNCILMAN KENNEY: Does cargo
24 shipments leave -- what's the frequency
25 of the cargo shipments out of

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Philadelphia or into Philadelphia by air?

3 MR. JOHNSON: I think that the
4 official at the Airport and the air
5 carriers can probably speak better to
6 that, but just the fact that I think it's
7 important to be mindful that travel, it's
8 not just individuals and persons going on
9 vacations. It's --

10 COUNCILMAN KENNEY: Goods.

11 MR. JOHNSON: -- the supply
12 chain. It's the movement of goods and
13 services that is a brisk business as
14 well.

15 I know that BDP, for example,
16 is a Philadelphia company with a large --
17 with a long history, and they do a lot of
18 business around the world, and having
19 more access and more carriers in the
20 Airport, I think that would be helpful.

21 One more comment that I wanted
22 to make just to bring home the point with
23 respect to Brazil. You might have read
24 in the paper that the chemical business
25 of Sunoco was bought by a Brazilian

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 company, and that is illustrative of the
3 trend of emerging market companies buying
4 assets in western markets. So it's not
5 just a company from Philadelphia going
6 into Brazil or going into Haiti or going
7 into Chile or France or what-have-you.
8 The reverse trend is happening, and I
9 think that as you think about trying to
10 grow the region, that's something that
11 you need to consider and think about,
12 too. And travel, cargo, movement of
13 people are the main conduits from which
14 to do that, and us as a diplomatic corps,
15 as Al and as Michael said, we have over
16 30 dedicated bilateral relationships that
17 are very high level and that can help to
18 facilitate that.

19 COUNCILMAN KENNEY: Have you
20 had any formal or informal conversations
21 with the folks at the Airport or any of
22 our airlines, especially U.S. Air? Is
23 there any relationship that --

24 MR. MOMJIAN: I don't think so.

25 COUNCILMAN KENNEY: Because one

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 of the things that occurred to me is that
3 perhaps as our Airport officials are
4 sitting here and at some point in time
5 because of a scheduling conflict, U.S.
6 Air could not be here to testify --
7 there's an individual who wanted to
8 testify at a certain level and was not
9 able to be here today, so we're going to
10 either do another hearing or have a
11 discussion -- have a meeting and talk
12 about these issues with them. But I was
13 wondering if, Mark Gale, as you're
14 sitting here if there's some way we can
15 kind of plug this Consular Corps into
16 planning or discussions or in some way
17 utilize their --

18 MR. MOMJIAN: Anything that you
19 can give us to think about, we'd be happy
20 to do that. We met with Mayor Nutter
21 yesterday. He invited the Consular Corps
22 executive committee to come to a meeting
23 that he gave, and it was very helpful,
24 and he expects us to do things for the
25 City of Philadelphia also.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 By way of just background, my
3 heritage is Armenian and I'm working on
4 the Armenian government to give us a
5 Consul official here, but even if they
6 give us a Consul official in Armenia
7 here, I'm going to stay with the Republic
8 of Haiti. I'm too committed to them,
9 1978.

10 COUNCILMAN KENNEY: Well, at
11 least Baby Doc made one good decision,
12 appointing you. But thank you very much
13 for your testimony. Thank you for your
14 patience.

15 MR. MOMJIAN: Thank you. It's
16 a great two resolutions, and there's no
17 way in the world that the diplomatic
18 community wouldn't say everything you can
19 do to enhance the City's Airport and make
20 it a greater international city, which
21 we're all willing to do. We're out
22 really seeking more countries to come
23 here, and I think the greater the Airport
24 will be, the greater the diplomatic
25 community will be.

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 COUNCILMAN KENNEY: Well,

3 Mr. Gale was shaking his head, so
4 hopefully you can develop a relationship
5 formally with the Airport.

6 MR. MOMJIAN: Thank you so
7 much.

8 COUNCILMAN KENNEY: Thank you
9 very much.

10 Fritz Smith and Tanya Hall from
11 the Philadelphia Convention and Visitors
12 Bureau. This should be our last panel.

13 (Witnesses approached witness
14 table.)

15 COUNCILMAN KENNEY: First of
16 all, thank you for your patience. We've
17 had a jumble of panels because of other
18 persons' scheduling requirements and
19 issues, so I do appreciate you staying
20 here. We haven't been too bad. I think
21 we started at 10:00. It's 11:30. So
22 we're pretty concise on our testimony.
23 So thanks for coming and please identify
24 yourself for the record.

25 MR. SMITH: Thank you,

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 Mr. Chairman. I'm Fritz Smith,
3 Vice-President of Tourism for the
4 Philadelphia Convention and Visitors
5 Bureau. And my colleague?

6 MS. HALL: Tanya Hall,
7 Executive Director for the Philadelphia
8 Multi-Cultural Affairs Congress.

9 COUNCILMAN KENNEY: Please
10 proceed.

11 MR. SMITH: I've been here much
12 longer before, Mr. Chairman, so this one
13 is actually doing good.

14 COUNCILMAN KENNEY: Thank you.

15 MR. SMITH: I just want to say
16 that on behalf of our President, Tom
17 Muldoon, our incoming President, Jack
18 Ferguson, and our Chairman, Nick
19 DeBenedictis, and our Board of Directors
20 of the Philadelphia Convention and
21 Visitors Bureau, thank you, Chairman
22 Kenney and members of the Committee, for
23 the opportunity to address these issues,
24 these important issues today.

25 As a private non-profit

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 membership corporation, the Philadelphia
3 Convention and Visitors Bureau is the
4 official Tourism Promotion Agency for the
5 City of Philadelphia and is also the
6 primary sales and marketing agency for
7 the Pennsylvania Convention Center. The
8 organization has departments dedicated to
9 the multi-cultural, sports and life
10 sciences markets also. And I'll read
11 excerpts from here of the written
12 prepared testimony.

13 A couple of important points.
14 The Convention and Visitors Bureau's
15 efforts to bring meetings to Philadelphia
16 are increasingly taking on an
17 international flavor. Over 40 percent of
18 our meetings in the City are related to
19 the life sciences industry, and these
20 events draw attendees from all over the
21 world, and this segment is growing.
22 These meetings are currently averaging
23 about 30 percent international
24 attendance, and many of these attendees
25 are high-spend delegates, from the

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 exhibitors to the doctors from around the
3 world who come to the U.S. for
4 medical-related meetings, because those
5 held here are considered to be the most
6 important in the world, medical training
7 and medical update and product rollout,
8 so forth. And Philadelphia hosts some of
9 the biggest of these meetings, from
10 rheumatology and nephrology to oncology,
11 are some of the recent meetings we've had
12 here, and the direct air lift that the
13 City features is a crucial component to
14 maximizing the international attendance
15 at these events.

16 Another important function of
17 the Convention and Visitors Bureau is to
18 sell and market the City as a tourism
19 destination for international travelers.
20 Just a couple of quick statistics. In
21 2009, international visitors spent in
22 Philadelphia from the top ten feeder
23 markets nearly \$80 million, and those are
24 just figures from one major credit card
25 company. So the CVB has been

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 aggressively marketing the City's tourism
3 assets overseas for over a decade,
4 utilizing a plethora of sales and
5 marketing techniques. We feel that those
6 efforts have been very successful. We've
7 roughly doubled the number of
8 international travelers to the City over
9 the course of the last ten years, and
10 that's during a time period when the
11 total number of U.S. travelers has
12 declined by about nine percent from
13 overseas during a comparable time period.

14 So the cities that -- we've
15 moved from 21st most visited city
16 internationally to the 11th most visited
17 city. If you look at the cities that are
18 ahead of us, like Boston and Washington,
19 DC and Chicago, they're all getting
20 roughly about 1.2 million or roughly
21 400,000 more visitors per year. And if
22 you look at what is kind of the
23 difference in the composition of those
24 visitors, we find that, again, our
25 visitorship sort of mirrors what some of

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 the previous speakers said, that it's
3 very Western European focused. It sort
4 of follows the direct air lift that we
5 have. So we think that in terms of
6 missing out on the opportunities and why
7 are we behind some of those other cities,
8 I think it's primarily driven by not as
9 robust numbers from Asia, Latin America,
10 Middle East.

11 So I'd also point out that we
12 feel, along those lines, that our
13 international visitations will be limited
14 if we don't begin to grow our direct air
15 service capacity beyond the current
16 markets of Western Europe and Caribbean.
17 We see great potential in particular to
18 capitalize on the large and growing
19 number of international students from
20 Asia. The largest markets for
21 international students in the U.S. are
22 from India, China and South Korea, and we
23 think that our colleges and universities
24 are well positioned to benefit from this
25 growth. The exposure we get to these

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 students and their parents, who tend to
3 stay for weeks at a time, provide
4 spillover benefits to the tourism
5 marketing efforts. And from a purely
6 tourism visitation standpoint, the two
7 fastest growing markets to the U.S. in
8 the last few years have been India and
9 Brazil.

10 So I also wanted to take this
11 opportunity to mention a very significant
12 piece of legislation that passed at the
13 federal level last week. It's called the
14 Travel Promotion Act. That is an act
15 that would set up a private-public
16 partnership that would tax international
17 travelers \$10 when they apply
18 electronically to come to the U.S. The
19 corporation hopes to visit about -- to
20 raise about \$200 million.

21 We think while that's a great
22 opportunity for the U.S., it also holds,
23 I think, some challenges for Philadelphia
24 specifically, and that the most -- if
25 that voice is out there marketing the

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 United States, there is the potential
3 that some of the most -- the already
4 popular destinations, like New York, Las
5 Vegas, Orlando, Miami, are just going to
6 do that much better and will places like
7 Philadelphia perhaps get overshadowed.
8 So we think that it's important that we
9 step out, that we stay out there very
10 aggressively and maybe even more so.

11 COUNCILMAN KENNEY: In your
12 experience, how important are direct
13 flights?

14 MR. SMITH: We find that when
15 we go overseas -- in our capacity at the
16 Philadelphia Convention and Visitors
17 Bureau, we go overseas quite a bit and we
18 visit the companies that are generating
19 travel; i.e., tour operators, travel
20 agencies, incentive planners, and that is
21 always either if not at the top of the
22 list, number two in terms of what are the
23 things that your destination must have if
24 it's going to grow as a tourism
25 destination. You got to have the direct

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 flight.

3 So back to this corporation,
4 it's a twofold purpose. One is, it's
5 going to market, advertise the United
6 States, but it's also geared towards
7 trying to get the message out about
8 explaining our homeland security
9 procedures, our immigration and custom
10 procedures at the Airport a lot more
11 clearly. And there is a perception out
12 there that the procedures implemented in
13 the post 9/11 period are a deterrent to
14 international visitation to the country
15 as a whole. And so to Nancy Gilboy's
16 point, I think that there's real
17 potential for us to stand out if we can
18 carve out a niche, so to speak, as the
19 most welcoming airport, because I think
20 that that phenomenon of the fear of the
21 increased scrutiny at the entry point, at
22 customs, is probably responsible for much
23 of that nine percent drop to the country
24 as a whole.

25 So the last thing I'd say

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 before turning it over --

3 COUNCILMAN KENNEY: Is that an
4 immigration and customs issue? It's not
5 the security folks at each individual
6 airport, but it's a federal agency's
7 procedures and --

8 MR. SMITH: It's their policies
9 and procedures. I think what we find is
10 that there is pretty significant variety
11 in how those procedures are implemented
12 at the airport level. I mean, I would
13 say that our folks here -- and Mark and
14 his team can speak to this, but my
15 personal observation as somebody who is
16 in and out of these airports a lot around
17 the country is that I think our
18 particular Philadelphia team, from
19 customs and immigration, is probably
20 doing a better job than most and is more
21 sensitive. But to some degree, it's
22 overall federal policies, but I think
23 there's some latitude at the local level.

24 COUNCILMAN KENNEY: For
25 example, in the minimal amount of times

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 that I've traveled internationally, which
3 has not been all that much, there's
4 always that sense of getting off the
5 plane in a foreign country that I kind of
6 like become extremely polite and yes,
7 ma'am and no, ma'am and yes, sir and no,
8 sir everybody, because you never know
9 what power they have to yank you out of
10 line and put you in a cell somewhere. I
11 mean, it sometimes can be even in some
12 smaller Caribbean countries a little
13 frightening, because you're the American
14 coming in and this person that's probably
15 a relatively low-paid bureaucrat has your
16 kind of week or two weeks in their hand
17 for one reason or another, and it can be
18 a little unsettling.

19 Italy I found was fun. They
20 actually were like --

21 MR. SMITH: I agree. It's an
22 intimidating process for anybody, but my
23 observation over the last few years has
24 been that they seem to be more scared on
25 that end of coming into our country than

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 the other way around.

3 COUNCILMAN KENNEY: Okay.

4 MR. SMITH: And I think we have

5 a long way to go as a country to sort of

6 combat that perception. So I think any

7 effort that we make to go above and

8 beyond to be extra welcoming is --

9 COUNCILMAN KENNEY: How

10 important is training personnel, whether

11 they're concession people, whether

12 they're baggage people, whether they're

13 ground transportation folks, in various

14 cultural differences of things you do not

15 do or should not do or should do in your

16 interaction with the foreign visitor or

17 tourist?

18 I have a business book called

19 Kiss, Bow or Shake Hands, which is kind

20 of a continuum of who you're meeting with

21 and what you should avoid touching or

22 doing or how you should sit and business

23 card exchange and all that kind of stuff.

24 Is there any type of training that we

25 need for our own folks?

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 MR. SMITH: Well, I think it's
3 very much needed. It's a subject we talk
4 about at the Convention and Visitors
5 Bureau a lot, that in particular we'd
6 like to implement some training programs
7 for the hotel employees and the
8 restaurant employees. Obviously the
9 Airport is frequently the first point of
10 entry, but the reality is that many of
11 our international travelers come in other
12 cities. They may enter New York, spend
13 some time there. So it's a broader
14 question than just airport employees. We
15 think that the critical ones are really
16 the cab drivers, the hotels and the
17 restaurants and the tourism attractions.

18 There is no formal training
19 process now. There's been a lot of
20 discussion about the fact that China --
21 we expect a wave of Chinese visitors to
22 this country in the next coming ten years
23 and --

24 COUNCILMAN KENNEY: Why is
25 that?

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 MR. SMITH: Well, there are a
3 number of reasons. One, to make a long
4 story short, the two governments, the
5 U.S. and China, have greatly liberalized
6 the restrictions that were on Chinese
7 travelers, particularly as it relates to
8 group tour travel. Most travel from
9 China up until now has been business,
10 corporate or students, but a lot of the
11 tourism restrictions have eased up and so
12 we anticipate a large influx. And
13 there's been a lot of discussion about
14 what do we do to get our hotel and
15 restaurant server employees ready for
16 that, but there is no formal process at
17 this point.

18 I just want to emphasize that
19 we're excited about Mark Gale's elevation
20 to the CEO position at the Airport, and
21 we applaud his vision, think that they're
22 on the right track, but want to be
23 helpful from a community standpoint and
24 keep trying to carve out a niche for
25 Philadelphia Airport as the most

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 welcoming and hospitable place for

3 international travelers.

4 COUNCILMAN KENNEY: Thank you.

5 MS. HALL: So you saved the

6 best for last. So thank you for having

7 us here today. The Philadelphia

8 Multi-Cultural Affairs Congress, also

9 known as MAC, was founded in 1987

10 actually as a division of the Convention

11 and Visitors Bureau. We're governed by a

12 Board of ethically diverse people from

13 both the public and private sectors, and

14 to put it simply, our mission is to

15 increase Philadelphia's share of the

16 multi-cultural convention and tourism

17 markets. So we work very closely with

18 our convention sales and tourism sales

19 departments to do that.

20 Our ability to be successful

21 lies in the fact that we maximize

22 opportunities for our residents and

23 businesses by promoting Philadelphia as a

24 destination that encourages both

25 multi-cultural business and social

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 responsibility. Our core value is that
3 we believe the varying multi-cultural
4 communities that enhance our city's
5 hospitality and tourism industry should
6 also benefit from its success.

7 Since our inception, we have
8 measured an economic impact of more than
9 \$1.5 billion in multi-cultural meetings
10 business, as well as an increase of more
11 than 600 percent in the hiring of
12 multi-cultural professionals in sales and
13 management positions in Philadelphia's
14 leading hotels. Additionally, we stay
15 committed to our efforts to increase
16 procurement opportunities for
17 multi-cultural businesses, and our work
18 with diverse high school and college
19 students have proved beneficial in
20 producing a top-notch hospitality
21 workforce. That's all the fluff.

22 So why are we here today? We
23 have more opportunities now than ever to
24 have a greater impact. Since the
25 creation of the Bureau's international

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 marketing efforts led by my colleague,
3 Fritz Smith, MAC has been a primary
4 proponent for its growth to reach
5 prospective travelers outside of Western
6 Europe. Countries located on the
7 continents of Asia, South America and
8 Africa each possess great market
9 potential for international visitation
10 opportunities to Philadelphia, which
11 everybody has already talked about.

12 As mentioned in Mr. Smith's
13 testimony, we need to seize the
14 opportunity to head off any potential
15 perception of being an unwelcoming
16 destination. We need to make sure that
17 people understand that we are indeed a
18 welcoming one, and this has really been a
19 key strength of MAC since our inception.
20 Our approach has been to work directly
21 with local cultural communities of those
22 who we seek to bring to Philadelphia as
23 visitors. We work with Dominicans to
24 influence Dominicans, Chinese to
25 influence Chinese and Indians to

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 influence those from India. This
3 strength is routed in our Board of
4 Directors, which has been described as
5 the most diverse in Philadelphia.

6 With an expanded international
7 marketing effort, the MAC Board is
8 already well positioned to assist with
9 representation from the following
10 cultures: African countries, Caribbean,
11 Chinese, Columbian, Indian, Korean,
12 Japanese, Dominican and Filipino. Our
13 Board members serve as our key partners
14 in community relationships and
15 activities. Additionally, this
16 influential group of business and
17 cultural leaders provide direct access to
18 many key decision-makers both here and
19 abroad.

20 In addition to serving as an
21 extension of our sales and marketing
22 efforts, our Board is our greatest
23 resource and link to Philadelphia's
24 diverse multi-cultural communities. With
25 that being said, MAC has a vested

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 interest in continuing to work to bring a
3 greater share of diverse tourists that
4 will benefit our diverse residents and
5 businesses. And I've actually included a
6 list of our Board, as well as an ethnic
7 breakdown in your packets.

8 I do want to address one
9 question, Councilman Kenney, that you had
10 about training, and one of the key areas
11 that we've been able to provide
12 assistance to the hospitality and tourism
13 industry has really been on that cultural
14 and sensitivity training. I can give a
15 recent example. We hosted the Brihan
16 Maharashtra Mandal, which is a little bit
17 of a tongue twister, called BMM. It was
18 the largest Indian convention group that
19 we've ever hosted in Philadelphia, and we
20 hosted them last summer. I think it was
21 summer of 2009. And what we did was, we
22 actually worked directly with the hotels
23 and the restaurants and the hospitality
24 and tourism industry about educating them
25 about the cultural differences and the

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 nuances of the Indian traveler.

3 Some of the people who came to
4 the convention were already living in
5 America, but some of them also were
6 traveling directly from India. So being
7 able to sensitize some of the workers to
8 help them understand that if you ask
9 someone from India how was your meal and
10 they say, I didn't like it, it's not that
11 the person was being rude, but the manner
12 in which they communicate in India is
13 much more direct, a lot less fluff than
14 we do here in America. So helping people
15 to understand those differences, helping
16 people to understand that if they're
17 going to greet someone with the last name
18 is Santiago or Rivera and if they're here
19 in Philadelphia, it doesn't mean that you
20 should say to them, trying to be
21 friendly, So how long have you been here
22 from Puerto Rico? Maybe in fact they
23 came from Columbia. Maybe they're here
24 from Mexico. We don't know. So helping
25 people to understand those differences is

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 very key in making sure that we're
3 perceived as a welcoming destination.

4 COUNCILMAN KENNEY: How many
5 people were at that event?

6 MS. HALL: The BMM?

7 COUNCILMAN KENNEY: Yes.

8 MS. HALL: You don't want to
9 try and say it? It was about 4,500, and
10 it was at the Marriott.

11 COUNCILMAN KENNEY: Of those
12 4,500, how many were domestically
13 transported here?

14 MS. HALL: I think about only
15 15 percent of them were international,
16 but I can get back to you.

17 COUNCILMAN KENNEY: How did
18 they get here?

19 MS. HALL: They flew.

20 COUNCILMAN KENNEY: Well, they
21 didn't swim.

22 MS. HALL: Not necessarily
23 direct.

24 COUNCILMAN KENNEY: Where did
25 they come in? What would be their

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 connections?

3 MS. HALL: I'm not really sure.

4 It could have been --

5 COUNCILMAN KENNEY: I'm just

6 curious as to what method they used to

7 what -- where they flew into and then

8 connected from.

9 MS. HALL: It may have been out

10 of New York. I would imagine New York

11 and Washington, DC. We could probably

12 look back at the airport records to see,

13 right, Mark? We can look --

14 MR. SMITH: We get some fairly

15 extensive, Mr. Chairman, records that

16 come from the U.S. Department of Commerce

17 that show where our visitors are coming

18 from internationally. It will show that

19 probably about 40 to 45 percent of our

20 international travelers actually enter

21 through Newark or JFK.

22 COUNCILMAN KENNEY: Okay. And

23 then that's a train ride down?

24 MR. SMITH: In many cases it's

25 a train ride. In some cases they're

1 3/2/10-LEGISLATIVE OVERSIGHT-RES. 090881, etc.

2 connection on another flight, sometimes

3 Amtrak, sometimes they're renting a car.

4 COUNCILMAN KENNEY: Okay.

5 Thank you.

6 MS. HALL: Thank you very much

7 for your time.

8 COUNCILMAN KENNEY: Thank you

9 very much. Thanks for your patience. We

10 appreciate your input.

11 Anyone else to testify on these

12 resolutions?

13 (No response.)

14 COUNCILMAN KENNEY: Seeing

15 none, we thank everyone for your

16 attendance, and have a nice day. Thank

17 you.

18 MR. SMITH: Thank you.

19 (Committee on Legislative

20 Oversight concluded at 11:50 a.m.)

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CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me upon the
foregoing matter on March 2, 2010, and that
this is a true and correct transcript of same.

MICHELE L. MURPHY
RPR-Notary Public

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