

Connecticut Public Transportation Commission
Minutes of January 8, 2015

Fourth Floor Conference Room
Union Station, New Haven

Attendance: Members: Kevin Maloney, Richard Schreiner, Alan Sylvestre, Yvonne Loteczka, Richard Sunderhauf, Mort Katz, Robert Rodman, Bill Kelaher, Chris Adams. **Ex-officio members:** David LeVasseur (OPM), Fred Riese (DEEP). **Guests:** Kevin Dillon (Connecticut Airport Authority), Terry Hall, Jan Lindberg.

Chairman Maloney called the meeting to order at 1:37 pm. The minutes of the meeting of December 4, 2014 were accepted as written.

Featured Speaker

Kevin Dillon, Director of Operations at Bradley International Airport, has had a 40-year career in the aviation business. That career began at the Port Authority of New York and New Jersey, where he eventually became the general manager at LaGuardia Airport. He has worked more recently at Massport, the Manchester, New Hampshire Airport, and the Rhode Island Airport Corporation. Dillon came to Bradley in July 2012.

Dillon noted that the Connecticut Airport Authority (CAA) was created in 2011 and has been fully in charge of Connecticut's airports for 18 months now. He explained that "Everything good at an airport happens from a healthy route structure." He noted that passenger boardings at Bradley were up 10% for 2014.

The CAA has created an incentive program to bring new airlines to Bradley. The Authority can waive certain fees for up to two years for a new carrier. The FAA limits such waivers to no more than two years. The addition of more carriers results in more competition and typically in lower fares.

The restoration of service to Europe is the top goal for Bradley. The former connection to Amsterdam was very popular, but was a victim of the merger between Delta and Northwest. Bradley is now looking to have service to any one of a number of European hubs. In particular, Dillon cited a significant demand for service to London. Bradley could potentially support three trips per day to London. Paris, Amsterdam, Frankfurt or Dublin would also be potential candidates for service from Bradley. Air Lingus is looking to develop Dublin into a major European hub. Dillon said that international service from Bradley is unlikely to develop in 2015 but could occur in 2016. Another benefit of international service is that it generates more traffic from connecting flights to access the international flight. A financial guarantee arrangement for a new international carrier is one incentive that could be considered but it could not be funded by the airport since the airport cannot give a competitive advantage to any specific carrier.

Dillon next moved on to the airport itself. Infrastructure at Bradley will be upgraded. Demolition of the Murphy Terminal (aka Terminal B) is underway. A \$250 million new

transportation center with bus and taxi connections and one thousand parking spaces will be constructed at the airport. A high frequency bus connection from the Windsor Locks train station will be instituted. T.F. Greene Airport in Warwick, R.I., which is a major competitor for Bradley, now has rail service to its front door. Bradley can't offer this yet but is looking at a light rail connection to the Windsor Locks station as a long-term goal.

Dillon cited a passenger count of 5.2 million at Bradley when the CAA began operation. Bradley's passenger count is almost six million now. He believes Bradley could be a ten million passenger airport. Bradley, at its peak in 2005-2006, handled seven million passengers per year. T. F. Greene handles about four million passengers annually.

Both T. F. Greene and Manchester, NH Airports rely on 'bleed-off' traffic from Boston. In contrast, Bradley has more of its own market. Dillon noted that passenger traffic at Manchester, NH is down 14%, continuing a decline over the last three or four years.

Among other points Dillon made concerning airlines and Bradley Airport were:

- Jet fuel can be as much as 40% of an airline's operating budget. Airline finances get problematic when oil goes over \$100/barrel.
- The merger of US Airways and American Airlines led to the loss of non-stop service to Los Angeles from Bradley. US Airways favors shorter flights and connections so when its schedulers took over after the merger, non-stop West Coast service was cut.
- The airport has plans for a future terminal building on the Murphy Terminal site but does not see a need for the terminal until 2024.
- The airport is working on improving its Federal inspection facilities which are not conveniently located at present. Whenever there is an agreement for a new international carrier, the inspection facilities will be incorporated into Terminal A.
- The Airport Economic Development Zone at Bradley has been enhanced. Any property within a two mile radius of the center of the airport is eligible for tax incentives. Waterbury-Oxford Airport has done this too and other general aviation airports are looking at this concept.

Dillon then moved on to Connecticut's five general aviation airports: Groton-New London, Waterbury-Oxford, Brainard, Windham and Danielson. All of these operate at substantial deficits. The State may have to consider cutting back on the funding of these operating deficits. One possibility Dillon mentioned is the Rhode Island model where contractors run the general aviation airports. Though the salaries of the private contract workers are about the same as the state employees at Connecticut's five general aviation airports, the benefit levels are much less than the 84% overhead for benefits for Connecticut State workers.

Revenues from the general aviation airports have gone up 25% since the Authority took them over. Dillon mentioned that there has been some discussion of the State taking over Tweed-New Haven and Sikorsky Airports, which operate at annual deficits of \$2.0 million and \$400,000 respectively.

Dillon cited Waterbury-Oxford Airport in particular as having a lot of growth potential. Some of this growth has come at the expense of Westchester County Airport. Brainard Airport

is physically constrained but also has some growth potential. Groton-New London Airport is looking to get route connections to Philadelphia and Washington, D.C.

Bradley also has tons of capacity for growth; its limitation is gate capacity. Dillon compared LaGuardia Airport, which handles 25,000,000 passengers annually on its two runways of 7,000' each to Bradley's two runways, the longer of which is 9,000'. Bradley has 2,400 acres, about the same size as Logan Airport, compared to only 650 acres at LaGuardia.

When asked if Bradley considers Amtrak as a competitor, Dillon said that 15 years ago the answer would have been yes, but that Amtrak now dominates the NYC and DC markets so completely that Bradley can no longer compete on these routes. Asked about the declining traffic levels at Manchester, New Hampshire and T. F. Greene, Dillon said Southwest Airlines has cut the number of its flights into these airports from 32 to 15. Southwest now focuses more on going to the central cities instead of the second tier airports. That has been the cause of the declines in traffic at Manchester and T. F. Greene.

Lastly, Dillon mentioned that there is a market for additional commercial concessions at Bradley but just no place to put them. That is why you see more kiosk-type retail activity at the airport.

Comments from the Public

Terry Hall reported that the enhanced service on the Montrealer Line funded by Massachusetts is getting good usage. One recent day he observed 125 passengers boarding at Brattleboro. At Greenfield, Massachusetts, 125 passengers got off and another 125 got on heading to Northampton, where there were again many boardings. So usage of the new service has been very good.

Chairman's Report

Chairman Maloney mentioned more legal problems internationally for Uber. Their officers have been indicted in South Korea, and in France Uber is battling the government over regulatory requirements.

Other Business

Fred Riese apologized to the Commission for the snafu regarding the wrong cover letter being inserted in the 2014 Annual Report. The correct cover letter, replacing the 2013 version, has now gone out to all recipients of the Annual Report.

The Connecticut Association for Community Transportation Annual Legislative Breakfast will be held at the State Capitol's Old Judiciary Room on February 25. ConnDOT Commissioner Jim Redeker will be the featured speaker.

ConnDOT's Bicycle and Pedestrian Coordinator Kate Rattan will be the speaker at the Commission's February 5 meeting.

Chairman Maloney closed the meeting at 3:21 pm.