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# *Commission Meeting*

of

## NEW JERSEY GENERAL AVIATION STUDY COMMISSION

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**LOCATION:** Committee Room 4  
State House Annex  
Trenton, New Jersey

**DATE:** March 26, 1996  
11:30 a.m.

**MEMBERS OF COMMISSION PRESENT:**

John J. McNamara Jr., Esq., Chairman  
Frederick Telling, Ph.D., Vice-Chairman  
Jack Elliott  
Philip W. Engle  
Peter S. Hines  
Suzanne Solberg Nagle  
Henry M. Rowan

**ALSO PRESENT:**

Robert B. Yudin  
(representing Gualberto Medina)

Huntley A. Lawrence  
(representing Ben DeCosta)



*Meeting Recorded and Transcribed by*  
The Office of Legislative Services, Public Information Office,  
Hearing Unit, State House Annex, CN 068, Trenton, New Jersey

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**JOHN J. McNAMARA JR., ESQ, (Chairman):** Good morning. I am Jack McNamara. I would like to call to order this meeting of a hearing Subcommittee of the New Jersey General Aviation Study Commission. I am going to start off by calling the roll:

Jack Elliott?

MR. ELLIOTT: Here.

Phil Engle? He is here, right?

DR. TELLING: Yes.

MR. McNAMARA: Huntley Lawrence?

MR. LAWRENCE: Here.

MR. McNAMARA: Suzanne Nagle?

MS. NAGLE: Here.

MR. McNAMARA: Fred Telling?

DR. TELLING: Here.

MR. McNAMARA: Okay. We have a quorum.

MR. YUDIN: I'm here, too.

MR. McNAMARA: I'm sorry, Bob Yudin. Sorry, Bob.

We have here, is it Mr. Ranere?

**PETER RANERE:** Yes, that is correct.

MR. McNAMARA: Peter Ranere, from the Hammonton Airport.

Mr. Ranere, do you have any prepared statement you would like to make, any comments you would like to make to get started?

MR. RANERE: No, I didn't prepare anything. Of course, I am the Airport Administrator for the Town of Hammonton. It is municipally owned. I can tell you right from the getgo that the town has been very

cooperative and has assisted me in any way possible in the operation of the Airport.

MR. McNAMARA: Would you tell us, just informally, the history of Hammonton Airport as you know it?

MR. RANERE: All right. The Airport started out as a grass strip in the late 1960s. In 1970, that area was taken over by the Town of Hammonton through a grant from the Federal government.

MR. McNAMARA: Excuse me, sir. I am guilty of an oversight.

I am reminded by my fellow Commissioners that all of our testimony today will be taken under oath. Do you swear that the testimony you are about to give to this Commission will be true, under the penalty of perjury of the State of New Jersey?

MR. RANERE: Yes, I do.

MR. McNAMARA: I'm sorry. Please continue.

MR. RANERE: As I said, the Airport started out as a grass strip in the 1960s. In 1970, through a grant, to the best of my knowledge now-- I am trying to relate this as I recall it. The town took over the Airport with the aid of a grant. Shortly thereafter, a runway was constructed and that is how the Airport came into existence as the Hammonton Municipal Airport.

It has advanced from that point to the present day with a 3000-foot runway, approximately 75 feet wide. It is lighted and has a beacon. We have a package system, and that is about the extent of it.

MR. McNAMARA: Did you say a 2000-foot runway?

MR. RANERE: No, a 3000-foot runway.

MR. McNAMARA: A 3000-foot runway. How many aircraft are based at the Airport?

MR. RANERE: The figure fluctuates, but generally it is someplace between 40 and 55 airplanes.

MR. McNAMARA: What kind of services or support do you receive as manager of the Airport from the township?

MR. RANERE: What kind of-- I beg your pardon?

MR. McNAMARA: What kind of services or support do you receive from the township?

MR. RANERE: Well, of course, the township has a budget for the Airport. That is the way we provide for the services, the upkeep of the Airport.

MR. McNAMARA: Could you tell us the gross amount of that budget?

MR. RANERE: The budget is presently in the neighborhood of \$10,000. That figure would exclude any matching fund moneys the town comes up with whenever it gets a grant. That does not include expenditures that the town makes in the way of assistance from the Highway Department, which comes in and cuts the grass, maintains the area for weed control, and keeps the area around the border of the Airport clean.

MR. McNAMARA: Does it plow snow?

MR. RANERE: The town also maintains the Airport in adverse weather in the removal of the snow, yes -- the Highway Department.

MR. McNAMARA: Is there a terminal at the Hammonton Airport?

MR. RANERE: Not as such, no. We have a lounge area for the pilots, but it is not considered a terminal.

MR. McNAMARA: Are there instrument procedures -- approach procedures into the Airport?

MR. RANERE: We have a BOR approach, I think, from the Cedar Lake BOR. We are in the process of getting a GES approach approved. I don't know if that has been approved as yet.

MR. McNAMARA: Can arriving aircraft be serviced with fuel and mechanics, or maintenance?

MR. RANERE: Yes. We have the facilities and people there who maintain aircraft. We have fuel supplies and lubricants of that nature, yes.

MR. McNAMARA: Is there a telephone available at the Airport at all hours for arriving pilots?

MR. RANERE: Yes, there is a public phone right outside the front of the south hanger -- or, the south facility.

MR. McNAMARA: Are there ground transportation facilities? Is there a means by which arriving itinerant pilots or passengers can arrange for ground transportation?

MR. RANERE: Usually, during daylight hours, I would say that there is always someone there who can take someone into the town, if they want to go into town. But there are no rental cars available right at the Airport facility itself. If it is during daylight hours, normal business hours, they can call. There is a rental establishment in the Town of Hammonton -- Enterprise Car Rental.

MR. McNAMARA: Of the aircraft that are based at your Airport -- the 40 to 55 aircraft-- Does that number fluctuate from time to time? Do you know how many of them are operated for business purposes, or owned and operated for business purposes?

MR. RANERE: There is a small percentage of those that are used, at one time or another, for business purposes and by people who own businesses and use them to fly wherever their business dictates. To be able to give you a specific number, I would say probably in a range of four to ten, in that area.

MR. McNAMARA: Of arriving aircraft that are itinerants coming into Hammonton, do you have an idea of why people come to Hammonton by plane?

MR. RANERE: Well, they will come into the area for several reasons: for services to their aircraft, for fuel supply, occasionally to visit and have lunch in the little restaurant we have there. The restaurant, however, is only open on weekends. Other than that, they may come in to visit the town for business purposes. We have people who fly in for the various businesses that are located in town.

MR. McNAMARA: What sorts of businesses are located in Hammonton that they come to visit?

MR. RANERE: Well, they used to come in for Whitehall Laboratories and for Jamesway. Jamesway is now closed, and Whitehall is in the process of moving out of the town. But Wal-Mart is established there, and there are other small businesses that people come into the town for.

MR. McNAMARA: I know you testified that the relationship between this Airport and its owner, Hammonton Township, is a good relationship -- I think you said an "excellent relationship." Are there any sensitive areas in that relationship, any kinds of things that the administrators of the town -- the Mayor and the Town Council -- might ask you to be sensitive to and try to control or manage in some manner?

MR. RANERE: Yes. The most sensitive area we have is trying to keep expenses to a minimum. We work with a very tight budget. I have been able, because of what I do down there, to keep those expenses down. One of the major expenses we have is, of course, maintaining our runway lights. I have repaired them myself and installed them. I do not do anything that requires direct contact with the electrical service. That we call in an outsider to do, a qualified person to do. But I have been able to maintain and eliminate expenses in that fashion.

MR. McNAMARA: Are there other sensitive areas?

MR. RANERE: No, none that I can think of right at the moment.

MR. McNAMARA: What about the neighbors to the Airport? Do you have a good relationship with them?

MR. RANERE: Yes. We have a very good rapport with the neighbors. We have had very, very few complaints. We are situated in an area that is sort of remote from a developed area. There are a few homes in the nearby vicinity, but other than that we don't really have complaints from household owners or people of that nature.

MR. McNAMARA: Do you have any kind of a municipal committee that is an Airport committee?

MR. RANERE: Yes. Besides the Councilmen and the Cochairman of the Council, we have an Airport Committee that is comprised of myself and three other people.

MR. McNAMARA: Are they members of the Town Council?

MR. RANERE: No. They are just private individuals who have an interest in aviation.

MR. McNAMARA: What does that committee do?

MR. RANERE: We meet on occasions to discuss the various problems that arise concerning tenants, concerning improvements for the facility, and things of that nature.

MR. McNAMARA: When you say "concerning tenants," what would be a typical discussion concerning tenants or agenda items concerning tenants?

MR. RANERE: We have had cases where because of general aviation conditions and the climate where they have been sort of pressed, we have had to help them through some rough times. That is when we--

MR. McNAMARA: Mostly financial?

MR. RANERE: That's right, mostly financial.

MR. McNAMARA: Are there other questions? Suzanne?

MS. NAGLE: Mr. Ranere, how many acres are there in Hammonton -- acres of land?

MR. RANERE: How many acres--

MS. NAGLE: Of land.

MR. RANERE: --do we have for the Airport?

MS. NAGLE: Yes.

MR. RANERE: Gee, I don't know whether it is 60 or 70 acres. I can't recall the specific number of acres we have. It is not a big plot. I am trying to remember what that figure was. Councilman DeMarco (referring to upcoming witness) seems to think it is in the neighborhood of 60 acres. That may be so, but right off the top of my head, I can't recall.

MS. NAGLE: What is the maximum length-- Have there been any master plan studies done for Hammonton? What is the maximum length runway you envision, let's say, within the next 10 to 20 years?

MR. RANERE: Well, we are trying to accomplish a 600-foot extension shortly, and then another 600 to bring it to about 4100 feet. What we envision is 4100 to 4500 feet as the maximum.

MS. NAGLE: Is Hammonton a municipality?

MR. RANERE: Yes.

MS. NAGLE: When did this municipality take over the Airport? Had it originally been privately owned?

MR. RANERE: It was privately owned, yes. It was taken over in about 1970 -- maybe 1969, someplace in that time frame.

MS. NAGLE: Since that time, what kinds of changes have happened at the Airport? Was it always 3000 feet, or did it--

MR. RANERE: Initially, it was 3000 feet. They have widened the surface of the runway from 50 to 75 feet. We went from dirt taxiways to asphalt taxiways. When they did the taxiways, they also put in a landing light system. Then from there, we went to the packing system. At one time, early on, we had a beacon. The beacon became dilapidated, and we now have a new beacon, and we have a security fence.

MS. NAGLE: That's great.

Since this is a municipally owned Airport and it sounds like you have an amicable relationship, how does the municipality view the property surrounding the Airport? Does it view it-- Do you know anything about the assessments around the Airport? Do they feel it is devalued any, or has it increased in value?

MR. RANERE: Well, let me explain. We are in the heart of the Pinelands right there, so the value of the property as farmland is pretty constant, wouldn't you say?

**COUNCILMAN ANTHONY J. DeMARCO:** It's cheap. Property there is cheap.

MR. RANERE: Property values have been kept down because of the Pinelands aspect.

MS. NAGLE: Because you can't develop it?

MR. RANERE: That's right, because you can't develop it. So it really hasn't affected the value of the surrounding area, because of the Airport and because of that reason.

MS. NAGLE: If you are going to make -- which I hope you will be able to do -- these 600-foot increments, do you have to get approval from the Pinelands Commission to do that?

MR. RANERE: Yes, we do.

MS. NAGLE: Do they seem receptive to this?

MR. RANERE: Well, we are in the process of doing that right now. We are doing an Environmental Assessment Study for the first 600

addition. We will know shortly, but they do seem to be cooperative from the reports I am getting from our consulting engineer.

MS. NAGLE: So none of the land around the Airport really lends itself to development, in any event then?

MR. RANERE: There is an area to the west side of the Airport, about 40 to 50 acres, that we are hopeful -- in future times, if the need dictates such -- we will be able to purchase to develop some sort of a commercial development in that area that would be in conjunction with the Airport. Because of our location in the Pinelands, it all has to be a very clean type of industry. That is the big bugaboo. Of course, there is nothing wrong with that, but that is what we are looking forward to.

MS. NAGLE: Thank you.

MR. McNAMARA: Are there other questions for Mr. Ranere?

MR. LAWRENCE: Mr. Ranere, I don't know if I missed this or not, but I wonder if you can tell me, or give me a sense of the type of traffic that leads into your Airport, and if you can classify it as recreational, business, flight instruction, or anything else like that?

MR. RANERE: Well, the Airport is used quite a bit for flight instruction, whether they are instructors from the Hammonton Airport itself or from surrounding airports. Because of the location, a lot of people come in there to practice landings and takeoffs, but they are students. Because the Airport is kept up and the runway is in good condition, they utilize it for that reason.

But we have quite a few recreational pilots who fly weekends and evenings, and there are a number of people who come in and out with twins

that are business related. We have a glider operation, too, at the Airport, which has been there for quite some time. We have accommodated them, and they have been very good tenants.

MR. LAWRENCE: I guess that sort of leads me to my next question: You indicated that the Airport has served businesses such as Whitehall and Jamesway, and that Jamesway--

MR. RANERE: Is closed.

MR. LAWRENCE: --is closed and Whitehall has indicated that they will be leaving the town.

MR. RANERE: Yes.

MR. LAWRENCE: What can you tell us about the future of Hammonton Airport, given all of that?

MR. RANERE: Well, one of the reasons why we are looking forward to extending the runway, is so that we would be in a better position to accommodate commercial-type, twin-engine aircraft and small jets. Hopefully, that will attract people who may have an interest in the town, in developing a business there, or an industry there.

MR. LAWRENCE: Thank you very much.

MR. McNAMARA: If I may, I would like to just follow up on that question by asking: Did anyone contact Whitehall Labs or Jamesway as they were departing to ask them if that Airport were improved and the runway facilities were extended to accommodate the typical aircraft that those types of businesses would operate, whether they would stay?

MR. RANERE: I don't know if that question was specifically asked. I cannot answer that.

MR. McNAMARA: Do you feel that might have something to do with it?

MR. RANERE: In the case of Whitehall, I doubt whether it would have, because the town, I think, is of the opinion that the reason why they are leaving the area is because of the restrictive nature of the Pinelands. They wished to expand their facility, but ran into so many snags along the way, that that was one of the things that deterred them, and they are now moving part of their operation down south of us to Richmond, and part of it up to New York State. That is my understanding.

MR. McNAMARA: And in the case of Jamesway?

MR. RANERE: I think that was--

MR. McNAMARA: Would they have been interested in a better airport facility?

MR. RANERE: I don't think so. They just ran into very difficult business conditions that caused them to go into bankruptcy. I don't think the Airport would have been a determining factor in their case.

MR. McNAMARA: Mr. Lawrence?

MR. LAWRENCE: I think I missed one question, that being: What is your Airport's financial standing at this time? I know you indicated that you had--

MR. RANERE: We are just about at a break-even point, if you were to consider what we take in, in revenue and what it costs us to keep the Airport in its present condition. We just about breakeven.

MR. McNAMARA: Are you a pilot, sir?

MR. RANERE: I have been, but I am not current at the present time.

MR. McNAMARA: Do you operate an FBO at the Airport, or are they your tenants?

MR. RANERE: We have an FBO that is a tenant, yes.

MR. McNAMARA: If we wanted to get better information about the nature of the operations at the Airport, would the FBO be able to give us better information about business use, and so on?

MR. RANERE: I am sure he would be willing to cooperate in that respect.

MR. McNAMARA: Does the FBO deal directly with the owners of the aircraft based there?

MR. RANERE: Yes, he does.

MR. McNAMARA: So he would know who they are and what they do probably better than you would?

MR. RANERE: Yes, he would.

MR. McNAMARA: The FBO is the one who sells the fuel and provides the maintenance?

MR. RANERE: That is correct.

MR. McNAMARA: Are there one, or two, or more FBOs?

MR. RANERE: There is one.

MR. McNAMARA: There is one. Does the forest service use your Airport to refuel during operations to protect the Pinelands from forest fires?

MR. RANERE: Yes. They operate out of the Airport for a period, I guess, of two or three months, starting usually around April 1 until the forest

fire threat is somewhat lessened. We allow them to operate out of a portion of the field. They have been doing that for years now.

MR. McNAMARA: What sort of facilities do you make available to them?

MR. RANERE: Well, there is an area on the north end of the field behind the north hanger, and that is where they operate from. We allow them to put their trailer in there, and they bring in a water tanker. Also, they usually have a couple of airplanes based there.

MR. McNAMARA: Are there other questions for Mr. Ranere?  
Mr. Yudin?

MR. YUDIN: You stated that you made your application to the Pinelands Commission for the first 600-foot extension, and you expect to hear shortly from them.

MR. RANERE: That is correct.

MR. LAWRENCE: And that your engineer reports that everything seems to be going smoothly.

MR. RANERE: Yes.

MR. LAWRENCE: Jack -- Mr. Chairman -- would it be possible to have Mr. Ranere notify us when he has heard from the Pinelands people as to whether they approved or disapproved of that extension, so we can get that into the record?

MR. McNAMARA: Yes, that would be excellent. A very good point.

Would you do that, Mr. Ranere?

MR. RANERE: I would be glad to.

MR. McNAMARA: You are anticipating it in the very near future, are you?

MR. RANERE: I would say within the next 60 to 90 days we should have a definitive answer, yes.

MR. McNAMARA: Would you contact Ms. Nagle when that decision is made and report to her what the decision is?

MR. RANERE: I'll be glad to do that.

MR. McNAMARA: Mr. Yudin?

MR. YUDIN: You mentioned that the Airport, financially, is breaking even. Now, when you say it is breaking even, does that mean you are including the \$10,000 you receive from the municipal budget, or is that before that?

In other words, you have an income from the Airport?

MR. RANERE: Yes.

MR. LAWRENCE: I assume the fuel, and also when people put their aircraft in your hangers, that kind of thing?

MR. RANERE: Well, see, we are just paid from the FBO. He pays us so much per month, and the people who are using the Airport, the pilots who keep their planes there, pay their rentals to the FBO.

MR. LAWRENCE: So the only income--

MR. RANERE: The only income is what we receive from the FBO.

MR. LAWRENCE: Now, when you say you are breaking even--

MR. RANERE: Yes?

MR. LAWRENCE: --if you take the income from the FBO, plus the \$10,000 from your municipality-- That is what you mean by breaking even?

MR. RANERE: I'm saying that the income we have from the FBO will cover the \$10,000 expenses we have, plus the additional expenses that we incur by our Highway Department going in there and maintaining the grass and the weed control. So we have a break-even point, yes.

MR. LAWRENCE: It is not clear in my mind. You get \$10,000 from your municipality.

MR. RANERE: Yes, which we spend for expenses, for upkeep.

MR. LAWRENCE: Then you get reimbursed by the FBO, and you give that money back to the municipality?

MR. RANERE: No, no.

MR. LAWRENCE: Or are you saying the money you get from the FBO, plus the \$10,000 that you get from the municipality, enables you to operate the Airport?

MR. RANERE: Well, the money we receive from the FBO goes directly into the general fund of the Town of Hammonton.

MR. LAWRENCE: Of the town?

MR. RANERE: Yes.

MR. LAWRENCE: I see. Is that at least \$10,000?

MR. RANERE: It's more than \$10,000.

MR. LAWRENCE: Okay. So as far as the municipality--

MR. RANERE: We take in approximately \$20,000, and we have a budget of \$10,000, so that covers the \$10,000 we are getting in the budget.

MR. LAWRENCE: That is my point. The municipality is making a handsome profit on this Airport.

MR. RANERE: Not really, when you consider the other expenses of cleaning the snow off the field, cutting the grass.

MR. LAWRENCE: Okay, all right. So if you take all of that into account, that is what you mean by breaking even.

MR. RANERE: Yes.

MR. LAWRENCE: So it is fair to say that it is not costing the municipality any money -- the operation of the Airport?

MR. RANERE: At the present time, as I said, it is just around a break-even figure.

MR. LAWRENCE: Okay. Good.

MR. RANERE: We are not looking to make money.

MR. LAWRENCE: No, I am just trying to get into the record--

MR. RANERE: We would like to make a little bit more, because the taxpayers would be happier.

MR. LAWRENCE: --that your municipality is showing how it can at least break even with a general Airport, and maybe that is an avenue where other municipalities can be convinced to take over airports that are not showing a profit, that are in jeopardy, or in dire straights. Maybe we can help to save some airports by municipalities taking them over. Maybe we can convince them that they could at least break even and maybe make a little profit -- help to convince them to make that ruling. That is all I am trying to get onto the record.

Into another area, hangers. How many hangers do you have?

MR. RANERE: We have two hangers.

MR. LAWRENCE: The people who operate the Airport charge for hanger maintenance--

MR. RANERE: Yes, they do.

MR. LAWRENCE: --or for the storage of aircraft in the hangers, right? That is all part of--

MR. RANERE: That is all part of the FBO's operation, yes.

MR. LAWRENCE: Okay.

MR. McNAMARA: Are they maintenance hangers or storage hangers?

MR. RANERE: We have one that is a storage hanger, and the other is a maintenance hanger. But, see, the big difference with us is that we do not have to pay real estate taxes. You have to realize that. This is a municipally owned field, so we are not paying taxes to the town. Where if we had to pay taxes on top of--

MR. LAWRENCE: You would be losing money.

MR. RANERE: That's for sure.

MR. LAWRENCE: That is a problem that other airports have, and we are trying to see if we can come up with thoughts and recommendations on how to at least stop the demise of airports.

MR. RANERE: Right, I understand that.

MR. LAWRENCE: That is why we are trying to secure this information. Yours is a good idea. We had another airport that is farming the airport, and that is how he keeps his taxes down.

That is all the questions I have.

MR. McNAMARA: Mr. Elliott?

MR. ELLIOTT: How many employees are there at the Airport?

MR. RANERE: Are you referring to the FBO, how many employees, because he has--

MR. ELLIOTT: Well, total. The FBO would be one source of employment. I would assume the restaurant would be another. Perhaps the glider operation employed people. Total employment?

MR. RANERE: Approximately a total of 10 people when you consider the people that the town employs to keep the Airport maintained, the people who are employed by the FBO, and the restaurant.

MR. ELLIOTT: The restaurant is part-time?

MR. RANERE: It is part-time.

MR. ELLIOTT: How many full-time employees does the FBO have?

MR. RANERE: Just full-time, it would be two people. Then there are part-time people who come in to maintain their aircraft. There might even be more, if you consider them, because-- Then I would say you are in the neighborhood of 15 people. But most of them are part-time. Then you have the instructors who are operating off the field. There are a number of people who make an income off the field.

MR. ELLIOTT: Does the FBO operate the flight school?

MR. RANERE: Yes.

MR. ELLIOTT: Does the FBO also offer sales?

MR. RANERE: Yes, they do.

MR. ELLIOTT: They run the maintenance. Is that a full-time operation, the maintenance?

MR. RANERE: Yes, it is.

MR. ELLIOTT: At one time, there was a fairly large clothing outlet based right on the field. What has happened to that? Is that still there?

MR. RANERE: That was called Flight Apparel.

MR. ELLIOTT: Yes.

MR. RANERE: That business is no longer on the field. But in place of that we have just been able to-- There is a new outfit that has moved in. It is called Eastern Aero Supply. They were located at the Millville Airport for 15 or 20 years, and they moved to Hammonton. They bought that facility. They are a very good neighbor of ours and a real plus to the field.

MR. ELLIOTT: Of course, their employment would also be included in the number of people who are employed at the Airport.

MR. RANERE: Yes. We permit them to have a through-the-fence operation there, where they can enter onto the field. That way airplanes can land on the field. That way airplanes can land on the field, they can taxi over to Eastern Aero Supply and buy their airplane parts, and then leave the field. He probably employs eight people there.

MR. ELLIOTT: Which would be added to the figure you gave us before.

MR. RANERE: Yes, it would be.

MR. ELLIOTT: He sells aircraft parts exclusively, or does he offer other products?

MR. RANERE: I beg your pardon?

MR. ELLIOTT: Does he sell aircraft parts exclusively, or are there other products -- aircraft equipment, charts--

MR. RANERE: Just aircraft parts and supplies.

MR. ELLIOTT: Thank you.

MR. McNAMARA: Mr. Yudin?

MR. YUDIN: Just a quick question: What county is this in?

MR. RANERE: This is Atlantic County.

MR. YUDIN: Atlantic County?

MR. RANERE: Yes.

MR. YUDIN: Thank you.

MR. McNAMARA: Ms. Nagle?

MS. NAGLE: Are you an employee of the Town of Hammonton?

MR. RANERE: Yes, I am a part-time employee of the Town of Hammonton.

MS. NAGLE: Is your salary included then? I mean, are you--

MR. RANERE: That salary is included in the \$10,000. My salary is \$2000. It costs me that much in gasoline and expenses.

MS. NAGLE: We need you in Readington. (laughter) You are right in line with our budget.

MR. RANERE: I won't come that cheaply.

MS. NAGLE: Thank you.

MR. McNAMARA: Mr. Ranere, I see you are accompanied by another gentleman. For the record, could you tell us who that is?

MR. RANERE: This is Anthony DeMarco. He is a Councilman for the Town of Hammonton, and he is the Chairman of the Airport

Committee for the Town of Hammonton. We also have the Cochairman. His name is Jim Garrison. Jim is under the weather right now. He just had open-heart surgery.

MR. McNAMARA: We wish him well, sir.

Councilman DeMarco, would you like to make some comments?

COUNCILMAN DeMARCO: I think Mr. Ranere just about covered everything.

MR. McNAMARA: Let me just, first of all, sir, ask you: Do you swear that any comments you make or testimony you will give to this Commission will be true, according to the law of perjury in the State of New Jersey?

COUNCILMAN DeMARCO: Yes, I do.

MR. McNAMARA: Thank you, sir.

COUNCILMAN DeMARCO: I think that at any airport it would be great to have a man like Mr. Ranere as administrator. He puts in a lot of time, and I spend a lot of time with him also. He does a good job. He is constantly after everything. So anything that Mr. Ranere has told you is probably true to the best of his knowledge. You know, he is getting old, like me, and you start forgetting some things.

But Pete is one of the best. I think every airport should have a Mr. Ranere to help to operate it, and it would operate efficiently.

MR. McNAMARA: Did you hear all of Mr. Ranere's comments that he just made here?

COUNCILMAN DeMARCO: Yes, I did.

MR. McNAMARA: Do you believe all of his comments to be true to the best of your knowledge?

COUNCILMAN DeMARCO: Yes, I do.

MR. ENGLE: One quick question: Councilman DeMarco, do you receive noise complaints relative to the aircraft operations from Hammonton Airport -- many noise complaints?

COUNCILMAN DeMARCO: I couldn't hear that question.

MR. ENGLE: How do you deal with them?

MR. RANERE: We have had one or two complaints. They are usually related to crop dusters, because some of the fields that the crop dusters operate in and out of are close by the homes. That is the only nature of complaint that I ever recall. We have one home that is on the south end of the field, right at the south end of the runway. We would like to be able to purchase that property to eliminate that problem. But we haven't had complaints from them.

COUNCILMAN DeMARCO: We are far away from just about everyone. I think the closest house -- other than the one that Mr. Ranere just related to which is close -- is at least a half a mile away from the hanger. We have no problems. We have no problems with people complaining about noise or anything else, because we are surrounded with a Wharton tract and then an empty tract on the other side. It is all farming. Farmers do not complain. It is the household people who complain, and we have none of that. We could expand that Airport and not have any problems with people, because once we buy that home that Mr. Ranere related to, there will be no one within half a mile at least of that Airport.

MR. McNAMARA: When you say the crop dusters operate in and out of fields nearby homes, do you mean they are dusting the fields, or are they taking off and landing at those fields?

COUNCILMAN DeMARCO: It is not the taking off and landing that the people complain about. It is them dusting. Well, they don't dust anymore, it is illegal. They spray now. We have no control over that.

MR. McNAMARA: Okay. Do those aircraft also operate in and out of Hammonton Airport?

COUNCILMAN DeMARCO: Yes, they do.

MR. McNAMARA: So that is another business at Hammonton Airport?

COUNCILMAN DeMARCO: Yes.

MR. McNAMARA: The complaints are not about operations -- takeoffs or landings at Hammonton Airport, but rather the noise of operating over fields and spraying fields near residential areas?

COUNCILMAN DeMARCO: That is correct.

MR. McNAMARA: Are they noise complaints or are they complaints about drifting spray, or what?

COUNCILMAN DeMARCO: Well, mostly it is drifting spray that they complain about. I don't know of anyone who has ever complained about noise.

MR. McNAMARA: Thank you. Thank you very much, sir.

Are there other questions for these gentlemen, either Mr. Ranere or Councilman DeMarco? (no response)

Gentlemen, thank you very much for taking your time to come up here and give us this testimony today. It sounds as though you have an excellent operation. Clearly, you have an excellent airport manager. I wish there were one like him for every airport in the State.

COUNCILMAN DeMARCO: We can't spare him. We need him.

MR. McNAMARA: Thanks a lot.

MR. RANERE: Okay, thank you. Is that it, then?

MR. McNAMARA: We remind you that as you hear from the Pinelands Commission, contact Ms. Nagle. If you have any exhibits or literature that you would like to leave with us, we would be happy to make it part of our record.

MR. RANERE: No, I don't, I didn't bring any.

MR. McNAMARA: Okay. Thanks again.

MR. RANERE: All right. Thank you.

COUNCILMAN DeMARCO: Thank you.

MR. McNAMARA: Is Martha Frish here.

**MARTHA FRISH:** Yes.

MR. McNAMARA: Would you spell your last name, please?

MS. FRISH: Sure. Martha F-R-I-S-H.

I am Director of Economic Development for Old Bridge Township, New Jersey, which is in Middlesex County.

Old Bridge Airport is the only public use airport in our township and the only one in Middlesex County.

MR. McNAMARA: Is her mike on? (mike is turned on)

MS. FRISH: Should I start again?

MR. McNAMARA: Please do. Would you spell your name again, please.

MS. FRISH: Sure. F-R-I-S-H, Martha Frish.

MR. McNAMARA: Ms. Frish, do you swear that the testimony you are about to give to this Commission will be true, according to the penalty of perjury in the State of New Jersey?

MS. FRISH: I do.

MR. McNAMARA: Thank you, ma'am. Please proceed.

MS. FRISH: I am Director of Economic Development for Old Bridge Township in Middlesex County. Old Bridge Airport is the only public use airport in our township and the only one in Middlesex County.

Currently, approximately 75 planes are based at the Airport, resulting in 16 jobs. At the present time, the Airport's owners are exploring expanding the Airport to two 5000-foot runways.

MR. McNAMARA: We are still having difficulty hearing you. Could you please pull that mike closer to you?

MS. FRISH: Sure. Does that work better?

MR. McNAMARA: Oh, that is much better, yes.

MS. FRISH: This expansion would make the Old Bridge Airport the largest airport in Central New Jersey.

The Airport and the neighboring Raceway Park, which are owned by the same family, bring significant numbers of visitors -- estimated at 270,000 per year -- who probably otherwise wouldn't visit the township.

It is a little early in the planning process to know how many new jobs would be added to the local economy as a result of the Airport expansion.

However, it is clear to Old Bridge's Economic Development Corporation that the Airport is a significant economic generator in our township, and that the expansion of the Airport is likely to attract new companies to Old Bridge, thereby benefiting the economy of Middlesex and Monmouth Counties.

I will take whatever questions you may have.

MR. McNAMARA: Thank you, Ms. Frish.

Perhaps we didn't get it, but the size of the Airport, the number of acres that the Airport owns is?

MS. FRISH: I'm sorry, but I do not know that offhand. I have some stuff in my briefcase. I can consult it, if you would like.

MR. McNAMARA: Seventy-five based aircraft.

MS. FRISH: Right.

MR. McNAMARA: Is it municipally owned or privately owned?

MS. FRISH: It is privately owned.

MR. McNAMARA: Who are the owners of it?

MS. FRISH: The Napp family, N-A-P-P.

MR. McNAMARA: The 75 aircraft that are based there-- Do you know how many of them are owned by businesses or operated for business purposes?

MS. FRISH: My impression is that most of them are owned by businesses and are operated for business purposes -- by businesses in the Middlesex County/Monmouth County area. I received that information from Richard Napp.

MR. McNAMARA: Do you know, in the operation of the Old Bridge Airport, what the tax burden is, what the real estate tax burden is?

MS. FRISH: I have never looked at that, no.

MR. McNAMARA: Do you know what the gross income of the Airport is -- whether or not the Airport is operating at a net income or a net loss?

MS. FRISH: I believe it is operating at a net income.

MR. McNAMARA: Do you know if that is a substantial net income or just barely making it?

MS. FRISH: I don't know. I should say that I asked members of the Napp family to come here today to testify before you, but I am sorry to say that they are not here, because they would be better able to answer those questions.

MR. McNAMARA: I understand.

Does the Township of Old Bridge provide any services to the Airport?

MS. FRISH: Other than public safety, no.

MR. McNAMARA: It doesn't provide any grass cutting, weed control, or snow plowing?

MS. FRISH: Snow plowing, probably.

MR. McNAMARA: It does provide snow plowing.

MS. FRISH: But I am not in charge of those functions, so I couldn't say for sure.

MR. McNAMARA: Do you know -- or did you tell us already, and perhaps I didn't get it -- the number of hangers on the Airport?

MS. FRISH: No, I did not tell you, and I don't think I know.

MR. McNAMARA: Do you know the number of fixed base operators who are there?

MS. FRISH: Fixed base, i.e., if they are--

MR. McNAMARA: People who run businesses to run aircraft fuel.

MS. FRISH: No, I don't know.

MR. McNAMARA: Do you know if there are more than one?

MS. FRISH: I don't know.

MR. McNAMARA: What businesses in the Old Bridge-- You said the Monmouth County area?

MS. FRISH: Right.

MR. McNAMARA: Do you know any businesses there -- typical businesses -- that are using the Old Bridge Airport?

MS. FRISH: That is a question you should ask the Napp family.

MR. McNAMARA: Okay.

The length of the current runways?

MS. FRISH: I have that data in my briefcase, if you would like me to check it for you.

MR. McNAMARA: We have it here?

MR. YUDIN: It's 3594 feet.

MR. McNAMARA: So it is roughly 3600 feet for one runway.

MR. YUDIN: That says Runway 6 and 24.

MR. McNAMARA: So 6/24 is 3600, right?

MR. YUDIN: This does not show a second runway. (referring to map)

MR. McNAMARA: There is only one. What they are hoping to expand to are two 5000-foot runways. I assume the second one will be a crosswind runway.

MS. FRISH: There is now one runway. They are talking about building a second runway that will be perpendicular to the current one -- expanding the current one, and adding a new one entirely.

MR. McNAMARA: Once again, may I ask you your title?

MS. FRISH: I am Director of Economic Development.

MR. McNAMARA: Of?

MS. FRISH: I report to the Economic Development Corporation, which is a freestanding, nonprofit entity which is not a municipal agency.

MR. McNAMARA: Is it a State-affiliated agency?

MS. FRISH: It is a State charter. It is a corporation. It functions as a public agency, but the difference between an Economic Development Corporation and a State agency is that it is freestanding, it has a board of directors, with representatives from the community, and we are not funded by the municipality or by the State. We are funded by contributions from member organizations.

MR. McNAMARA: What I am trying to get at is: Are your responsibilities as Director of Economic Development focused on Old Bridge Township?

MS. FRISH: That is correct.

MR. McNAMARA: Okay. Your responsibilities do not go beyond Old Bridge Township?

MS. FRISH: That is correct.

MR. McNAMARA: Okay. That's excellent.

Do you have any idea of the economic impact of the Airport at this time on Old Bridge Township?

MS. FRISH: No, I do not. I asked the owners of the Airport to provide you with that information, but they have not done so.

MR. McNAMARA: Does the Airport have any kind of an airport committee that would field questions or complaints from the residents of the community?

MS. FRISH: I don't believe they have a committee per se. I have never heard talk of that. My understanding is that the Airport is so very closely owned by the Napp family that any complaints from the public would go directly to the Napp family. Those complaints do not come to me.

MR. McNAMARA: But you are familiar with the reputation of the Airport in the Old Bridge community?

MS. FRISH: Yes.

MR. McNAMARA: Does it have a good reputation?

MS. FRISH: Yes. The only discussion I hear of is that the Airport is very close to the Manalapan/Old Bridge border. There are complaints from residents of Manalapan about airport noise.

MR. McNAMARA: We want to make a note of that, Phil, and give Manalapan an invitation to come in and talk about this.

MS. FRISH: I should say that the Old Bridge Airport is located in a very rural part of Old Bridge, so there are very few residential constituents of Old Bridge who live adjacent to the Airport. Any residents of the area live within Manalapan.

MR. McNAMARA: Does the Airport provide any public services' base for firefighters, medevac, or any kind of aircraft operations for public services that you know of?

MS. FRISH: I don't know.

MR. McNAMARA: Does it have any commuter airline going in and out?

MS. FRISH: I don't think so.

MR. McNAMARA: Are there other questions for Ms. Frish? Ms. Nagle?

MS. NAGLE: Thank you for coming here this morning.

I wonder if we ask you some questions if it would be possible for you to get back to a member here on the Commission?

MS. FRISH: Sure.

MR. McNAMARA: That member we will designate now to be you.

MS. NAGLE: Fine.

MS. FRISH: Hang on. Let me find a piece of paper. Go ahead.

MS. NAGLE: Okay.

I would like to know how many acres Old Bridge Airport includes. If you have this expansion, if it means buying additional property, how would they go about doing that, since it is a private entity?

Were you saying Manalapan had a problem with noise?

MR. McNAMARA: Manalapan, yes.

MS. NAGLE: Manalapan, okay. Could you tell us what those noise complaints are, and if there are any concerns with changes in real estate values if this expansion is to occur?

MS. FRISH: May I answer a couple of those questions?

MS. NAGLE: If you know the answers, great.

MS. FRISH: I know for a fact that the Napp family is looking to acquire some of the residential land which has received approvals for residential construction. They have been talking about how to go about financing the acquisition of that land.

MS. NAGLE: So they would do this financing privately?

MS. FRISH: Let me start by saying that this has not been announced publicly yet. The reason I know about it is that the Napp family has come to the township administration for a plan and explanation about how they would go about doing this. They have told us this in confidence, so I am telling you in confidence, as it were, and they are looking for public financing of some sort. They have not gotten any of the studies that I would consider to be necessary prior to going public with this. They have not really begun to explore financing mechanisms.

So I don't know how they would go about acquiring land, at this point.

MR. McNAMARA: Ms. Frish, I have to comment that everything you say here is on the public record.

MS. FRISH: I understand that.

MR. McNAMARA: We appreciate your confiding in us, but we cannot promise to hold the confidence. However, we can tell you that we get very little publicity. (laughter)

MS. FRISH: That is why I said that.

Do you have more questions?

MR. McNAMARA: Mr. Yudin?

MR. YUDIN: Before I ask a question, I want to get some information from the Chair. Did we invite the Napp family to come here?

MR. McNAMARA: Yes.

MS. NAGLE: I invited them.

MR. McNAMARA: I believe Ms. Frish is here because we invited Old Bridge to come.

MS. FRISH: I received an invitation. The Napp family, to my knowledge, did not. I tried to recruit both Napps to come here.

MR. McNAMARA: I thought you were here representing the Airport. It got me off to an incorrect start. Also, it changes the assignment. When you find out the items that you are going to research and report back on, I would like to ask you to report back to Mr. Engle, who is the Chairman of our Municipal Relations Committee.

MR. YUDIN: That is what I wanted to pursue. I personally think it is important to have the Napp family here, coming as representatives of the Airport. While you have asked questions to get information on some things, there is so much, I believe, that we can only get from the Napp family itself. For instance, when I look at the map here, I am trying to figure out how they are going to build a runway perpendicular to that runway and not touch the

racetrack. Then all the information, and the questions that would follow up from the information the Napp family would give us, can really only come from the Napp family. So I propose that we contact them and, if they are still refusing to come, they might be candidates for our letter.

I think it is very important to hear from them relative to this complex-- But, Ms. Frish, thank you for coming.

There is a question I would like to ask: The Napp family, is that the same family as Napp Chemical up in Bergen County?

MS. FRISH: Not to my knowledge.

MR. YUDIN: You don't know of any connection?

MS. FRISH: I have never heard of that, no.

MR. YUDIN: We have invited the Napp family, have we not, Ms. Nagle?

MS. NAGLE: My contact at Old Bridge Airport was Paul Surniglia.

MS. FRISH: That is not a name that I know.

MR. ELLIOTT: I believe he is the Manager of the Airport.

MS. NAGLE: That is who I contacted. He explained that he was too busy. He sounded as though he was a one-man show there, or very close to it.

MS. FRISH: If that's true, they have at least two people.

MS. NAGLE: Well, one or two. He was very interested in coming, but just said he was too busy running the Airport to come. If you will give me the phone number for the Napp family, I will make that endeavor.

MS. FRISH: I can do that.

DR. TELLING: Mr. Chairman?

MR. McNAMARA: Dr. Telling?

DR. TELLING: I just have a couple of questions.

I would like to thank you again for your earlier and opening testimony in your role as Director of Economic Development. I am glad to see that a corporation has been established under the New Jersey laws for a specific focused effort in the Old Bridge area.

You mentioned a moment ago that there are some studies you might consider appropriate to be conducted before further expansion of this facility is undertaken. I wonder if you would take a moment to talk to us about the kinds of studies you think would be appropriate, and any more specifics you might have in your view about the impact on the economic development of the area from this Airport.

MS. FRISH: I think there are a variety of studies that need to be done. I think -- not talking in order, but I will talk about what comes to mind first--

DR. TELLING: Yes, thank you.

MS. FRISH: There is a traffic impact study. The roads surrounding the Airport are quite narrow. I know the access between the roads and the New Jersey Turnpike are not great, so you would have to look at how to go about expanding the capacity of all the roads within Old Bridge and to the Turnpike to get to the Airport.

You certainly should do noise evaluations, not just from Manalapan, but within Old Bridge itself and the surrounding areas.

You need to basically do a market study. I have been told that there are 75 planes that currently reside at the Old Bridge Airport, but I don't know who those planes belong to. I think a study should be conducted to see who they belong to, what they are used for, is there any chance that the companies that use them are going to expand their air fleets, and what the potential is for increased airplane demand by companies in the surrounding counties that do not now own airplanes, but might want to. We need to know what the market is. And a second point: What the market is for commuter flights, which is an entirely different subject.

DR. TELLING: If I may ask as a follow-up: Do you happen to know of the -- if I can summarize it correctly -- the three areas that you identify -- traffic, impact, and access -- noise, secondly, and a market study -- if those three adequately capture the sense-- Do you know which of those are required currently by any other agencies, whether it is the Department of Transportation, or any other, and if they are not already required by some other agency, does your office as Economic Development provide any support or assistance in the conduct of some of these studies?

MS. FRISH: I will answer the first question first, which is: Do I know if other agencies require such studies? I don't know that.

DR. TELLING: Thank you.

MS. FRISH: The answer to the second question is: In the course of our one meeting with the Napps about the expansion of the Airport, I asked them these questions. I was told that they did not have the answers. I said, "Well, I think you need more information before you can go forward on this."

I would expect, as a representative of the township administration, that those questions would have to be answered before I could make a judgment.

DR. TELLING: Thank you.

MS. FRISH: Sure.

DR. TELLING: I would like to follow-up in two ways: One, does your office, or would your office be providing any technical or financial assistance in the conduct of some of these studies if they were to proceed?

MS. FRISH: The Economic Development Corporation at this time has a very small budget. We are not in a position to provide financial assistance for the conduct of those studies. I am not sure that I think it should be something funded by the Economic Development Corporation. I am not sure who should be funding it, but I see expansion of the Airport as something that is crucial to the growth of Old Bridge's economy and the economy of the surrounding county. So, you know, perhaps something that gets bumped by the New Jersey EDA, for example.

DR. TELLING: Thank you very much. I, by no means, wish to put you in the box of advocating whether you think it should be or not.

MS. FRISH: Thank you.

DR. TELLING: Indeed, funding in almost all areas is getting to be tighter and tighter.

MS. FRISH: Right.

DR. TELLING: Another question I am interested in is: You spoke a moment ago, if I understood you correctly, with regard to the fact that your roles are either supporting or opposing in concept whether an expansion is to be undertaken, vis-a-vis the municipality. I wonder if you could clarify, for the

Commission and me, what the responsibility is that the Airport owner, in this case, has either to the Economic Development agency or to the municipality, and under what authority does it derive in the case of the Economic Development agency? In other words, do they have to seek your approval? Are you, in a sense, a learned advisory? I am just trying to clarify what the relationship is.

MS. FRISH: The Economic Development Corporation in Old Bridge is in a purely advisory capacity. Applicants come to us for our blessing, as it were.

DR. TELLING: Again, I don't want to put words in your mouth, but as a learned authority in this case, it does sound as though you, in general, believe expansion of the Airport could, under appropriate circumstances, be quite beneficial to the development of the Old Bridge area.

MS. FRISH: I do.

DR. TELLING: I thank you very much for your testimony and, as all of the Commissioners here, I thank you for taking the time.

MS. FRISH: Sure.

MR. McNAMARA: Mr. Elliott?

MR. ELLIOTT: Would you know, Ms. Frish, if there are any businesses or companies in Old Bridge at the present time that use the Airport and depend on the Airport?

MS. FRISH: I am not sure I heard the whole question.

MR. ELLIOTT: Would you know if there are any businesses in Old Bridge which either own airplanes that are based at the Airport or which

are serviced in the way of, perhaps, customers coming in and using the Airport?

MS. FRISH: I don't know that specifically, but I have been told by Mr. Napp that it is true.

MR. ELLIOTT: Thank you.

MS. FRISH: Sure.

MR. McNAMARA: Mr. Yudin?

MR. YUDIN: I just want to point out that I don't know if the EDA could help relative to studies, but you might want to pass on to the Napps that it might be able to help out when it comes to the actual development of the site, whether it is runways or whether it is machinery or equipment. The Economic Development Agency is interested in creating jobs for the State of New Jersey and in keeping businesses here in New Jersey. In that capacity, since what you have indicated is that the Napps are exploring how to fund this, the EDA might be a way to explore relative to the funding.

MS. FRISH: I have suggested to them, in fact, that they go for EEA bonds.

MR. YUDIN: A good suggestion.

Thank you.

MR. McNAMARA: Are there any other questions for Ms. Frish?

(no response)

I would just like to explore the foundation one more time. Before your coming to testify, you were invited to come?

MS. FRISH: Yes.

MR. McNAMARA: How did you receive that invitation?

MS. FRISH: I received a phone call from Phil Engle's office.

MR. McNAMARA: Great. How did you--

MR. ENGLE: Through the contacts when we were sending out the questionnaires.

MR. McNAMARA: You started off trying to contact Old Bridge--

MR. ENGLE: Right.

MR. McNAMARA: --and Old Bridge directed you to the Director of the Economic Development Corporation?

MR. ENGLE: Yes, that is the way it went.

MR. McNAMARA: They told you that the Director of the Economic Development Corporation would represent them before this Commission?

MR. ENGLE: That is-- Let me just check.

MS. FRISH: Just so you know, I also received in the mail a questionnaire from the Commission--

MR. ENGLE: Which had gone to the Mayor's office.

MS. FRISH: --which I, frankly, never responded to. I assumed I was in the loop because of that. I should say--

MR. McNAMARA: Did you receive that questionnaire directly, or did you receive that from the Mayor's office?

MS. FRISH: It went to the Mayor, and she passed it on to me.

MR. McNAMARA: So the Mayor sent that questionnaire to you?

MS. FRISH: Yes.

MR. McNAMARA: And requested that you complete that and return it to us?

MS. FRISH: Yes.

MR. McNAMARA: Can we count on your doing that, please?

MS. FRISH: I would like to do it. I should say that I passed it around to the other municipal agencies for input, because I do not consider myself an aviation person. I did not get much information back, so I have not responded to it, because I felt I could not do so in a thorough way. However, I will do my best.

MR. McNAMARA: We would appreciate that. Those questionnaires are very important. All of the townships are being urged strongly to complete them, because we need them for purposes of comparison.

MS. FRISH: Okay.

MR. McNAMARA: Are there other questions for Ms. Frish? (no response)

Ms. Frish, I want to thank you very much for coming to represent Old Bridge. We understand your authority. We appreciate your input, and we also appreciate very much your taking the time to come down here to help us this way.

Thank you.

MS. FRISH: You are very welcome.

May I just ask a question, actually? Will there be questions sent to me if you have follow-up questions, or will you just send those questions on to the Napps directly?

MR. McNAMARA: Other than the questionnaire -- which you are holding in your hand -- we have no more questions for Old Bridge Township. We have separated, in our studies, townships from airports.

We will press to have the Napps come in -- Ms. Nagle, you can pursue that -- and have them give us testimony in due course.

MS. FRISH: Fine. Thank you.

MR. McNAMARA: The Napps should know that there are many State agencies that can help them with the kind of program they are contemplating. One of the unfortunate things that is apparent at these hearings is that there is so much help available to airport owners of which they are unaware; help also available to municipalities for some of the noise problems, that they are unaware of. So it could be mutually beneficial for the Napps to come here. We would be happy to discuss it with them.

MS. FRISH: Okay.

MR. McNAMARA: Thank you.

MS. FRISH: Thank you.

MR. McNAMARA: Ladies and gentlemen, it is 12:45. We will reconvene at 1:30 with Roger Moog and our Economic Impact Study. Until then, we stand adjourned.

**(RECESS)**

**AFTER RECESS:**

MR. McNAMARA: I am Jack McNamara. I would like to call to order the afternoon meeting of the New Jersey General Aviation Study Commission. This meeting is a continuation of the meeting that commenced this morning. The same Commissioners are present as were present this

morning, with the exception of the addition of Henry Rowan and Pete Hines. Are there any corrections to that statement? (no response)

Did everyone at the meeting today receive appropriate notice? Were there any defects in notice? (no response)

Transcripts of our prior hearings, Harry White?

MR. WHITE (Hearing Reporter): The February 27 transcript is available. It will be sent out to Jack Penn's office for distribution probably Friday. You should receive them shortly thereafter. The meetings of March are still untranscribed.

MR. McNAMARA: Harry, I think we are going to be shooting at a date something like April 30. We will have, perhaps, two meetings in April, one on the last Tuesday, and one, perhaps, in the middle of the month, that date yet to be determined, which we will have to determine in conjunction with you.

MR. WHITE: My services are at your disposal. You may pick the calendar, sir.

MR. McNAMARA: Okay, but I mean in regard to arranging a meeting room, and so on. My point is, is it going to be possible to get all the transcripts finished by the end of April?

MR. WHITE: I don't think so, no, sir. You have, counting today's and tomorrow's proceedings, six meetings covering, probably, an average of two to two and a half hours a meeting, except for this one. That is an awful, awful lot of transcription. There are only two of us doing transcribing, myself and another employee. I am also responsible for doing a

great deal of recording. Absent extra heroic efforts working weekends, working extended hours, I don't think we can hit that deadline.

We will be glad to try. If you feel it is appropriate, I will request permission for my staff to work overtime on weekends. Even then, I don't know if we would be able to accommodate your desire, sir.

It is unfortunate, just a bad set of circumstances. I have one employee who was struck down ill, one employee quit, and one employee transferred. So I am running a bare bones office, so to speak.

MR. McNAMARA: We appreciate everything you have done for us already, and anything that you can do for us in this regard, Harry.

I have to say for the record, as I have probably told each Commissioner individually, Harry White has been a godsend of inspiration to your Chairman, who knows nothing about these procedures. But Harry is a man who knows everything. He has been a guy who has helped us to achieve what we have achieved with regard to hearing rooms, our transcripts, and the other things we are achieving now with the Office of Legislative Services.

MR. WHITE: Thank you for those kind words, Mr. Chairman.

MR. McNAMARA: Harry, for the record, have you arranged for a screen for tomorrow?

MR. WHITE: Yes, sir.

MR. McNAMARA: A projection screen.

MR. WHITE: Correct.

MR. McNAMARA: Thank you.

We will take no committee reports and avoid all other comments and correspondence. The whole business can get right on to our afternoon agenda.

We would like to call Barbara Fritsche and Roger Moog to the witness table. They are here to report finally on the results of the Economic Impact Study which has been underway for a period now of almost -- two years, is it, Roger?

**ROGER PAUL MOOG:** Is this microphone on?

MR. McNAMARA: No, it is not on. You have to push the button.

MR. WHITE: Mr. Chairman, clear your mike. (Chairman McNamara complies) Now try, sir.

MR. MOOG: Yes, I can hear myself now. Thank you.

Mr. Chairman, it has been about two years that the Study has been ongoing. That is correct.

MR. McNAMARA: First of all, I would like each of you to affirm that the testimony you are about to give this Commission is true, according to the laws of perjury of the State of New Jersey.

MR. MOOG: I do.

**BARBARA FRITSCHÉ:** I do.

MR. McNAMARA: Thank you.

Okay. Mr. Moog?

MR. MOOG: Mr. Chairman and Commission members, with your permission I would like to-- I have about 10 minutes of prepared comments -- they are somewhat broader than just the conclusions of the Study

-- which I would like to have Ms. Fritsche testify to at the end of my comments; in other words, get into the more specific conclusions of the Study.

What I would like to do first, however, is sort of shape the framework under which this Study occurred, because I think it has direct pertinence to the state of the general aviation system in the State and, really, shapes out some other larger issues that I think you should be aware of, or, if you are aware of them, that should be discussed at this time. So, with your permission, I would like to make my presentation.

MR. McNAMARA: Please proceed. We would be happy to have any input you would like to give us.

MR. MOOG: Okay.

My name is Roger Paul Moog, M-O-O-G. I am a civil engineer and I am the Manager of Aviation Systems Planning at the Delaware Valley Regional Planning Commission in Philadelphia. This agency is a 12-county organization -- planning organization -- that does predominantly transportation planning. We have been under contract for the last 15 years from the FAA to do something known as "aviation systems planning" for 12 counties in and around Philadelphia. The Jersey counties included in our Study area are: Camden, Mercer, Salem, Burlington, and Gloucester.

I am making this testimony and also representing John J. Kasha (phonetic spelling), who is the immediate past Chairman of the New Jersey Aviation Advisory Council, which is something of a parallel organization to your own. What I would like to do is give you a little bit of a background about that organization, and how the work of that organization leads into the

Study conclusions that we are going to hear concerning the economic impacts of aviation.

The New Jersey Aviation Advisory Council was formed in early 1991 by then Commissioner Downs to provide a communications link and advisory function between the aviation community in New Jersey and the State Department of Transportation, which is responsible, to a large degree, for planning, developing, and regulating the aviation infrastructure in the State.

Over recent years, that infrastructure has declined in capacity at the same time that New Jersey State resources to support that infrastructure have also declined, as well as Federal resources, I should mention. In April 1992, the Council, made up of 40 aviation-related professionals, airport owners, and pilots, made their preliminary recommendations concerning New Jersey Department of Transportation actions to revitalize the general aviation and business system.

The recommendations, which were contingent upon increasing the New Jersey DOT resources dedicated to aviation, formed the basis of the Council's ongoing objectives for the aviation system. Recommended action areas provided to Commissioner Downs and, subsequently, to Commissioner Wilson of the Whitman administration, include:

\* Assessments of aviation benefits and impacts: This we are going to hear more about from Ms. Fritsche. The Council recommended that each airport be evaluated individually to determine positive impact on the surrounding communities, and an Economic Development Plan be prepared which would identify the role of each airport in future economic development -- jobs formation -- in each market area of each airport.

\* Promotion and education: The Council saw no evidence of sufficient resources being provided by the then Office of Aviation regarding promotional and educational activities in support of aviation -- general aviation. Updates of materials from the Office of Aviation were not occurring. This material is absolutely warranted, given the combative and sometimes hysterical nature of airport development activities in the State. So we saw a big gap in promotion and education activities at the Office of Aviation.

\* Safety area zoning conformance: Although New Jersey State law requires municipalities impacted by airports to protect approaches and the surrounding airspace from intrusions by natural growth or structures over zoning overlay districts, municipal conformance to the State law was not adequate. Using other states' experiences as an example, New Jersey-- At that time, we recommended that New Jersey must either pass an additional legislative remedy, incentive, or penalty or provide staff or consulting resources to implement a technical assistance program for municipalities, in order for the participation levels to increase. So that was the third deficiency area we noted in the zoning conformance.

\* Supplemental State financial aid to privately owned airports was woefully insufficient, supplemental to the Federal capital subsidies and supplemental to the private or locally raised funds of the individual airports. With the FAA assignment of New Jersey as a Block Grant State, additional Federal funds were available at New Jersey DOT's discretion for support of publicly owned facilities.

New Jersey DOT should push -- remember, this was three years ago -- for modification of the Block Grant Program to include privately owned

(indiscernible) reliever airports as well. Additional safety fund resources realized through any State tax initiatives should be allocated to the financially beleaguered privately owned airports. Now, that was in 1992.

Within the context of the deficiencies identified by the Aviation Council that are cited here, much progress toward reversing the decline of general aviation infrastructure has occurred through the Division of Aeronautics' efforts since 1992. This is the Council's belief. Specifically -- and I list a number of things that we feel are appropriate to note at this time -- the Office of Aviation of the DOT has been reelevated to the Division of Aeronautics, with Jack Penn as Director.

Staff complemented resources to provide aviation programs and services have been increased at the Division. Division publications like newsletters, an airport directory, and other materials have been updated or reinstated. The annual aviation conference, which just started anew a few years ago, continues to grow in attendance.

\* A detailed Economic Impact Evaluation -- which we will hear more about in a few minutes -- with public relations and educational products has been undertaken and nearly completed, funded entirely with State Transportation funds and supported by both the outgoing Florio administration and the incoming Whitman administration.

Conclusions of that New Jersey (indiscernible) indicate that New Jersey general aviation and business airports contribute roughly \$1.3 billion annually to the economies of the market areas around the State, and that the level of contribution from general aviation and business airports in New Jersey

greatly exceeds the level of economic contribution from airports in other states. So I think we are really getting a lot of benefit per airport, if you will.

As I said, Barbara Fritsche will supplement these specific items in a few minutes.

In order to provide input to the New Jersey State Airport System Plan and annual capital programming decisions, a survey of 26 airports -- an additional survey of 26 airports has been undertaken to estimate, in a credible manner, current operations levels at these airports. If you know about general aviation airports, operations level of estimates bounce all over the court. Most of the time, they are too high. What we are doing now is actually going out and sampling and counting operations levels at airports.

Continuing Division of Aeronautics follow-up with local municipalities has resulted in a participation rate in municipal airport zoning which is fast approaching 95 percent of impacted townships. Compare that to 30 percent of participating townships in Pennsylvania. I think the Division of Aeronautics has done a good job on getting conformance to the State zoning laws.

As a Block Grant State, New Jersey currently distributes AIP funds to publicly owned general aviation airports, as well as to eligible privately owned relievers. So that recommendation has been followed.

With the advent of the New Jersey Transportation Trust Fund in the fall of 1995, an additional \$10 million of State tax revenues is being directed to the capital needs of the general aviation and business airports in the State aviation system. This is over a tenfold increase in State annual investment, compared to the late 1980s. Specific privately owned State

airports -- State system plan airports are being developed or acquired by local governments and are being preserved in the system with State funds.

So, from the perspective of the New Jersey Aviation Advisory Council original recommendations, back almost three years ago now -- four years ago -- much progress has been made in reinstating the general aviation system as a principal component of our transportation infrastructure. Most deficiencies identified by the Council in 1994 have been corrected or at least addressed. Certain conditions, however, still exist which must be effectively managed to guarantee the availability of a sufficient general aviation/business airport system in the future.

I will conclude with our assessment of those conditions:

Most excess airport statewide system capacity exists in Central and South Jersey due to the population densities and airspace congestion in the North. Capital subsidies from the State must be distributed so that facilities expansion can meet existing demand, or that demand can be shifted to where facilities can be successfully expanded.

Secondary: Competition for State-distributed funds is intense. Privately held/public use airports in the State System Plan must compete for business with neighboring publicly owned airports. Consideration must be given by New Jersey DOT and the Legislature to grants and programs that level the playing field between private and publicly owned airports if private operators are to stay in the aviation business.

Funds must be distributed in coordination with State Airport System Plan objectives so that adequate airport capacity and services are

within close ground access of all businesses and residents, yet avoiding redundancy of facilities, which cost money that we do not have.

Public awareness of the benefits of general aviation and business aviation to everyday life must continue to be heightened to the public. Corporate understanding of the economic benefits, availability, and access to the aviation system must be further quantified to potential business users to stimulate the future corporate general aviation market toward higher utilization levels.

That concludes my comments. I have a copy of these comments for your use.

I thank you for inviting representatives of the New Jersey Aviation Advisory Council to your meetings.

MR. McNAMARA: Thank you.

Do you have specific comments on specific airports from your Study, or is Ms. Fritsche here to comment on that?

MR. MOOG: You may have some comments on specific airports.

MS. FRITSCHÉ: I have numbers on specific airports if there are questions about, you know, what the results are relating to individual airports.

MR. McNAMARA: Yes, we would like you to proceed and cover that, if you would.

MR. MOOG: Mr. Chairman, just one other comment: The second study which I mentioned, which was the Operations Counting Survey of 26 paved general aviation and business airports in the State, is approximately one-fourth complete. The data we have accumulated so far has, to some degree, been affected by the bad weather of the winter of 1995-1996,

so that data is really not in any form that would be representative of anything as yet. So we have to wait until we have the full eight weeks of counts at each airport before we make any conclusions in that regard. This is a point that was brought home to us by Jack Penn and Emmet O'Hare.

MR. McNAMARA: When you say one-quarter complete, you don't mean the gathering of the data or the processing of the data, you mean the printing of the report or the preparation of the report?

MR. MOOG: No. I mean that two out of eight weeks of data have been gathered at all airports that are being surveyed. So one-fourth of the data, the sample, has been completed.

I'm sorry, I am not talking about the Economic Impact Study. I am talking about--

MR. McNAMARA: You're talking about the study on--

MR. MOOG: --the Operations Counting Survey.

MR. McNAMARA: The Operations Counting Survey?

MR. MOOG: Yes.

MR. McNAMARA: I am talking about the Economic Impact Study. All of the data for that is complete?

MS. FRITSCHKE: Yes.

MR. McNAMARA: It has been gathered, it has been compiled, and you are here to report on that? Is that right?

MS. FRITSCHKE: Yes, that is correct.

MR. McNAMARA: That is what we want to hear.

MS. FRITSCHKE: Should I proceed?

MR. McNAMARA: Please do, Ms. Fritsche.

MS. FRITSCHKE: My name is Barbara Fritsche. I am President of the Airport Technology and Planning Group, a consulting firm based in Cincinnati, Ohio. For the last year or so, we have been under contract to the Delaware Valley Regional Planning Commission to conduct a Study for the New Jersey Department of Transportation, Division of Aeronautics, related to the economic impact of the general aviation airports in the State of New Jersey.

I think it is important that we stress that the numbers we have in our Study are only for the general aviation airports. Our results do not include any additional benefits that would be accrued through the operation of either Newark International or Atlantic City International. So the information we have in our Study just relates to the general aviation airports.

We are actually under contract to produce two separate products. All of our products are completed. They are in the review process right now with Aeronautics. We are hoping that they will complete their review very soon, and that the products will be available at the State Aviation Conference on May 2.

One of the products that we will not really get into today is the Property Directory, where actually we inventoried each of the airports and identified development opportunities both on the airport and in the general environs. There has actually been a directory that has been prepared and will be published, so that we can hope to bring together those who are interested in developing either on or adjacent to an airport in the State. That really accomplishes two objectives: It helps to promote compatible land use in the

airport environs, and then it also helps to increase the economic benefit that we have been able to identify through our study.

I was walking through the airport this morning and this headline caught my eye -- (witness holds up newspaper) -- "561 Jobs on the Line." That level of employment was big enough to catch a headline. Without New Jersey's system of general aviation airports, 70,500 jobs are on the line.

MR. McNAMARA: For the record, would you please identify the newspaper you are holding up?

MS. FRITSCHER: Well, this is the Philadelphia Daily News. It is really not related to airports, but I decided it was interesting--

MR. McNAMARA: What is the date of that?

MS. FRITSCHER: It is today's date, Tuesday, March 26.

MR. McNAMARA: And it is the Philadelphia Daily News?

MS. FRITSCHER: Yes, it is.

MR. McNAMARA: And the headline reads, again?

MS. FRITSCHER: It reads, "561 Jobs on the Line."

MR. McNAMARA: Is that the headline on the front page?

MS. FRITSCHER: Yes, it is.

MR. McNAMARA: Thank you.

MS. FRITSCHER: I just thought it was interesting that, you know, when we can demonstrate that New Jersey's general aviation system is supporting in some way, shape, or form over 70,000 jobs, that 561 number doesn't look particularly impressive.

I think, just for a minute, I want to explain the process that we went through, so you will be able to understand the numbers we are going to

discuss. When we do an Economic Impact Study, we use a classic kind of metric modeling process. We look first at what we call “direct impact.” Those are activities that occur on site at each of the airports. Those activities then, in turn, generate other economic activities throughout the State, that in our Study are termed “secondary impact.” Together the direct and secondary impacts show you what the total economic impact of the system or the particular airport that we are discussing would be.

I think it is best, probably, to use an example of how that would work. Just say, for instance, that we have an employee at an airport who teaches flight instruction. He is a flight instructor. When he takes his check into the community and spends that check, his employment, his payroll, and so on, and so forth, are then recirculated in the local and in the statewide economy. As that dollar continues to recycle or multiply, you have additional benefits that are created -- secondary benefits -- that are derived from that first direct benefit that is on the airport.

So in the Study we talk about direct benefits, which are the activities that actually occur related to the airports themselves. The secondary benefits, which we modeled using an input/output model Im-plan multipliers that represent the recycling of that money in the statewide economy, and then a total benefit. Within our Study we measured the economic impact using three indicators: jobs, payroll, and output, which we equated with the total spending of the various groups that we analyzed.

The majority of the economic impacts for the airport system can be traced back to three categories: either the on-airport tenants, or the visitors who arrive in the State via the airport system, or the businesses in New Jersey

that are in some way, shape, or form dependent upon the airport system. In our Study, it was especially important that we had a good handle on what those direct impacts were, because that is really what sets the stage for all of the economic benefit that we are able to identify both on a statewide and an airport-specific basis. Those direct impacts were calculated using four different survey techniques: We surveyed the on-airport tenants. These would be the flight instructors, maintenance, airport management, FAA, if they have an office on the airport, any other kind of government services, FAA control towers, if an airport had a control tower -- the tenants who are on the airport. They were surveyed in the mail, talked to on the phone, and we also had several on-site visits to each of the airports to collect that data.

We also did a survey-- About 5000 surveys were distributed to visitors arriving in the State of New Jersey via the fixed base operators at all of the airports. We sent surveys via the mail to 1700 aircraft owners in the State, and we also mailed out 5000 surveys to businesses around the State, to gain information on their dependence on general aviation.

We are going to talk just briefly about what some of our findings were, and I think it is important that you realize the numbers I am going to present to you are the total economic impact numbers. They represent an addition of the direct and secondary and the multiplier effect that we were able to determine from our Study results.

MR. McNAMARA: May we interrupt you from time to time?

MS. FRITSCHÉ: Sure. That's absolutely fine.

MR. McNAMARA: It would be better doing it that way, I think, because if we wait until the end, it will be too far downstream.

MS. FRITSCHKE: No problem.

MR. McNAMARA: We may not understand what you're saying.

MS. FRITSCHKE: No problem.

MR. McNAMARA: The multiplier you are talking about, was that the same multiplier in all instances?

MS. FRITSCHKE: No. There were sector-specific multipliers. For instance-- Well, there were a number of multipliers we used in the process.

MR. McNAMARA: You know, in the Study you are going to submit to us for our record, there were different multipliers used--

MS. FRITSCHKE: For different groups of employment. Visitor multipliers were different than tenant multipliers, and within the tenant category we have different multipliers for, like, government sector versus private sector, and so on, and so forth. So there are a number of different multipliers.

The multipliers we used-- The Im-plan model was first developed by the U.S. Forest Service. Now we are in cooperation with the University of Minnesota. It is based on information that comes from Dunn & Bradstreet, the Department of Commerce, and the Department of the Census. I think altogether it is a linear spreadsheet, and I think it is maximum. There are over 300 different line-item multipliers that you can use. I do not believe we needed that many in this process, but there are many, many multipliers depending upon the sector that we are multiplying. It is a specific multiplier for each sector that we look at.

MR. McNAMARA: What you are saying is that all of these multipliers were the Im-plan multipliers?

MS. FRITSCHKE: Yes, they were.

MR. McNAMARA: And Im-plan is what?

MS. FRITSCHKE: Im-plan stands for -- and I have to remind myself of this every time -- the Impact Analysis for Planning. It was a model that was first developed 10 years ago by the U.S. Forest Service. It is an input/output model that is commonly used in studies like this.

MR. McNAMARA: Do you have handy the range of the multipliers used in our Study?

MS. FRITSCHKE: I am not sure if I can--

MR. McNAMARA: Just give us an order of magnitude.

MS. FRITSCHKE: They range from about 1.51, or .51, because you have to eliminate that first number, up to about 2.07.

MR. McNAMARA: So one could conclude that these are very conservative numbers?

MS. FRITSCHKE: Absolutely, absolutely. Our position here is that they need to be conservative to be more realistic. Im-plan multipliers are widely accepted throughout the United States. In fact, they were used with a firm we worked with down in Atlanta that presented to the City of Atlanta the potential benefits of the Olympics coming to the City of Atlanta. These are the same multipliers that we used to estimate the value of the Olympics.

MR. McNAMARA: These are generally accepted as the most realistic multipliers?

MS. FRITSCHKE: They are generally accepted as being, you know, in the top in terms of reliability. We feel they are the most reliable because the databases that they are based on are more current than the Rems multipliers,

which is the other standard that is commonly used in our industry. But the information in the Im-plan database is far more current than the Rems multipliers, which come from the Department of Commerce.

MR. McNAMARA: I see. Thank you. Please proceed.

I invite other Commissioners to ask their questions as we go along.

MS. FRITSCHÉ: We are going to recap some of the information in our findings in general. I do have airport-by-airport specific information, if any of you have specific questions on a particular airport. The numbers I am going to present to you are on a statewide basis.

When we looked at the tenants at the airport -- and, again, these are people who make their living via aviation on-site at one of the airports -- the direct and secondary employment-related benefits related to the tenants at the State general aviation airports, it was estimated at 7584 persons. Employees have an estimated annual payroll of about \$235 million, and the tenants at New Jersey's general aviation airports are responsible for about \$890 million of economic activity on an annual basis. That would represent their capital projects, their spending, the taxes they pay; in other words, the money that they put into the State's economy. That is just one segment of the economic impact we look at, the tenant-related benefit.

Another primary sector that we looked at was the visitors who arrive in New Jersey via the general aviation airports. These people could be coming in for vacation, they might be coming to visit relatives, but the majority of them would be here on business. When they come into the State, they spend money and, consequently, they generate other economic benefit.

We estimated that on an annual basis, about 840,000 visitors arrive in the State via the general aviation airports. Those visitors spend about \$198 million on an annual basis. That spending that comes from the visitors, then, helps to support additional employment. We estimated that there are about 8376 additional jobs in the State of New Jersey that are supported by the spending of visitors who come into the State.

When a visitor comes in, they go to lunch, they stay at a motel, they shop, they may gamble, you know, depending upon where they are in the State. Some of them are here for a short amount of time; others spend a week or more. So that spending is very important in terms of additional employment. As I said, that was estimated at about another 8376 jobs. The payroll associated with those jobs is estimated at about \$215 million, and the total spending, both the direct and the secondary, related to visitors who come into New Jersey was estimated at about \$410 million annually. So we have benefits related to the tenants and the visitors who come into the State.

We also discovered through the analysis that we did that there are a number of businesses that are located on airports that are nonaviation. They just happen to be located on an airport. They might be a manufacturer, they could be just a business office, but they are physically located on an airport facility. Because it was our assumption that these activities could be accommodated elsewhere in the community, they just happen to be at the airport, we held those additional benefits kind of to the side so we could discuss them separately.

We found that there were 42 additional businesses located on New Jersey's general aviation airports. These additional businesses employ another

1200 persons. The payroll associated with those jobs is approximately \$31 million annually, and the output, or the spending -- the economic activity related to those businesses -- is about another \$90 million on an annual basis.

So we have tenants, we have visitors, and we have nonaviation businesses that are located on the airports. But one of the primary objectives of this Study was to try to get a feel for the business dependence on the general aviation airport. We hear over and over again, "Well, we know that XYZ Corporation relies on the airport, but they don't own an aircraft, and they are not based at the airport." So how do we measure the value they are getting out of the use of our airport. This is why we did our registered aircraft owner survey and our business survey.

MR. McNAMARA: May I ask a question?

MS. FRITSCHER: Sure.

MR. McNAMARA: The 42 businesses that are nonaviation businesses located on airports, that terminology is not meant to exclude or is meant to exclude the possibility that those businesses are using the general aviation airport? In other words, they are not in the airport business--

MS. FRITSCHER: Right.

MR. McNAMARA: --they are not operating a business--

MS. FRITSCHER: Right.

MR. McNAMARA: --servicing the airport, but they could be using the airport.

MS. FRITSCHER: That is exactly right. In that instance, their dependence, or their reliance on the airport would be measured in this next category.

MR. McNAMARA: This would be something in the nature of--

MS. FRITSCHER: Millville has the biggest--

MR. McNAMARA: --Union Camp at Morristown Airport. Union Camp is not involved in the aviation business, but it uses the Morristown Airport. It is located there because it can use the Airport.

MS. FRITSCHER: If it is physically located on airport property, it got counted in that 42 businesses number. If it is dependent upon the airport, then it is shown in the nonaviation business dependent number we have.

MR. McNAMARA: Okay. Thank you very much.

MS. FRITSCHER: Okay.

We know from the National Business Aircraft Association that general aviation has increased in terms of a tool used by corporate America. NBAA estimates that out of the top Forbes 50 companies, 94 percent of those businesses own and operate general aviation aircraft. But we wanted to know how important general aviation is to the businesses in New Jersey. We found from the work we did that someplace, depending upon what it is that we are measuring, whether it is customers or suppliers that come in, or the businesses themselves that fly their corporate executives, or they rely on parts just in time shipment, or shipping out perishable goods or receiving perishable goods, someplace between 40 percent and 50 percent of all businesses in the State in some way rely on the State's general aviation airports.

One of the things we found that was very unique to this State in particular, is that about 43 percent of all the business flying that goes on is in-state. Fifty-seven percent goes to destinations outside New Jersey, but about 43 percent of the business activity is from one airport in New Jersey to

another. What this showed us is that not only is the airport system generating substantial economic benefits, but it is also serving as an alternative mode of transportation in a State that faces a lot of highway congestion.

We also asked the employers to tell us all the factors that they considered when they picked the location where they are today, how important the general aviation airport was, and the overall consideration they gave to a lot of different factors. We asked them to rank approximately 25 different factors that they considered. Of all the factors considered, proximity to a general aviation airport ranked eight on the list. That shows us that proximity to business-class airport facilities is important to many, many employers in the State. We even asked the employers to take a harder look at what was going on.

We asked them, you know, did they rely on general aviation airports and, as we said, 40 percent to 50 percent of all who responded indicated that in some way, yes, they did rely on the general aviation airports. But we asked them specifically to tell us if the general aviation airport system in New Jersey was not available: “What would that mean to your employment? What kind of reduction would you suffer in employment in New Jersey?”

From the answers they gave us, we were able to determine that about 1.47 percent of all employment in the State of New Jersey is directly related to the availability of that general aviation airport system. That translates into 54,700 jobs in the State of New Jersey that are, in some way, linked to the availability of this really great general aviation system that you offer to the businesses in the State.

When we use the information we have from the Department of Commerce, and some of the information we got from our Study, this would translate into an additional \$1.95 billion in payroll that is, in some way, tied to the airport system.

MR. McNAMARA: Was that billion, with a “b”?

MS. FRITSCHÉ: Yes, billion with a “b.”

MR. McNAMARA: Thank you.

MS. FRITSCHÉ: This is the aviation-dependent business impact, and about \$3.28 billion of economic activity that these nonaviation businesses that are dependent upon the airport system indicate to us is the value that they gain through using the airport system.

MR. McNAMARA: The \$1.95 billion was?

MS. FRITSCHÉ: Payroll.

MR. McNAMARA: Payroll. And the total--

MS. FRITSCHÉ: The \$3.28 billion was the economic output, or spending related to that portion of those companies -- GNP if you want to look at it that way -- in the State.

So when we look at all things combined, we are able to determine that, in some way, shape, or form -- as I said when I started out -- there are about 70,500 jobs in the State of New Jersey that either exist solely because of the airports or else are dependent upon the availability of the general aviation airport system. As Roger said in his comments, we have done similar studies for about 20 other states around the country, and the ratio of economic benefit that you are deriving from your system is far in excess of what we see in most other states.

That basically concludes my remarks. As I said, I have individual-- These numbers that I have presented, for the most part, are available on an airport-specific basis, so this information will be available to you on each of the airports. Hopefully, they will be able to use it in their individual communities, too, in this educational process that we think is so important to gaining support.

MR. McNAMARA: Do you have Old Bridge Airport handy?

MS. FRITSCHER: Yes.

UNIDENTIFIED SPEAKER FROM AUDIENCE: Thank you for asking.

MS. FRITSCHER: Old Bridge--

MR. McNAMARA: Barbara, I would like to ask you to cover a number of airports, but I would appreciate it if you would start with Old Bridge.

MS. FRITSCHER: Sure. On an airport-by-airport basis, what these numbers represent are totally the tenant- and the visitor-related impact, or, if there is a nonaviation tenant located physically on the airport, we have that information on an airport-specific basis.

The statewide business dependents' number: For a variety of reasons, we tried extensively to take that down to the airport level at 54,700, and we simply did not have the data to be able to make that a reliable estimate.

The other problem we ran into was that because the airports in New Jersey really do not operate independently of one another, it is very difficult to say that even though there are 100 jobs in one community that they are exclusively allocated to that particular airport, because what we have

is-- We have three airports in-- Let's say we have-- An employer might be located in community "A," but he might have branch offices in community "B" and community "C" in New Jersey also, where he has plants. So he flies, daily in some instances, between "C," "A," and "B," using all of those airports. So, even though he is physically located in the first community, it is not fair to say that those other airports, you know, don't get part of that action in terms of that benefit.

So it was not possible to take that aviation-related benefit -- nonaviation business-related benefit down to the specific airport level. So these numbers represent only the tenant- and visitor-related impact for each of the airports.

MR. McNAMARA: So these are reliable--

MS. FRITSCHER: So they are very conservative.

MR. McNAMARA: These are for a specific airport.

MS. FRITSCHER: Absolutely, but they are all--

MR. McNAMARA: There could be a greater economic impact, but there wouldn't be a lesser one.

MS. FRITSCHER: Exactly.

MR. McNAMARA: Okay.

MS. FRITSCHER: Old Bridge: What was calculated for them based on our survey effort was: 19 jobs, \$441,300 in annual payroll, and economic output, or spending, estimated at \$1.5 million annually. So the Airport is purchasing goods and services, is responsible for capital projects, and, in some way, the economic activity of that Airport is about \$1.5 million every year. It would be more than that, because we know there are--

This is a little bit of digression, but we do have-- A lot of the data we were able to get through this Study was gained in confidence. A lot of the businesses did not want to release -- especially the fixed base operators and some of the businesses that operate aircraft-- They gave us data, but asked that it not be published specifically by name in our Study.

The New Jersey Aeronautics people have a database that has, by airport, names, specific businesses that use each of the individual airports, which will be available confidentially to the individual airports if they want to contact these people to try to get further information from them.

We also made quite an effort to identify not only the economic benefits of these airports, but also the various health, welfare, and social functions they provide, because in some communities this is even more valuable to some people than the dollars and cents that are associated with the individual airports.

MR. McNAMARA: On Old Bridge Airport, you wouldn't happen to have an extra copy of that?

MS. FRITSCHER: Yes. Emmet O'Hare is still reviewing them.

MR. McNAMARA: So this is not final?

MS. FRITSCHER: This has gone through -- as you are well aware -- many different reviews. I think we are on our last one, so it is pretty close to being final. I do not anticipate that any of the numbers will change.

MR. McNAMARA: The results of the application of the statistical studies and the application of statistical-- The math, the statistics are not going to change, are they?

MS. FRITSCHER: No, no.

MR. McNAMARA: The presentation may change--

MS. FRITSCHER: Right.

MR. McNAMARA: --but the numbers are what they are.

MS. FRITSCHER: Exactly. The numbers will not change. I have two copies of this for you today, if you would like to have them.

MR. McNAMARA: We would like to have one of them given to the hearing reporter there. (indicating Mr. White)

MS. FRITSCHER: Could you enter into the record that these are drafts still, at this point?

MR. McNAMARA: All right, we will note that, on the understanding that the numbers are not going to change--

MS. FRITSCHER: That is correct.

MR. McNAMARA: --but perhaps the presentation--

MS. FRITSCHER: That is correct.

MR. McNAMARA: --of the data could be changed.

MS. FRITSCHER: That is all that we are working--

MR. McNAMARA: But the conclusions are going to be what they are now.

MS. FRITSCHER: That is exactly right.

MR. McNAMARA: There is no way they can be changed.

MS. FRITSCHER: No.

MR. McNAMARA: Okay.

Now, would you cover, perhaps, 10 or 15 of the-- How do you have them organized?

MS. FRITSCHER: Alphabetically.

MR. McNAMARA: Good. Why don't you just go down the list. Then, if we want more-- Do the first 10 to give us an idea of how those numbers look.

Do you want to do all of them?

UNIDENTIFIED MEMBER OF COMMISSION: No. As long as it is going to go in the record, I don't think she has to read--

MS. FRITSCHER: I don't think I can do that.

MR. McNAMARA: Okay. We will just go through about 10 of them. Then, if that stimulates questions among the Commissioners about the method or the presentation-- If it doesn't, that will be enough. It will be part of the record for the balance of the members.

Please go ahead, if you would.

MS. FRITSCHER: Recognizing that these are the benefits related solely to the tenant- and visitor-related impact:

\* Aeroflex-Andover Airport, 47 jobs, \$1.2 million in payroll, \$3.6 million in annual economic activity.

\* Alexandria Field, 70 jobs, \$1.3 million in payroll, and \$3.3 million in annual economic activity.

\* Allaire Airport, 469 jobs, \$11.4 million in payroll, and \$29.8 million in annual economic activity.

\* Atlantic City Municipal Bader Field, 40 jobs, \$990,800 in payroll, and \$1.9 million in annual economic activity. That is primarily related to the visitors, because there is really not much on-site tenant-related activity going on down there.

\* Blairstown Airport, 117 jobs, \$2.8 million in payroll, and \$6 million in annual economic activity.

\* Camden County, 34 jobs, \$770,400 in payroll, and \$1.3 million in annual economic activity.

\* Cape May County, 240 jobs, \$6.2 million in payroll, and \$15 million in annual economic activity.

\* Cross Keys, 77 jobs, \$1.6 million in payroll, and \$4.5 million in annual economic activity.

MR. McNAMARA: Say it again. What was the economic activity?

MS. FRITSCHER: It was \$4.5 million.

MR. McNAMARA: Thank you.

MS. FRITSCHER: I will go on:

\* Essex County, 1157 jobs, \$29.3 million in payroll, and \$64 million in annual economic activity.

\* Flying W, 177 jobs, \$4 million in payroll, and \$8.6 million in annual economic activity.

\* Greenwood Lake, 72 jobs, \$1.6 million in payroll, and \$4.1 million in annual economic activity.

\* Hammonton Municipal, 63 jobs, \$1.9 million in payroll, and \$12.6 million in annual economic activity.

MR. McNAMARA: Jump, if you would, to Morristown, and then to Teterboro.

MS. FRITSCHER: Okay.

\* Morristown, 1841 jobs, \$55.9 million in payroll, and \$163 million in annual economic activity.

MR. McNAMARA: If you have Trenton or Mercer County, may we have that?

MS. FRITSCHKE: Okay.

\* Teterboro, 5911 jobs, \$174 million in annual payroll, and \$459.7 million in annual economic activity. He is all smiling, because he leads the pack. (referring to unidentified person)

MR. McNAMARA: He gets 10 percent.

MS. FRITSCHKE: I would venture a guess that Teterboro is probably the most economic beneficial general aviation airport in the United States. I would guess that that could very well be the truth.

MR. McNAMARA: Mr. Yudin?

MR. YUDIN: Yes.

Would you please go over the jobs that you just mentioned--

MS. FRITSCHKE: Yes?

MR. YUDIN: Go over them for me again, because you just threw out in your dissertation a massive amount of information. You can appreciate what a big help it is. You have been living with it for two years, and I am living with it now for 15 minutes.

MS. FRITSCHKE: I have been living with it for 25 years, because that is how long I have been doing it.

MR. McNAMARA: Before she starts that, can we get just that one last one, Trenton Airport?

MS. FRITSCHKE: Right, that is the next one here.

\* Trenton, 2019 jobs, \$66.5 million in payroll, and \$217.9 million in annual economic activity.

MR. YUDIN: My question, the jobs--

MS. FRITSCHKE: Right.

MR. YUDIN: Go over again, please, how you define the jobs to come up with those numbers.

MS. FRITSCHKE: Okay.

MR. YUDIN: What is the definition to get those jobs into those numbers?

MS. FRITSCHKE: The 5911 jobs for Teterboro represents two things: It represents people who work on the Airport. A lot of companies have corporate flight departments where they maintain people on the field. They have mechanics on the field. There are people who work in administration at the Airport. There is an FAA control tower. The tenant-related jobs, any kind of activity that is aviation related, people who work on the Airport providing some kind of aviation service -- they show up in that number.

Those people take their paychecks and go into the community and buy goods and services. They support more employment. So, related to the tenant, you have direct employment, the people who work on the field, and then that secondary, or that multiplier in terms of what they support in the community, based on what they earn at the airport -- grocery store people, shoe clerks, doctors, lawyers, everybody else who, in some way, shape, or form-- That is what those im-plan multipliers do by sector, help us to estimate what that additional benefit is.

MR. YUDIN: That figure includes both--

MS. FRITSCHÉ: Exactly, right. It also includes visitors who come into the State of New Jersey, into Teterboro Airport. They spend money. The spending that they create when they come into the State helps to support yet a whole other series of jobs -- restaurants, hotels, and, you know, other kinds of transportation services statewide and in the local community. Those jobs then, again, have a lesser multiplier effect, but they are still in the multiplier effect that gets added onto those jobs.

MR. YUDIN: So someone going to Atlantic City to spend a day at a hotel, a week at a hotel, whatever, uses a lesser multiplier, but that figure-- That helps to create a job, right?

MS. FRITSCHÉ: Right, except that they would have to go in via the Bader Field to be estimated--

MR. YUDIN: Okay, but you are using a lesser multiplier, but that is in that figure.

MS. FRITSCHÉ: Well, a lesser multiplier because of the fact that -- well, because of the nature of that kind of employment. But in the Study we did, we actually collected information from each visitor who responded to our survey about how long they stayed, how much they spent. So in that direct category we have information that is specific to the State of New Jersey and to each airport in terms of how long people stay, how much they spend on a daily basis, and so on, and so forth. That is the direct impact related to that first round of employment that comes from the visitor expenditure. That is generated specifically to each airport in terms of what its visitors told us.

In other words, someone flying into the Atlantic City area to stay for a week to gamble-- They are going to spend a lot more than someone who

flew from South Jersey up to Teterboro for the day to do business. They might just have lunch, so their expenditure patterns are different, and are reflected on an airport-by-airport basis.

MR. YUDIN: So the multipliers were different in those two instances?

MS. FRITSCHÉ: If it is appropriate to use different multipliers, yes.

One of the things about economic impact you find is that depending upon the level of development of the community being modeled, the dollar stays in the local economy a much longer time in an urbanized area such as New Jersey than it does in someplace like North Dakota. You have excessive leakage rates out of nonurban states or nonurbanized areas, because people cannot buy the different services that they need locally, and they have to go outside the area to buy them. But because New Jersey is relatively developed top to bottom, the dollar stays in the State -- we had specific multipliers for the State developed for use in this Study -- longer than it does in many other states where you have to go outside the state to purchase what you need.

Does that answer your question?

MR. YUDIN: Yes.

MS. FRITSCHÉ: Okay.

MR. MOOG: Mr. Chairman?

MR. McNAMARA: Yes?

MR. MOOG: May I make some additional comments at this time?

MR. McNAMARA: Please do, but are there other questions or comments for Ms. Fritsche? Questions, Jack, on that?

MR. ELLIOTT: Barbara, you have done studies for many other states as well as New Jersey?

MS. FRITSCHER: Yes.

MR. ELLIOTT: I just wonder if you have any comparative figures to indicate New Jersey's dependence on general aviation airports relative to other states?

MS. FRITSCHER: I can quote one figure off the top of my head, but I can't quote the other one. We just finished, in November of last year, a similar study for the State of Pennsylvania. I addressed not only their general aviation airports, but also their commercial service airports. The figure we quoted to you earlier that relates to just the tenant- and the visitor-related impact on a statewide basis-- There are about 16,000 jobs in New Jersey just related to tenants and visitors. Those were the numbers I was reading to you on an airport-by-airport basis in terms of the jobs. There are about 16,000 jobs in New Jersey tenant and visitor related, not the aviation-dependent stuff, because I can't quote that Pennsylvania number off the top of my head. But there are only about 6000 jobs related to general aviation airports in Pennsylvania. They have 150 airports in their system. They have 6000 jobs. You have 28 airports, and 16,000 jobs. So I think you can see that you have some of the most economically viable general aviation airports in the country in this State.

MR. McNAMARA: You are talking about a study that has 26 general aviation airports?

MS. FRITSCHER: Your Study.

MR. McNAMARA: I thought we were going to have 34.

MS. FRITSCHER: Well, you're right. There is another category. Those are included also. There is a benefit from those which I did not-- I didn't know where to cut it, so I didn't bring that up. Yes, there are other benefits besides--

MR. MOOG: We do have--

MS. FRITSCHER: We do have those.

MR. MOOG: --35 airports covered in this State.

MR. McNAMARA: Thirty-five or thirty-four? I thought that one had dropped out.

MS. FRITSCHER: Right, there was one that dropped out about halfway through, but those were our primary system airports, as we term them.

MR. McNAMARA: The testimony you put on the record so far with respect to the total economic impact of general aviation airports in the State is based on your study of 26 airports.

MS. FRITSCHER: Yes.

MR. McNAMARA: Roughly half the airports in the State. Would you make some comments about: a) the nature of the airports that are included in those 26 airports; b) the nature of the airports that constitute the difference between those 26 and those going up to 34; and c) the ones from 34 on to 50, which constitute our total population of airports?

MS. FRITSCHER: You may have to remind me of those that you want me to--

MR. McNAMARA: It would be the first 26--

MS. FRITSCHER: The primary airports, which were the first 26 airports-- Or, actually, that is not right, is it? It's 36. I'm sorry, it's too many numbers. It is 36 airports in the primary system.

MR. McNAMARA: Oh, okay. So there is, then, just two categories?

MS. FRITSCHER: Yes. I'm sorry. I should have looked at the number, instead of trying to guess.

MR. MOOG: Unfortunately, we are confusing two different studies here. In doing this, we are talking about 25 to 26 airports. The Economic Impact Study fully analyzed, with primary data, 30--

MS. FRITSCHER: Thirty-six.

MR. MOOG: Thirty-six.

MR. McNAMARA: Was it 36 or 34?

MS. FRITSCHER: It was 36 in the primary category, and then there were 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11-- We ended up with 12 airports, including the 1 seaplane base at Little Ferry that were in a secondary category.

MR. McNAMARA: Okay. Now, all of the testimony given so far in this hearing has been based upon your study of the first 36 airports?

MS. FRITSCHER: Correct. Right. Then there is an additional benefit related to those smaller airports.

MR. McNAMARA: That is not yet included in your testimony?

MS. FRITSCHER: No.

MR. McNAMARA: All right. Would you please tell the Commission what the difference is between, we'll call them-- What are you calling them, the primary airports--

MS. FRITSCHKE: Right.

MR. McNAMARA: --and the secondary airports?

MS. FRITSCHKE: The secondary airports were, for the most part, airports that do not have paved runway surfaces or they may have limited public access for some reason. I think in one particular instance, the airport asked not to be addressed in the Study. Because we could not get any data for it, we had to move it down into the secondary category. But, primarily, they are much smaller airports with more limited use. Most of them have only maybe one or two based aircraft that are permanently stored at the airport. So, operationally and activitywise, they are another echelon down than the airports that we classified in the primary system.

MR. McNAMARA: Would it be fair to say that these airports are airports that you have estimated, based upon some investigation, will have a lesser economic impact than the first 36 or would not participate in your Study?

MS. FRITSCHKE: That is correct.

MR. McNAMARA: Okay. Thank you.

Now, do you have an idea what the total economic impact of that second group of airports is?

MS. FRITSCHKE: Yes, I do. For all 12 airports that were included in that category -- and if you would like me to, I can read you the names of those -- it was 59 jobs, \$1.3 million in annual payroll, and \$3.7 million in annual economic activity. The airports that were included in that category were: Bucks, Hackettstown, Hollinger -- I am not sure how you say that one--

MR. McNAMARA: Crollinger. (phonetic spelling)

MS. FRITSCHÉ: --Lakalvey (phonetic spelling), Newton, Pemberton, Piney Hollow, Red Wing, Rudy's, Southern Cross, Twin Pines, and the Little Ferry Seaplane Base.

MR. McNAMARA: Which one would not participate?

MS. FRITSCHÉ: Hackettstown.

MR. McNAMARA: Hackettstown. Thank you.

MR. ROWAN: Did you include any private airports in the Study at all?

MS. FRITSCHÉ: The majority of the airports that are in the primary system are privately owned.

MR. LAWRENCE: Private use.

MR. ROWAN: No, no, I meant private use.

MS. FRITSCHÉ: Oh, private use.

MR. MOOG: They are all public use.

MS. FRITSCHÉ: They are all public use facilities. That was one of the criteria for being in the Study.

MR. ROWAN: Why did you exclude private use airports?

MR. MOOG: Well, this Study was originally designed to be a supplement to the State Aviation System's Plan, and that State Plan is sort of a responsible document for the access public use facilities in the State. I think you are right to an extent that private airports have economic impact as well, but our mandate from DOT was to look at the impact of the public use facilities, because they are the ones they were most intimately involved with.

MR. McNAMARA: Mr. Yudin?

MR. YUDIN: On the 12 secondary, you said that the economic impact was \$3.7 million?

MS. FRITSCHKE: Yes, that is for all airports combined.

MR. YUDIN: On the 12?

MS. FRITSCHKE: Right.

MR. YUDIN: Now, on the 36 primary -- again, I know you gave it, but you were throwing so many figures-- Is that the \$1.3 billion?

MS. FRITSCHKE: Yes.

MR. YUDIN: Okay. Thank you.

MR. McNAMARA: Are there other questions? (no response)

First of all, do you have other things that you want to cover?

MS. FRITSCHKE: Not unless you all have questions. Those were the basic findings of the Study. Obviously, there is far more detail in it than we were able to go through today, but that was really what we wanted to enter into the record.

MR. McNAMARA: Okay.

Roger, you have some other things you would like to--

MR. MOOG: I would just like to make some qualitative comments about the Study. When this Study was conceptualized at the Aviation Council level and was agreed to by the two administrations as far as the funding--

MR. McNAMARA: For the record, that would be the New Jersey Aviation Advisory Council?

MR. MOOG: Correct, right. --and was committed to by the State of New Jersey to fund it, there was an emphasis and a mandate given to my

agency, as the prime contractor, and we passed this on to Barbara and Air Tech as the sub, the numbers had to be as credible as possible. Everybody realized that when you are trying to estimate economic impact, it is not an exact science. There are some assumptions that have to be made. But all along the process of completing this Study, we, whenever there was a choice point where we could become more conservative or more liberal in our interpretation or our definition or our process, we chose a direction that was more conservative, so that the numbers could come out as conservative and credible as possible for use by organizations and bodies such as yourself.

Specifically, the examples of that are: In many states' economic impact studies, when they look at general aviation and business airports, they develop prototypical airport impacts for airports of certain types, maybe two or three prototypes, and then they assume that that prototype is accurate for each individual airport that fits into that category. In this case, primary data was taken at each airport, and specific profiles of economic impacts were generated for each airport specifically, which is, of course, a more labor-intensive process, but I believe one that has more credibility.

Secondarily, as Barbara mentioned in her presentation, the multipliers we used to get the secondary economic impacts were conservative and moderate. In reality, those dollars are respent numerous times and the impacts may be construed as larger.

Thirdly, the economic impact of those corporations that are not based at the airport, that are not aviation corporations, but still have some link in usage to the airport, those numbers were not included in our bottom-line totals. As Barbara mentioned, we did not disaggregate those total numbers to

individual airports. We didn't say, "Five thousand of the 50,000 go to South Jersey Regional, 20,000 go to Teterboro." We kept them as a lump sum and did not add them into the individual totals of each airport, because they are less -- they are more difficult to defend.

Fourthly, in the data gathering for this information and for these projections-- Barbara mentioned that we used phone surveys, we used mail surveys, we used interviews of tenants and airport operators, and various follow-up mechanisms in order to double-check our data. Secondly, we had the data being gathered from two different directions: from the consulting direction and a member of my staff was also out there double-checking and redoing, so that we could corroborate the information we were getting from two different directions.

So, in that sense, I think the data represents a conservative and credible estimate of what the real impact and what the business and economic relationships between these airports and the outside environment really are.

Just one other thing, if I may: The other aspect of this Study that is not dollars and cents that we were mandated to research was the qualitative relationship between the airports and the communities that they live in. You will see in the text, in the finished product, that we did enumerate and identify a number of qualitative uses and services that each of these airports provide to their communities that really cannot be evaluated in dollars and cents, like emergency medical service, which could be of infinite value to a person who has that need, like police usage, utility service that is used out of that facility.

We found that an interesting qualitative benefit of some of these airports is that the townships where they are located do not want them to go

away, because if they are redeveloped into something else, like housing, there are all kinds of overhead costs for schools, for sewers, for things like that, that the townships really didn't feel comfortable taking on. So this is sort of a backed into qualitative benefit of that individual airport. I am thinking of Trenton-Robbinsville specifically.

So there is a beneficial relationship with these airports aside from the dollars, cents, and jobs that they generate. We uncovered a number of those cases at individual airports, which are detailed in the final report.

MR. McNAMARA: Thank you.

I would like to ask if you did any analysis of the economic impact of airports as a function of runway lengths, or hangering space, or municipal versus private ownership?

MS. FRITSCHER: We did not look at those relationships. In some of the other studies we have done, we have graphed the correlation between annual operations, based aircraft, and, for commercial airports, employment related to each airport's economic impact. There is a high level of correlation at commercial service airports between the number of people you enplane, or board, annually and economic benefit.

At general aviation airports, while there is some correlation, there is no direct correlation that I have ever been able to uncover specifically between operational levels or facilities at a particular airport, because economic activity is driven by the number of tenants, jobs that are located at the airport, and the number of visitors who come in via the airport. In some instances, it may be driven by facilities that are available, and in others we see no correlation at all if it happens to be, like, there is no other airport available, so

people use it even though it only has a 2500-foot runway, or it doesn't have any hangers at all.

So there are some correlations that you might be able to draw related to that, but I think Roger's point about why in this Study we didn't want to look at those -- you know, there is so much impact per based aircraft, or so much impact per airport with so long of a runway. I think we could probably easily go through this and show the airports by runway length. Some of the larger airports are going to have more impact, but it is not necessarily related to their runway length. It will vary. There is no direct correlation then necessarily.

MR. McNAMARA: But you don't know that until you do it.

MS. FRITSCHER: No, but just knowing the answers-- I mean, some of the airports that really do not have that long a runway still have a fairly significant economic benefit.

MR. McNAMARA: Thank you.

Dr. Telling?

DR. TELLING: Mr. Chairman, thank you very much.

I would appreciate asking a couple of questions to try to understand better in two or three areas: One is how to put these numbers you have arrived at in context. Then I would like to follow up with some questions -- the question of the nonbona fide impacts which you began to discuss.

First of all, can you help me to put the \$1.3 billion in context? In other words, we have taken airports as a business sector of sorts in this case. What is above it, the impact in this State-- I guess, three questions:

\* What is the total economic activity, as you would measure it, in the State of New Jersey, of which this \$1.3 billion is a piece?

\* What is above it, as an example? The things that would come to mind for me are anywhere from car dealerships -- if you treated them as a class -- to grocery stores. Or potentially below it -- chiropractors or shoes salesmen, I don't know.

\* How do I put this in context to understand what it is like or similar to?

MS. FRITSCHE: Maybe a convention center. The tenant employment should be related more directly to other kinds of employers in the State. But airports are unique in the transportation mode that they provide allowing visitors to come in and out of the State. So the economic benefit related to that visitor category wouldn't be associated. In other words, you are not going to have people coming into New Jersey to use your chiropractors probably or to buy shoes, unless it is an outlet center, or something like that.

Standard activities do not facilitate or allow visitors to be processed through the State. That is a good question. I am not really sure what I can give you, other than something like a special event, or a convention center that would draw-- It would have its own employment, plus draw visitors in, which would create additional spending. Some of those are just one-shot deals, whereas the airports operate, theoretically, 365 days a year.

MR. MOOG: I may approach the response -- and I understand what you are trying to get at, and I think it is a valuable direction-- From my brief exposure to this, I would approach it by saying, if we compare apples to apples from state to state and say that New Jersey airports -- general aviation

airports -- are generating more economic activity than other states, it is sort of putting an absolute bottom on the thing, you know. It is saying that the loss of additional airports is going to be more of an impact to this State than it would be to other places.

If you are trying to decide where additional money is going to go, should it go for a seaport or an airport, that is a difficult issue. I do not know how to approach that.

MS. FRITSCHE: That's right.

DR. TELLING: I will try not to use this as a place for a forum for a talk, because it is really intended to be an inquiry. But the difficulty I have is, while I am obviously delighted to hear that your Study suggests that the economic impact per airport, or per facility, is so much greater in the State of New Jersey than it is elsewhere, New Jersey's history being as it is, largely private capital and privately owned airports, they are under intense pressure from alternative forms of developing. It is also true, probably, that the value of any unit of land in this State is probably worth more than any unit of land in other states.

Therefore, every investment choice-- What we are talking about, basically, is the investment choices and at what point there is a societal benefit that is of such a nature that the State wishes to intervene and modify the balance to preserve this beyond that which the private capital market warrants. That is the public policy question we face.

Hence, I am trying to understand, first of all, in context, how do I equate this to something else which may derive support or benefit from State policies? That was one area of interest.

The second was: I think, as you correctly pointed out, if you treat it within its transportation context, looking at your in-state transportation movements, then, indeed, it is probably true then -- if I correctly understand your comments -- that the existence of these facilities does, in fact, alleviate pressure from the transportation system, which, if they were to go away, would either result in the deterioration of the quality of the current transportation system, or require some commensurate investment to accommodate.

If I understand correctly, that is one more example of the sorts of things that have not been quantified economically in your Study. Is that accurate? If so, is there a complete reporting of all the other kinds of things that may not be accurately--

MS. FRITSCHE: That one particular example that you gave is somewhat accurate, and somewhat inaccurate. The fact that the information we secured from the businesses in the State said that without the general aviation system-- I mean, we are talking about a situation that-- Hypothetically, if all the general airports went away, about 1.47 percent of the State's total employment would be adversely affected.

Now, that does not necessarily mean that they would move out of the State. Maybe they would find some other way to, you know, get their goods and services. Maybe they would do something else. But in a worst-case scenario, that much employment could be lost to the State, according to the businesses themselves, because that portion of their employment is dependent, for one reason or another, on the availability of a general aviation airport to either receive or ship goods, to transport their staff, or to allow customers or suppliers to come and visit them.

So, you know, I don't think in any instance-- One of the things that is sort of unique about the system and one of the difficulties we had in disaggregating some of these things to an individual airport level, is that certain parts of the State are served by multiple airports. If one airport would go away, then, hypothetically, another one could pick up -- assuming you had the room to do that -- that demand. So it is difficult to say because a county airport closed, that all the employers who depend upon that airport would automatically fold up their tents and move out of the State of New Jersey. You know, that is not a logical scenario. That is not going to happen, because there are other reasons that they are here other than the general aviation airports. But their ability to conduct business in the State would be jeopardized and they may, in the long term, stand elsewhere rather than here, if that transportation mode is important to their ability to conduct business. It is really that value-added number, that 54,700 jobs, that is difficult to quantify and compare to other things, and say, you know, unequivocally that that would go away without the airport system, or that it is there solely because of the airport system. But it is definitely, in some way, shape, or form, related to the ability of that system to function day to day, and if it were not there you would see, you know, from 100 percent or zero percent, someplace in between, reduction in that additional employment.

DR. TELLING: While I do not fully understand your answer, I think I understand the sense of it--

MS. FRITSCHER: Okay.

DR. TELLING: --and I would have to say that part of the sense of it is to be responsive to a question I didn't think I asked. However, I appreciate your adding it to the record.

I was going back, originally, to your testimony, which said, "Forty-three percent of the flights" -- according to some survey you conducted -- "were, in fact, in the State--

MS. FRITSCHKE: That is correct.

DR. TELLING: -- and 57 percent were out-of-state."

MS. FRITSCHKE: That is correct.

DR. TELLING: And saying that if the airports went away, some portion of that in stage, by definition, is alleviating the transportation burden to try to find out was it accurate that that burden, or the benefit derived by alleviating that burden of the transportation system, was not economically quantified.

MR. MOOG: No, it was not.

MS. FRITSCHKE: No, not directly.

DR. TELLING: It was not, okay.

My question following that is: Are those kinds of economic benefits, or values, many of which were not even quantified-- Is there a fairly detailed list of the kinds of things of that type in the Study? You may or may not put a dollar value around it. In other words, it is either opportunity costs, other forms of transportation in the system-- I am just picking on that one, because I thought I understood it.

MS. FRITSCHKE: The other benefit--

DR. TELLING: If I get to the end of the Study -- which I haven't seen yet -- will I find a list of--

MS. FRITSCHER: There is a matrix in here -- and I am not sure, again, if this will satisfy what you are looking for -- that talks, on an airport-specific basis, about other activities that are associated--

MR. MOOG: I think the answer to your question is, no, we did not compare trade-off investments like that with other transportation policy investment questions in the State. Really, our mandate was to come up with a credible quantitative set of numbers.

The problem you get into -- and I appreciate your line of questioning -- is, can you equate a trip not taken on a Learjet with a trip taken in a limousine to the same destination within the State, or in a private car. I don't think you are talking about apples and apples in that case.

DR. TELLING: Well, I agree with you, but the New Jersey Legislature has been right, as have New York and a number of other places, with ongoing debates about investment in roads for private transportation -- buses, light rail transportation -- and fundamentally you are dealing with exactly the same issue. So the issue is pregnant, whether well informed or not.

What I am asking is: To what extent can you -- if it is not in the record, which is what I gather-- To what extent can you identify for the Commission -- based on your experience, other impacts which the existence, or to try to get at the impact -- the disappearance of New Jersey's current general aviation system, which are not even quantified, could be conceptually described? We just talked about one. It obviously does have an impact on

alternative forms of transportation. We agreed that we cannot identify how much it is worth yet.

I am just trying to find out so that the Commission can debate, intelligently, what else should be thought about in the trade-offs in our talks with the Legislature.

MR. MOOG: Well, one trade-off could be the freeing of airspace for commercial aircraft.

DR. TELLING: That's right.

MR. MOOG: That would maybe be a negative argument to the general aviation--

DR. TELLING: At the moment, I am not trying to load the dice; I am trying to inform them.

MS. FRITSCHER: You know, I am not sure. You are trying to get at, is a dollar invested in the airport system more beneficial than a dollar invested in the highway? I mean, is that what the issue is? Is it an investment?

DR. TELLING: No. Your Study doesn't even include investments in the assets or anything else.

MS. FRITSCHER: No.

DR. TELLING: The issue I am trying to get at is: As we look at your economic Study, the quantifiable benefits to the community, you have already identified that there is a series of benefits which are not economically quantified and you have not taken into account.

I am trying for the record to elicit whether or not there are other such benefits and what types or costs there might be.

MS. FRITSCHER: I'm sorry, the types of what costs?

DR. TELLING: What other benefits or costs might be associated with the air transportation system, as you have studied it?

MR. MOOG: I think it is a difficult question to answer, because it is so open ended. I believe that if you didn't spend \$10 million a year on your general aviation system, you would have that \$10 million a year to spend someplace else on your transportation system. Where that is going to go and what the impacts are going to be are well beyond this Study.

MS. FRITSCHER: But you are not talking about the qualitative benefits of the airport system.

DR. TELLING: I would suggest that this line of questioning is probably not productive any further. I can't be any clearer. We seem not to be able to take it much further. But I thank you for your time.

MR. McNAMARA: Dr. Telling's question has inspired another inquiry.

The cost of an airport-- If you had, say, a 5500-foot main runway, a 3500-foot crosswind -- rather, a 4000-foot crosswind runway, appropriate taxiways, ramp space, and a terminal area that could approximate \$10 million to \$20 million--

MS. FRITSCHER: To build?

MR. McNAMARA: Just to make those improvements on an existing piece of land.

MS. FRITSCHER: It could be more than that, it could be in that range, depending upon how much acreage you purchase and how much the

land was. But that certainly could be in the ballpark for that kind of development, yes.

MR. McNAMARA: You would be hard-pressed to justify that-- Is it your opinion that one would be hard-pressed to justify that investment, whatever that investment is? Let's say it is \$20 million. What would you say it is, as an order of magnitude?

MS. FRITSCHER: Like I say, a lot of it has to do with the land value and the acreage cost. I mean, to build it in North Dakota would not be what it would cost to build it in New Jersey.

MR. McNAMARA: We are aware of that.

MS. FRITSCHER: But I would say \$20 million to build a 5000-foot runway and a land site facility is probably within range. I don't think you could build a second runway for that amount of money.

MR. McNAMARA: Twenty million?

MS. FRITSCHER: Yes, probably \$20 million.

MR. McNAMARA: We are not talking air transport. We're talking Teterboro, Morristown.

MS. FRITSCHER: Right. But to acquire the land, to build the land site facility, to build a runway/taxiway system, all the lighting, and so on, and so forth, \$20 million-- You could easily spend that amount.

MR. ENGLE: We just did a four-inch overlay on the 6000-foot runway at Teterboro. That was \$4.5 million -- without lighting, without subbase, without--

MR. McNAMARA: Somebody please give me a number. Just an order of magnitude. I postured \$20 million. Shall we make it \$40 million?

We're going to buy the land, we're going to build two runways, taxiways. Do you have it, Phil?

MR. ENGLE: No.

MS. FRITSCHER: Say \$30 million then. You know, you could--

MR. ENGLE: Not in today's numbers, but, you know, there are a number of things to look at. You have to look at them. If it is wetlands and you get involved in mitigation, you are going to be doubling the cost on the thing.

MR. McNAMARA: Okay. Let's start with this number.

MR. ENGLE: Your weight bearing is going to have a lot of effect on this.

MR. McNAMARA: We are going to start with the number \$30 million. It is an arbitrary number, I recognize that. I am just trying to achieve an order of magnitude at this point.

Would the operation of airports in the State of New Jersey-- For instance, if every county in the State had such an airport, would each one of those airports be able to justify that investment in the business it would do, in your opinion?

MS. FRITSCHER: Over how long a period? Annually?

MR. McNAMARA: Over the life of the asset and annually, yes. Would it be a viable business?

MS. FRITSCHER: I think it would be safe to say that most of the airports would not, on an annual basis, review that kind of a return. But the investment in the infrastructure obviously lasts far longer than one year. So I think it would be safe to say that over the lifetime of the investment that it

would take you to amortize those facilities, that the annual economic return from the airport should be more than ample to balance out that initial investment.

MR. McNAMARA: If one owned a piece of land, and wanted to make an airport out of it, and put a \$30 million investment in it in Hunterdon County--

MS. FRITSCHÉ: Okay.

MR. McNAMARA: Would one be able to realize a return on that investment of \$3 million a year?

MS. FRITSCHÉ: There are two different things that we are talking about here. If an individual or a public sponsor would be the developer of the airport-- Let's just say an individual. Say a private individual wanted to go in and develop an airport and it would cost \$20 million to \$30 million. That economic benefit number that we are talking about does not go back to the individual, it goes to the community that is served by that facility.

MR. McNAMARA: That is where I am going with this question. An investor could take \$30 million, put it into municipal bonds, and have a \$1.5 million, after tax, benefit from that investment. Or he could put it into an airport and, most likely, he would not have that.

MS. FRITSCHÉ: That is correct.

MR. McNAMARA: What is the justification? Did your Study give any indication of what the justification for such an investment-- If, for instance, a community were to make that investment, is there a justification, or did your Study get any indication that there is some justification for that?

MS. FRITSCHER: This is not a revenue and expense study related to the airports in terms of their operation, maintenance, and development. That is sort of a different issue from what we looked at.

MR. MOOG: But what the Study did say, with some reliability, I believe, is that there is an economic benefit of \$1.3 billion being generated every year. The way to keep that being generated is to preserve the system. That is implicit. What we are spending, as a State and as a country and as private owners on our aviation system, doesn't come-- Well, this is a very flip thing to say, but it doesn't come near that \$1.3 billion. I think we are clearly showing a profit in a very simplistic way.

MR. McNAMARA: Would you conclude that because you determined that airports with greater capital investment produce a greater economic impact, and airports with lesser capital investment produce a lesser capital impact-- Would you conclude that to improve airports would be a way to increase economic impact -- to improve an airport would be a way to increase its economic impact?

MS. FRITSCHER: In some cases, that would be true. From the work we did with the businesses around the State, we know that there are many factors that they look at when they decide to be in a particular community or grow there or expand there. If the airport community lacked the other factors that that business needed, then all the investment in the airport, you know, may not have as much as a return on it if they are lacking adequate labor supplies, raw materials, tax incentives, or some of the other things that employers would be looking at before they would move into that community.

I think in the past one of the problems we have had in studies like this was that people think automatically investment in the airport means economic return. That is true, to some extent, but investment in an airport that is lacking these other things that are needed to generate economic benefit to these employers-- The return may not be that great. A dollar invested in an airport in New Jersey would have far more economic return than one invested in an airport in Nebraska, because, you know, you don't have a lot of the ancillary facilities and services, urban environment, location in a geographic area that employers are looking for there that you do here.

But to say, unequivocally, that an investment has such an amount of return-- There are a lot of other factors that have to be considered in that investment question.

MR. McNAMARA: One thing, I guess, we agree on, and that is that the majority of the economic impact of the airport bypasses the airport owner and goes to the benefit of the surrounding community.

MS. FRITSCHER: If it is a privately owned airport, that is correct.

DR. TELLING: Mr. Chairman?

MR. McNAMARA: Dr. Telling.

DR. TELLING: Mr. Chairman, if I may ask a couple of follow-up questions--

For the primary-- Now I have lost track of the numbers, too, whether it was 26, 36--

MS. FRITSCHER: Thirty-six.

DR. TELLING: For the set of airports that made up the \$1.3 billion--

MS. FRITSCHER: Right?

DR. TELLING: That was how many airports?

MS. FRITSCHER: Thirty-six.

DR. TELLING: Thirty-six. Do you have any idea what the replacement costs of those facilities would be--

MS. FRITSCHER: I couldn't tell you off the top of my head now.

DR. TELLING: Do you have any idea what the sum total of taxes paid by those facilities are annually?

MS. FRITSCHER: No, I do not.

DR. TELLING: Neither of those data were collected as part of this Study, I gather?

MS. FRITSCHER: Some of that information was collected, but it wasn't complete. Privately owned airports were unwilling to furnish that information to us.

You have to remember that the privately owned airports in New Jersey, which constitute a majority of the system, are run as businesses. Those owners, while they were very cooperative in most instances, were not willing to literally open their companies' financial records completely to us for this Study. So we do not have that data for all airports.

DR. TELLING: I recognize that. I was just curious to know if you did have it, because you had mentioned you had offered confidentiality.

MS. FRITSCHER: Right.

DR. TELLING: Okay. Thank you very much.

MR. McNAMARA: Mr. Yudin?

MR. YUDIN: The 36 airports -- you used the figure for economic impact as \$1.3 billion, and the 12 secondary with an economic impact of \$3.7 million.

MS. FRITSCHER: Yes.

MR. YUDIN: That pretty much says that the 12 secondary airports, when it comes to economic impact, are meaningless. That is such a difference. You are sure of that? You are comfortable with your data of \$3.7 million for 12 secondary airports versus \$1.3 billion for 36 airports?

MS. FRITSCHER: Based on what we--

MR. YUDIN: It is almost like those secondary airports do not exist when it comes to economic impact.

MS. FRITSCHER: Well, based on what we were able to -- the information we could get from the operators of those airports-- Basically, there are no tenants. There is no employment on those airports. People use the airports, but there is little activity. I mean, there are very few businesses based there, so there is little on-site employment. The few visitors who arrive in the State come into the other airports. Those airports provide a benefit, no doubt, for the communities they serve, but in terms of dollars and cents, you know, based on the methodology that we use, their contribution is rather insignificant in comparison to the larger airports.

MR. YUDIN: Your report breaks that down. Will the final report--

MS. FRITSCHER: The 37 million?

MR. YUDIN: Well, in the final report we will be able to get the names and the actual breakdown of figures?

MS. FRITSCHER: For the 36 airports, yes. For the 12 other airports, that is not broken out individually.

MR. YUDIN: You just left them in, so we will just have the names and that will equal the \$3.7 mil?

MS. FRITSCHER: Yes. If you are interested, I will be happy to take your name and go back into the database to get the individual airport information. But it was presented just as a total for those 12 airports.

MR. YUDIN: Did someone actually visit those 12 airports?

MS. FRITSCHER: All of those 12 airports were not visited. Some were, but I can't tell you off the top of my head. All of the 36 were visited at least twice and, in some instances, three or four times. Some of the 12 were visited, but not all, and I am not sure which ones definitely were and were not at this point.

MR. YUDIN: Okay. This might be similar to what Dr. Telling was getting at: You mentioned that there were a number of areas that you didn't put an economic value on, but that there are positive inputs by these airports.

MS. FRITSCHER: Right.

MR. YUDIN: You mentioned your evacuation--

MS. FRITSCHER: Right.

MR. YUDIN: That kind of thing

MS. FRITSCHER: Right.

MR. YUDIN: This might be what the Doctor was driving at: What specific areas, other than the ones you have mentioned-- Do these airports benefit the residents or the State of New Jersey, where you cannot put

a dollar value on it, but such as using them for air evacuation, or using them for fire service when we have forest fires in the Pinelands?

MS. FRITSCHÉ: Right.

MR. YUDIN: Does your survey show any areas where we could say this benefits the residents of the State of New Jersey, but we cannot put a dollar value on it?

MS. FRITSCHÉ: Yes. First of all, there is a matrix in the study that is by airport and by qualitative area. For instance, agricultural spraying, forest fire fighting, emergency medical, aerial inspection, and police. They host community activities such as cancer benefits and things like that, prisoner transport -- I am just reading a few of these to you -- shipment of just-in-time or perishable goods, career training, search and rescue, traffic reporting, aerial photography, real estate inspections.

There is a matrix that -- based on what we were able to observe and what we were provided with by the airports -- shows which of these activities are taking place airport by airport. In the back of the Study, each airport has an individual page like this (demonstrates) that summarizes the more qualitative benefits that are occurring on-site. It also names, by employer -- as this was not given to us confidentially -- specific businesses in the community that are using the airport.

MR. YUDIN: These are in here?

MS. FRITSCHÉ: Yes, they are in the report.

MR. YUDIN: Well, I might be wrong about what Dr. Telling meant, but that might have been what he was looking for.

MS. FRITSCHÉ: Well, that is why I was trying to answer him, but he waved me off. That was what I was trying to tell him before.

MR. YUDIN: But there is a whole litany of things whereby airports benefit the residents in the area and the residents of the entire State, that you can't put a value on.

MS. FRITSCHÉ: You can't put a value on. One life saved -- how do you value that?

MR. MOOG: I question, however--

MR. YUDIN: As the old Jewish saying goes, "If you save one life, you save the world."

MR. McNAMARA: What's that?

MR. YUDIN: "If you save one life, you save the world."

MS. FRITSCHÉ: But those are enumerated in the Study on an airport-by-airport basis.

MR. YUDIN: Thank you.

MR. McNAMARA: Mr. Elliott?

MR. ELLIOTT: Barbara, to return to the question I asked before about the parity of economic importance of airports in New Jersey compared to other states, inasmuch as the indications are that the importance of airports to the economy of New Jersey is greater than it is in many other states, maybe all other states, and inasmuch as you are in the privileged position of having information on other states, I think it would be helpful if you could summarize in your report the comparisons to indicate that New Jersey -- that the economy of New Jersey, the businesses in New Jersey, are more dependent on general aviation airports than most other states are.

MS. FRITSCHER: We are going to be giving a presentation at the conference on May 2, and I will try to develop a slide for that to show-- The only thing we can really go back and relate it to are things like operations and based air traffic, because they are the only things that we really have that are common yardsticks for all airports. We could show benefits for your airports versus some of the other states that we have data for, to bring that kind of point out. I would be happy to do that.

MR. ELLIOTT: Thank you.

MR. MOOG: Jack, the other thing that I think may be concluded from the fact that New Jersey airports have significantly higher economic impact per airport than in other states, is that maybe our system here in New Jersey is down to its leanest and meanest. You know, there is not much wasted capacity out there. At least as far as most of our business airports go, we are making quite efficient use of them. That may not have been true 20, 25 years ago when there were more public use airports in the State operated.

MR. ELLIOTT: That would be an important point to emphasize.

MR. McNAMARA: Mr. Hines?

MR. HINES: I wasn't going to, but I think I will ask two quick questions of you, if I may, please.

You indicated all along that your projections here are rather conservative -- very conservative.

MR. MOOG: It was-- (indiscernible; Mr. Hines and Mr. Moog speaking at the same time)

MS. FRITSCHER: The multipliers, in particular, were conservative.

MR. HINES: Many of these studies that one reads always have a plus or minus factor of so much, maybe 2 percent, 3 percent. Or what have you. I take it there would not be a negative factor that you would apply to that, but there would be a positive factor. What would you be comfortable with as a positive factor for the numbers you have quoted to us?

MS. FRITSCHKE: I think I have plus or minus 5 percent.

MR. HINES: Just a guess, 5 percent?

MS. FRITSCHKE: Yes.

MR. HINES: All right. The standards or multipliers you have been using and telling us about, these multipliers, I take it, are standards used by other professionals in your industry?

MS. FRITSCHKE: Yes, they are. The ones we used in this Study were developed by the Im-plan Group, which is based in Minneapolis specifically for the State of Minnesota -- I mean New Jersey, I'm sorry.

MR. HINES: So any other consultant looking at your numbers would say, "Okay, they used the right multipliers"?

MS. FRITSCHKE: Multipliers can always be argued, but I think that anyone who looked at the multipliers -- that the professionals in this business would agree that they are reasonable for use in a study like this. They may have other multipliers that they would prefer, but I don't think they could argue with these in terms of being reasonable reflections of how they were used.

MR. HINES: So, basically, the certifiable numbers you are giving us here nobody could really challenge to any great extent?

MS. FRITSCHKE: No.

MR. HINES: One last question. I was having trouble trying to verbalize it and I still might not be able to do it, but in your Study here, would it be possible to extrapolate from the information you are giving us what an additional investment would be on an airport -- I am getting back to the same question that others have asked -- that would make economic sense?

In other words, certainly there is going to be an ongoing investment on airports to maintain their economic impact at a reasonable level.

MS. FRITSCHER: Yes.

MR. HINES: Will your Study indicate that certain airports in some communities in some regions of the State, if there were additional investment in whatever, whether it be runway extensions, or facilities, or what have you-- Will we be able to say from that, "Hey, if we put another \$10 million in that airport, look what it is going to do for that area up there -- the economic benefits that can be derived up there"?

MS. FRITSCHER: No. That was actually beyond the scope of our Study.

MR. MOOG: That is something that should be handled within the State airport system planning--

MS. FRITSCHER: Actually, I think -- if I am not mistaken -- in talking with Emmet O'Hare, that the State had worked with Rutgers to try to develop such a model, but they were not successful in coming up with a dollar invested here equates to something in terms of return. It would be my professional assessment of that, because of the fact that it is not just the airport that makes that economic return happen. It is the highway, it is the urban

community, it is the Meadowlands, it is Princeton University -- it is the other factors that also draw that business.

MR. HINES: So you didn't attack that little scenario at all?

MS. FRITSCHER: No. We could, if it would be of any value. I think you would see -- you know, if we drew a line -- that you would have airports above and below. We can do something by runway length that shows economic benefit, but just extending a runway from 3000 feet to 5000 feet would not necessarily mean that your economic output would go up \$15 million or \$20 million, in the event that you were lacking some of the other things that the employers needed.

MR. HINES: I guess that's the point. If someone comes to the Division of Aeronautics and says, "I want to spend \$10 million on improvement here," the question is, is it worthwhile doing it? Should we use taxpayers' money to do that?

MS. FRITSCHER: Well, you know what the current economic return annually of that airport is. If they are returning -- you know, just pick a number here-- If they are already returning \$15 million a year to the community, and you are talking about a \$10 million investment that is going to last another 10 or 15 years, then, obviously, over the life of that project, the community, in terms of the benefits that accrue from the operation of the airport, will be repaid for that investment.

It is a different study altogether. Is that what you're saying?

MS. FRITSCHER: It is a different study than what we were contracted to do, correct.

MR. McNAMARA: I would like to ask -- while you are on that point-- Mr. Hines' question is not illogical from one perspective. We have already had testimony before this Commission that a 5500-foot runway can accommodate almost all of the moderate-size business jets on a 90 degree day.

MS. FRITSCHER: That is correct.

MR. McNAMARA: Those are the aircraft that are used by the businesses that employ the most people, create the most jobs, and have the translating greater economic impact. Would it strike you as being completely illogical if there were a correlation between length of runway and economic impact?

MS. FRITSCHER: There is definitely some correlation, but that is not to say that an airport that only has a 3500-foot runway can't still serve some segment-- I mean, they are not totally excluded from serving business.

MR. MOOG: You have to look at the market area. It is not just on an airport-by-airport basis, I believe.

MS. FRITSCHER: It is a difficult--

MR. McNAMARA: I am not suggesting that-- You have already demonstrated what the economic impact is of airports that have 3500-foot runways in the State of New Jersey.

MS. FRITSCHER: I guess all things--

MR. McNAMARA: I am just-- I think the question is only: If that 3500-foot runway had 2000 feet added, is it illogical to assume that there would be some substantial incremental benefit from that?

MS. FRITSCHÉ: It is logical that that could happen. I couldn't guarantee you that it would, but that could be construed as a logical conclusion.

MR. MOOG: In the case of South Jersey Regional Airport, which has no 5000-foot runways near it, their master plan dictates an extension of their runway, I think, to about 5500 feet from about 3100 feet, or 3900 feet, which it is now. It takes into account the potential for new types of business aircraft. I think in that case the economic impact would be significant -- the growth of impact.

In North Jersey, I don't know if the situation would be the same.

MR. McNAMARA: Thank you.

Are there other questions for these witnesses? Mr. Engle?

MR. ENGLE: Barbara, in the course of the Study, you mentioned both the qualitative and the quantitative effects.

MS. FRITSCHÉ: Right.

MR. ENGLE: Did you find anything that is unique to New Jersey airports, you know, based on your experience?

MS. FRITSCHÉ: In terms of the facilities or services that they provide?

MR. ENGLE: In terms of the services they provide.

MS. FRITSCHÉ: I think the thing that Roger cited related to how many communities noted that they were protective of their airports because they actually provide green space and open areas and less dense development than they might otherwise have, is very unique to the New Jersey market area.

MR. ENGLE: Thank you.

MR. McNAMARA: We want to thank you both for coming. You get the prize for having come the longest distance.

MS. FRITSCHER: What is the prize?

MR. McNAMARA: The prize is that you get to sit in this room. When I was a child, my father brought me here, and I believed it was the Natural History Museum. It had all kinds of artifacts. As you can see, it has stained glass animals, or stained glass windows depicting animals -- lovely, beautiful windows.

MS. FRITSCHER: It is a beautiful building.

MR. McNAMARA: Take note of the ones along the west wall where the sun is setting, how beautiful they are.

MS. FRITSCHER: It is a really lovely building.

I appreciate having the opportunity to share the information with you. I hope it will be used by the airports, because that is where it needs to get out to. They can really use it.

MR. McNAMARA: We thank you for this Study, and for all that you have done. I know this Study has been reviewed critically at several levels to achieve greater accuracy, greater reliability, and greater credibility. I believe that has happened three or four times over the past year. I know you have revised it in each instance. It seems now that we have some extremely reliable data upon which to proceed and make decisions about where we should go with the individual airports. That is important to us.

MS. FRITSCHER: We hope it is useful.

MR. McNAMARA: Thank you very, very much.

MS. FRITSCHER: Thank you.

MR. MOOG: Thank you.

MR. McNAMARA: I am going to go off the record for a minute.

**(RECESS)**

**AFTER RECESS:**

MR. McNAMARA: We're back on the record.  
Is Mr. Win Perkins, from Home Drome Evaluations, here?

(affirmative response from audience)

**WIN PERKINS:** My company's name is actually Airport and Aviation Appraisals.

MR. McNAMARA: Airport and Aviation Appraisals?

MR. PERKINS: That's is correct.

MR. McNAMARA: Mr. Perkins, thank you for coming. Thank you for being so patient with us. I know you are getting on much later than your scheduled time.

Do you have some prepared statements for us?

MR. PERKINS: I have some general comments.

MR. McNAMARA: Let me ask you, first of all: Do you swear that the testimony you are about to give this Commission is true, according to the laws of perjury in the State of New Jersey?

MR. PERKINS: I do.

MR. McNAMARA: Thank you.

Please proceed.

MR. PERKINS: I have been asked to come and talk to you a little bit by my friend, Phil Engle, about the relationship of land and airports, both on the airport and off the airport, and how that not only affects the value of the airport, but, I suppose, also ultimately the survival of the airport, particularly in an area of the country that is densely populated and has a lot of competition for land.

My basic area of expertise is in the evaluation of airside real estate, airside businesses, land around airports that is part of the airport, but may not be for airside utilization. I also develop airside properties for my own portfolio.

MR. McNAMARA: For the record, airside means?

MR. PERKINS: Airside, the way I define it, is property that essentially needs taxiway operational type access to the runway system. Basically, the runway system is sort of akin to the deck of an aircraft carrier, and the airside property is a little bit like the hanger decks. That is where the airplanes go after they land. All airports have a successful integration of the two, a supply and demand, length of runway, the availability of airside property, the lack of availability -- it all affects the value of the airport.

MR. McNAMARA: How many years have you been doing these evaluations?

MR. PERKINS: I have been appraising airports exclusively for approximately 7 years. I have been an appraiser for 12 years. Prior to my concentration on airport property, I valued a variety of commercial, industrial, and other income and investment type property.

MR. McNAMARA: Have you had experience in aviation as well?

MR. PERKINS: Yes. I have been a pilot for approximately 22 years and, as I said before, I developed 40 condominium "T" hangers at Morristown Airport that are owned by aircraft owners and corporations. I tend to also develop more property at Morristown.

MR. McNAMARA: Have you ever given testimony in a court in New Jersey as an expert witness?

MR. PERKINS: Not in New Jersey, no, sir.

MR. McNAMARA: In any state?

MR. PERKINS: Yes. I testified as an expert witness in New York, Michigan, North Carolina, and the State of New Hampshire regarding airport real estate.

MR. McNAMARA: Thank you. We are pleased to receive you as an expert here and to accept your opinion in evidence.

I would like you to proceed with your comments. I would like you to know at the outset that we are interested in all you have to say, but especially we are interested in the effect on the value of land that is located in juxtaposition to an airport, not airside land, but residential land located next to the many privately owned/publicly used airports in our State, and how that value is affected by the expansion of -- let's, to be clear, term it the extension of the runways at the airports, and/or the increase of activity at the airports.

MR. PERKINS: Well, I think it should be said at the outset that one of the great black holes that exist in terms of real estate appraisals theory is an absolute correlation -- a quantifiable correlation, the general supposition that somehow residential property values suffer around airports. The data that exists on this subject is sketchy in the extreme, and is largely generated by

appraisers whose expertise lies largely in appraisal of property, and not airports.

For instance, one of the seminal articles that the appraisal profession uses to determine the impact of airport activity on nonaviation land is drawn entirely from a study of a military airport -- for those of you who are familiar with the military's way of doing business -- not only is the risk higher, but they also have some charming expressions that are guaranteed to lower property values.

For instance, in civil aviation we refer to the runway protection zone. The military calls it the "accident probability zone." So the appraisal profession, for years, has been drawing information from a variety of sources and trying to determine what, if any, impact there is, not only on land value that supports improvements, but also for elements such as aviation easements, which is another mandated acquisition under Part 77, and that has to be acquired at a market value.

Having said that, I can say that for the most part it has been my experience that in New Jersey when the market is essentially considered to be good in residential housing, there is little or no distinction made between airport-related properties and properties that are far away from an airport, particularly a smaller private general aviation facility where you have a piston engine constituency.

When the market is a soft market, you then begin to see some difference, not necessarily in the price that the properties come in at, but in the absorption of the properties by the marketplace. By absorption, I mean, really, how long it takes to sell it. I suppose you could argue that time value and

money being what they are, that you do, in fact, get less money, even if you get your asking price 10 months after you get it on the marketplace.

The quantifiable elements that have tried to be identified over the years largely relate to larger air carrier facilities. There has been a regression analysis in the Chicago area around O'Hare to try to determine how value, with regard to the proximity to the end of the runway, was affected. They found, in some cases, the value of property in the vicinity of the Airport was higher, because the people who worked at the Airport wanted to be close to their jobs, thus contradicting what the general assumption was.

MR. McNAMARA: Do you have that study with you?

MR. PERKINS: No, but I could make it available to you. That was published in the "Appraisal Journal" several years ago.

MR. McNAMARA: We would like that. If you could give it to Mr. Engle, we would appreciate it. We would make it an exhibit to your testimony.

MR. PERKINS: I will try to collect all the data that the appraisal profession utilizes, because I think it is important for the Commission to understand that the way the perception of value works is, somebody writes an article on it, and then when an appraiser goes out to appraise a property in the vicinity of an airport, he generally consults the articles that have gone before it. Many times the information in the articles is not correct, and you have this perpetuation of a false assumption.

I would say that the property around airports that is not used for residential purposes is particularly critical for larger airports. By larger airports

I am not referring necessarily to air carrier facilities. But it has been my experience that the--

MR. McNAMARA: Did you say you are not referring to them? What are you referring to?

MR. PERKINS: To large general aviation facilities. For instance, of Mercer County's ilk, Morristown, Teterboro, Essex County. You could even throw airports like Allaire and South Jersey Regional into the pot. The land around these airports is particularly critical because it tends not to be occupied in a residential fashion. For these larger general aviation airports, the infrastructural improvements around the airports generate nonresidential zoning parameters -- commercial/industrial utilization.

For those airports in the United States that have similar characteristics to the ones I have mentioned in New Jersey, oftentimes if that airport is in control of that land, it becomes a very serious adjunct to its capacity to generate revenue and remain viable. The experience I have had, unfortunately, is that except in areas where the cost of living and the demand for services and goods are high, many airports would have a very difficult time making it on just aviation-related revenues.

For instance, Reading Regional Airport, which I have done a number of appraisals on, has an extensive facility, over 5000 feet of runway and ILS, air carrier service, a number of corporations, but their most significant asset, in terms of developing revenues, is the Reading Airport Industrial Park, which has allowed them to, essentially, augment those revenues via long-term land leases to structures that are not aviation related at all.

I think you can find a lot of examples where this has been the case. For airports that do not control land, that just exist in these areas, there tends to be an enhancement in value, in many cases, because industrial/commercial land is located near a large, capable facility. In some instances, particularly air carrier airports, you see significant premiums being paid for land around that airport. I believe that can be, in some instances, projected onto large general aviation facilities as well. I would hope that the Commission, in determining airport value and the relationship to the community, would have an opportunity to look into the reasons why particular structures tend to exist in and around the vicinity of airports, and how those structures do, particularly in bad real estate times. A perfect example is the Spinellis' development at Morristown, which is a development of pretty much standard office space that has been next to Morristown Airport for years. Well, during the time when there were 40 percent and 50 percent vacancy factors in New Jersey in the late 1980s and early 1990s, that property did very well in terms of keeping itself leased and also commanding competitive rental rates. This is consistent with what I have seen with a number of airports.

Also, I think New Jersey is very fortunate in that you have an emerging class of airport, which is what I call the privately owned corporate airport. A good example is Allaire and, also, South Jersey Regional. These are airports that have land volumes which are high. They have locations which are beneficial and advantageous with regard to transportation infrastructure. In some cases, they have also been accepted by the FAA into the Airport

Improvement Program, so they have an enhanced capacity to expand runways and offer greater service to a more sophisticated constituency.

In the process of developing these facilities, you are probably going to see more development around the airport that is designed to augment aviation-related revenues, may not have anything to do with aviation, but will contribute to the airport's survivability and long-term economic growth by offering a viable source of revenue that isn't necessarily dependent on aviation.

MR. McNAMARA: I have heard it said that the most valuable land in the United States is the land that is located across the street from the Fort Lauderdale Executive Airport. Have you seen that substantiated or seen any statistics like that?

MR. PERKINS: Well, I have, in fact, stayed at a hotel that is across the street from Fort Lauderdale Executive Airport, and I am pretty familiar with it. I think perhaps that would be an overstatement. I think that well-located commercial land in desirable areas always commands a premium. I would say that its location across the street from Fort Lauderdale Executive is a contributing factor, but it may not be the only factor for that.

MR. McNAMARA: This was the highest price per square foot, I guess, rental.

MR. PERKINS: Rental?

MR. McNAMARA: Yes.

MR. PERKINS: That may be possible. That strip of land -- I think I know the one you are talking about -- is an amalgam of a lot of different uses. There are hotels, there are office buildings. In terms of what they get for rental rates from their tenants, I doubt whether it would be the

highest. It might, in fact, be the most valuable land in terms of what developers would pay for it, simply because development would probably have some restrictions, given the proximity to the Airport and the fact that the Airport has to comply with Part 77 as an AIP-producing airport. So you may have very limited development space, for instance, an inability to go beyond a certain amount of stories. If you consider it on what we call a floor-area-ratio price, it may well be very, very high.

Are you interested largely in general aviation facilities?

MR. McNAMARA: We are interested, primarily, in general aviation and we are interested, as I said earlier, especially in the effect of general aviation airports on residential land located across the street from them, or sharing a common property line with them.

MR. PERKINS: Well, I think one of the things that is consistent throughout the United States, unfortunately, is that there is a perception that airports' neighbors, except in extremely rural areas, have a difficult time coexisting. This does not necessarily impact value per se. It does impact the perception of value, which can sometimes be just as important.

But, for the most part, residential property that surrounds airports in the first place, tends not to be as valuable as residential property that is not located in the vicinity of airports. That is because in New Jersey, particularly, you have development responding to particular demographic pressures. For instance, those of you who flew around New Jersey 20 years ago in Monmouth County, and even in parts of Hunterdon County in the vicinity of Kupper, will attest that that was largely vacant land. As development was required because

the areas up North became saturated, you saw housing developments where there were none before.

Generally, a developer will buy an airport-related parcel essentially because it is, in fact, discounted by the other developer who sells it to him. If you were to say there is one point where there is, in fact, a discount, or a loss, or reduced value regarding land that is in the vicinity of general aviation airports, it is at what I call the wholesale level. The wholesale level just involves one developer moving 50 acres to another developer. At that point, the developer tends to discount, because he may, in fact, have some idea about the problems that the State's related zoning might impose on his development. There may be other areas around the airport that are industrial and commercially zoned that are not necessarily compatible with the most valuable residential property. That has as much to do with it as anything else. If you go to almost any general aviation airport, except in the most rural areas, you are going to see some level of commercial and industrial development. That has probably as much impact on the desirability of residential housing as the airport does, because that generates ground traffic which oftentimes is perceived by the marketplace as being less desirable.

But when the developer who is looking for 50 to 100 acres to subdivide buys a parcel from another developer and it is in the vicinity of an airport, generally it is at a reduced price from a parcel that does not have that location.

MR. McNAMARA: We have already received testimony before this Commission that a residential unit, not a development unit, but just a residence across from Somerset Airport, I believe, was purchased for \$170,000

by a party who was a very vocal objector to the Airport noise. He complained vociferously about the adverse effect it was having on the value of his land. One year later, he sold his land for \$270,000, a \$100,000 profit on a \$170,000 investment, a more than 50 percent profit.

Is that typical of your experience?

MR. PERKINS: That would be unusual. I mean, my reaction would be-- You know, I kind of take the position, based on the data I have seen, that in the individual transaction, it does not seem to matter a great deal. You could, perhaps, sell a property like that to a guy who wants to be around the Airport for a premium. It is almost like the way that if you examine residential airparks in certain communities, they will get premiums for those lots, because they are not out there marketing those lots to the general public. They find guys who want to have proximity to the runway and have their airplane.

So, generally, I find that the market tends-- As I say, when the market is a good market, airports have no effect, because there is a demand for the housing. The fact of the matter is, the quantifiable impact -- and by quantifiable I mean noise -- true inconvenience of the airport is, in fact, negligible in most instances.

MR. McNAMARA: Say that again.

MR. PERKINS: The actual impact of an airport, that is to say the noise from the airplanes -- I am assuming a piston engine constituency -- is, for the most part, not a quality of life factor for most people. They may think it is, but it isn't.

MR. McNAMARA: You draw that conclusion because of resale land values in the proximity of airports?

MR. PERKINS: Right, resale land values. I have looked at lots and lots of Part 150 studies that dealt with this, not only in terms of general aviation airports, but also, for instance, in terms of all cargo airports, Rickenbacker Airport in Ohio. There is, in fact, a decibel level footprint that study quantified and, essentially, mapped for purposes of, perhaps, land acquisition for noise abatement or noise mitigation. I have looked at sales and footprints of residential areas that are off the end of runways that, again, cater to piston engine constituencies. There is no data to suggest that, again, given a good market -- a good market -- that there is an impact on property values.

MR. McNAMARA: You were talking earlier about the industrial parks that develop on airports. What type of industry tends to coexist compatibly with airports?

MR. PERKINS: There is a variety of industries. Obviously, the best airport complement tends to be distribution-type activities. Many times, they can take advantage of the airport to transport goods. There may be other advantages, such as a foreign trade zone, that perhaps would be advantageous for distribution. High-tech industries are particularly drawn to airport-related industrial parks. Again, many times there is a time-critical element to their manufacturing process and the airport is a positive factor in that area.

Generally, airport industrial parks do well because in many instances they offer development opportunities that are different. For instance, it can be an advantage to be able to lease land as opposed to buying land. Many airport industrial parks, because they are part of an airport

property, are leased long term because the FAA prefers that, as opposed to selling it in fee simple. That can be advantageous. It is more or less the difference between having to spend \$50,000 right now for a Lexus and being able to pay as you go. That can work at a competitive advantage. I have also seen it, in certain sections of the country, where people want to own land and it is very hard to lease it to them.

Flex space does very well in the vicinity of airports. Flex space is more or less a combination of warehouse space and some degree of office space, but the warehouse space may not be quite as bare and as rudimentary as the standard preengineered steel building. It can be reconfigured with partitions for office areas.

Down in Delaware, at New Castle County Airport, the Corporate Commons development, which is right next to the Airport, has been very successful in conjunction with some of Delaware's advantageous tax laws, in attracting the typical back-office and backroom operation, for instance, for credit cards. NBNA has located a lot of their flight department -- has moved to New Castle County, and they have a huge facility there for processing credit cards. CitiBank has another large facility. They seem to be attracted to the Airport environment as well. They can benefit from the Airport. Banking facilities can process checks, and often that is advantageous.

MR. McNAMARA: You made a comment earlier -- if I quote correctly -- that "There are guys who just want to be near an airport." Obviously, aircraft owners and pilots would be in that group. But it makes an interesting point, and I want to confirm it with you.

There are those people who, whether they are aircraft owners, or pilots, or just other people who do not mind being in the vicinity of an airport, and there are those people who do mind being in the vicinity of an airport. I posture that statement for you to confirm or deny.

MR. PERKINS: That is correct.

MR. McNAMARA: You mentioned Part 150. I assume that is Part 150 of the Federal Aviation Regulations?

MR. PERKINS: Yes, sir.

MR. McNAMARA: Part 77 -- is that Part 77 of the Federal Aviation Regulations?

MR. PERKINS: That is correct.

MR. McNAMARA: Would you, for the benefit of the record, detail what those two Parts deal with?

MR. PERKINS: Part 77 is what I consider to be the FAA's zoning regulations for the airspace around the airport. Part 77 governs penetration vertically into areas that constitute runway approaches. It essentially tries to encourage airport sponsors, or mandate airport sponsors to acquire land, easements, do whatever is necessary to avoid encroachment into the airspace around the airport.

Part 150 is a broad category. It generally involves environmental considerations as they pertain to the airport. An integral part of a Part 150 study is the impact that an airport's noise footprint has on the land uses around an airport.

MR. McNAMARA: Thank you.

Are there questions for Mr. Perkins? (no response)

Let me just check my notes. I just want to see if I understand your opinion with respect, once again, to the value of land that is located in close proximity to an airport -- the value of residential land located in close proximity to an airport.

In times of high demand in the area, the price of residential land will not be affected. In times of poor demand for residential lots in the area, the price of those residential lots will be disproportionately affected because of their location near an airport. Is that what you said?

MR. PERKINS: No, I would not say disproportionately. I would say, it is not so much a matter of price, but rather absorption.

MR. McNAMARA: Of what?

MR. PERKINS: Absorption, that is to say how long a property stays on the market before it is sold. There are two ways to look at that.

MR. McNAMARA: The price remains the same, but it might take longer to sell.

MR. PERKINS: That is correct.

MR. McNAMARA: Okay. So that is the only effect on the price, and that is only in times of poor demand in that area?

MR. PERKINS: That is correct.

MR. McNAMARA: There is a general opinion that residential lots located away from an airport area will be more valuable than residential lots next to an airport area. Is that correct?

MR. PERKINS: In a wholesale context.

MR. McNAMARA: How about in a retail context?

MR. PERKINS: In a retail context, no, that would not necessarily apply.

MR. McNAMARA: In a retail context, the lots located next to the airport could be just as valuable as the lots located anywhere else.

MR. PERKINS: That's right.

MR. McNAMARA: Would they tend to be more valuable?

MR. PERKINS: To particular individuals they might well be, but that does not constitute a market value. That is an investment value, the distinction being-- A market value, the way the appraisal profession defines it, is designed to distinguish the value of a property to a particular investor, given a limited amount -- a more limited set of parameters. The market value has to be cast broader, so clearly if you are going to say, "I am going to sell it. Find guys who have airplanes at the airport who want to be close to their planes," yes, you might, in fact, get a premium. But for purposes of the marketplace, the appraisal profession, banks, and other institutions define it-- It is not necessarily the same thing.

MR. McNAMARA: Well, the one piece of property we have not addressed residentially is, when we cross the street and go onto the airport property, or if the airport acquires adjoining land and can expand and develop either residential or commercial units that have taxiway access to the runway, what happens to the value of that land?

MR. PERKINS: That land tends to command a premium.

MR. McNAMARA: It tends to command a premium?

MR. PERKINS: This is correct. It commands a premium, basically, for the same reason that airside land tends to indicate a higher value

than the normal run-of-the-mill industrial and commercial property. That is to say, for instance, most airport land on the larger general aviation airports is leased. Let's say I pay 50 cents a square foot to lease land. Well, that means, based on an acre being 43,560 square feet, I am going to be paying an annual rental rate of approximately \$21,000, perhaps \$22,000, somewhere in that vicinity.

Well, nonairport land tends to be sold in fee simple, so what appraisers do is capitalize that rental rate and say, "Well, if you divide that by 10, you get a value per acre of about \$210,000, perhaps \$220,000 per acre." Well, many times, that is to say to the guy who is leasing it-- To get that rent every year more or less equates to having sold it for \$220,000. Or, in most cases, airside land, when capitalized, is more valuable than land that isn't on the air side, depending on the airport and the location. But it is particularly true in New Jersey, because, let's face it, if I need an airside location, I need an airside location. I can't go across the street from the airport and hope that the community is going to let me taxi my Falcon 50 across the thoroughfare so I can get to the runway.

So it is a very specific set of parameters that the airside user has. Particularly for residential users, it is the same type of situation. Many times, residential airparks are sold to individuals with airplanes. They are, by definition, more affluent than the average home buyer. Again, they want to be there. They do not mind about the airport environment. In fact, that is the motivational factor. So you see premiums for those residential lots, because for the guy who is in the market for that, he can't get it anywhere else. There is a limited amount of choices for him in the marketplace.

MR. McNAMARA: I want to ask this question one more time: The owner of a residential lot, or of a residence located in proximity to an airport, if I understand you correctly, suffers no detrimental effect on the retail price of that house when he goes to sell it, whether in a good market or a bad market, but he may enjoy a substantial benefit because of its location. Is that what you said?

MR. PERKINS: Yes, that is correct.

MR. McNAMARA: Thank you very much, sir.

Are there any follow-on questions? (no response)

Mr. Perkins, once again, we thank you very much for coming this distance, for bringing your expertise, which we respect and are grateful for, and especially for waiting so patiently, for which we apologize. Thank you.

MR. PERKINS: Thank you.

MR. McNAMARA: There are just two things I would like to call your attention to: One, I would like to posture to you for your comments, if you have any improvements on this, a methodology for serving subpoenas on townships and/or airports that are not responding to our inquiries. That methodology would be to send them a letter, which I will ask Phil Engle to read in just a minute. The ones which are recalcitrant still after they receive this letter would be the ones that would be candidates for subpoenas.

I tend to think that we can't be selective. Subject to your better thoughts, I don't think we can decide that Bedminster and Atlantic City if they don't come in response to the letter -- that we could subpoena one and not the other. I think we have to do what we do evenhandedly and issue the subpoenas, if at all, with great reluctance. However, I think we are charged

with a responsibility by the Legislature to delve into this problem of relationships between airports and municipalities.

We have heard a substantial amount from the airport side, which is only one-half of the argument. I have learned, as an attorney, that when you have heard only one-half of the argument, you do not have a good picture. If we are going to make any suggestions to solve these problems, I am convinced that we must hear from those townships that host airports -- and that, even if we have to issue subpoenas to them. I have said that for the benefit of the record. I invite anyone who would like to improve on that methodology to do so.

MR. ELLIOTT: Jack, I just want to suggest that Barbara Fritsche reported that one airport refused to respond to their inquiry on the Economic Impact Study, and that we might consider subpoenaing that airport in order to get the information they refused to give to Barbara Fritsche.

MR. McNAMARA: That is a good suggestion. That Study was done, of course, outside the scope of this Commission. We had some input into that only during the past year since we have been formed -- since we have been commissioned, before we were organized.

I think we ought to check with Jack Penn and determine if that information is important. If it is important and it can be secured at this time, and incorporated into that Study without costing substantial additional expense with Barbara Fritsche's firm, and Roger Moog's firm, in other words, if Jack Penn is willing to go forward with it, we, perhaps, can assist that Study by using our subpoena power to compel that information. That's a good idea. I will make a note to talk to Jack about it.

Phil, would you read that letter?

MR. ENGLE: Okay.

“Dear Whomever: The New Jersey General Aviation Study Commission has been charged with the mission of securing, for the State of New Jersey Legislature, possible information relative to the general aviation airports to support appropriate recommendations consistent with sustainable, appropriate economic growth in New Jersey and responsible maintenance and enhancement of current airport facilities, and to assure appropriate tax regulatory and private and public policies and practices.

“The Legislature is most concerned that the study be as complete as possible and must present all the varied views on general aviation in this State. The Commission has been given substantial power, including the power to issue subpoenas and compelling testimony under oath.

“The purpose of the Commission is to determine if any legislative action is necessary in this area. For us to accomplish our goal, it is imperative that we receive input from you. To date, we have been unable to secure your cooperation in arranging a date for you to testify before the Commission. We want to emphasize to you that we are only seeking information. This is not an adversarial situation.

“The Commission has set aside -- insert a date -- to hear your testimony. We would very much appreciate hearing from you. Please call Commissioner Phil W. Engle at 201-288-4710 to arrange a time convenient for you on that day. Very truly yours, John J. McNamara, Chairman, New Jersey General Aviation Study Commission”

MR. ELLIOTT: Jack, I feel it should be, perhaps, a little more general. I refer specifically to references to things like taxes. It is not general, that is specific, To the people we are thinking of subpoenaing, it throws up a red flag. I don't think we ought to-- If we keep it very general -- we are looking for information-- I feel that using--

MR. McNAMARA: I agree.

MR. ELLIOTT: Take out any reference that is specific and that throws up a red flag before they come here so that they think they have to come to defend themselves, or whatever.

MR. McNAMARA: Fred edited that in, but he said as he was leaving to please adjust it to taste.

If everyone is in agreement-- Phil, if you--

MR. LAWRENCE: The only comment that I have, Mr. Chairman, is: Do we have a specific date or time?

MR. McNAMARA: Phil is going to--

MR. ENGLE: No, we have to insert a date.

MR. McNAMARA: Yes, we do.

MR. LAWRENCE: I mean a response date. In other words, do they have to respond by such and such a date?

MR. McNAMARA: I think we should give them the last Tuesday in April, and we should hold an all-day meeting. I will leave it up to you, Phil, but use-- One thing is clear: Fifteen minutes is not working as a time frame. These townships, if they come in and get short shrift of 15 minutes, they are not going to feel that they had a fair opportunity, and I would agree with them.

I think we are going to have to schedule them -- I don't know if you want to make it at 20-minute intervals, or take three an hour.

MR. ENGLE: I would say at least a half hour.

MR. LAWRENCE: The other question I have is: At what point do you propose to use the subpoena?

MR. McNAMARA: I propose to send that letter, which will give them a specific time to come. If they do not respond-- Actually, what that letter ought to do, Phil, is give them a specific time to contact you and schedule their appointment.

MR. LAWRENCE: Response to him as soon as possible.

MR. McNAMARA: Yes, respond to you, and then schedule a time to appear.

MR. ENGLE: What we can do, in the last sentence, where it says, "Please call to arrange a convenient time," we can insert something to the effect that, "We would hope to hear from you before April 16 in order to make these arrangements."

MR. McNAMARA: Right.

MR. ENGLE: Then if we do not hear from them by that date, we can contact Jack and see where we go from there.

MR. McNAMARA: I'll tell you what, after you revise that, would you fax it over to me--

MR. ENGLE: I will fax it over to you.

MR. McNAMARA: --and let me have one last crack at it.

MR. LAWRENCE: Phil--

MR. ENGLE: I'll get into my word processor and write it.

MR. LAWRENCE: Do you propose to send that certified?

MR. ENGLE: Yes, we should send it certified.

MR. McNAMARA: Yes.

MR. ENGLE: Again, do we want to make up a list to assure those people we want to hear from? Readington is scheduled to come in tomorrow. So do we want to hear from Bedminster, Wall Township, Atlantic City?

MR. McNAMARA: We have to send it to every township that either hosts or that we know neighbors an airport.

MR. ENGLE: That we have not heard yet?

MR. McNAMARA: That we have not had come before us yet. We have to stay consistent on that line.

MR. ELLIOTT: Hopewell was one that was specifically mentioned. I don't know if they host Twin Pines or they are adjacent to it.

MR. ENGLE: Hopewell hosts.

MR. McNAMARA: Notoriously adjacent, so far, have been: Branchburg and--

MR. ENGLE: Well, Branchburg has been in.

MR. ELLIOTT: Bridgewater.

MR. McNAMARA: Bridgewater. Fairfield is the host for Caldwell.

MR. ENGLE: Right.

MR. McNAMARA: Yes, we have to stay right on the course that we have been on.

Now, this brings up the next item I want to address. The studies that you sent out to all of the townships-- It just dawned on me that most likely those studies were mailed out with the same error of addressee as the--

MR. ENGLE: We have corrected that.

MR. McNAMARA: And have they been mailed out again?

MR. ENGLE: (indiscernible; two or three Commissioners talking over each other)

MR. McNAMARA: If they were not mailed out, it may not be inappropriate to include a paragraph in there saying, "In addition, would you please complete this study and return it to us by April 16 or April 21?" so we can be certain that the proper addressees have received these studies.

Are there other comments on that?

MR. LAWRENCE: I just have one comment. I sort of wanted to make this more of a closed loop, because I know we talked about the letter to follow. I mean, I think there is going to be some point at which you want to ensure that these individuals are going to respond. I think the letters are a good first step. But I think, as I said earlier, that we need to establish a date to respond by, and then the subpoenas to follow. That way we can be sure, maybe by April 30, that at least we have taken all reasonable measures to ensure--

MR. McNAMARA: Oh, I see, you want to set up the schedule right now.

MR. ENGLE: Well, that is what I said.

MR. LAWRENCE: Well, I am proposing that we--

MR. McNAMARA: There is nothing wrong with that. We have the hearing date. I think we would want to hear--

See, if we sent them subpoenas right now, they would almost have until -- we would almost have to give them until April 30 anyway. So we are going to be--

I suppose if we sent them those letters-- If the letters went out by the end of this week or the beginning of next week -- say they go out on April 1 -- and we gave them until April 15 to respond to Phil and to send the studies back, and not responding we then served subpoenas on them, we would have to give them-- We would probably have to have a meeting on May 15 to give them adequate time to respond to a subpoena. I don't know what May 15 is, but rather than set it up now, I will leave that until we get right down to sending the letter, and we will set up something. We have to coordinate it with OLS and Harry White.

MR. ELLIOTT: Jack, what happens if they ignore a subpoena?

MR. McNAMARA: Well, in point of fact, considering that the subpoenas are being issued on a township, or I suppose on the mayor of a township in his capacity as a representative of a township, there could be a fine. It is not a significant thing. The immediate thing is that there would be something like a \$50 fine. It is not a significant thing.

What would happen next is, if we so desire, and we probably would, we might bring them all into court and compel their testimony -- compel by court order their appearance before this Commission. Then they would be in contempt of court if they didn't do that. That, of course, has more severe sanctions.

MR. ELLIOTT: We have that power, to get a court order?

MR. McNAMARA: Oh, yes. If you have the power to subpoena, you have to have the power to enforce the subpoena.

MR. ENGLE: Except one thing, though: We keep going on a time frame of May 15. Didn't the original legislation establishing the Commission give us a set period of time to do our job?

MR. McNAMARA: Essentially, I believe-- There is a slight question whether it is December 31 of this year or January 31 of next year, but ending within that 31-day period. We will adhere to our sunset. There is not a single person on this Commission who relishes doing what we do. So we have no desire to go beyond that. I have no desire to have a substantial workload other than follow-up confirmation-type studies after June of this year. I would like to have the great bulk of our work done within the next three months.

MR. ELLIOTT: We would endorse that hope.

MR. HINES: Let me ask a question here: I send them a letter, along with the questionnaire that they have already received? Let's assume that they return that questionnaire to you. Do you still want their testimony here?

MR. ENGLE: Yes.

MR. McNAMARA: Yes.

MR. HINES: Okay.

I guess my concern is, if they just do not want to testify-- I understand why you want to get a broad spectrum of people coming in from

the communities to testify, but I find it a little bit difficult to understand why we have to force -- why we would want to force these people to come before us.

MR. McNAMARA: My response to that would be: The Legislature has given us a job to study these issues, specifically it gave us the job of studying airport/municipal relationships. We cannot report back, in good conscience, to the Legislature that we have done our job, that we have performed our duty if all we can say to them is, "We have heard from all of the airports and two of the townships. We have heard from 35 airports, and we have heard from two of the townships, or three of the townships. Of them, two of them were favorable."

The Legislature will say, "Well, why didn't you talk to the rest?" and we'll say, "We invited all of them to come, but they didn't want to come." It is still then an unanswered question. It remains an unanswered question. "Why didn't they come?" will be the next question, but it is not going to resolve the issue.

The only way to resolve the issue is for them to come before us and tell us what their problems are, and for us to be fair minded and open minded, as judges should be -- or, as Commissioners should be, in conducting this study, and try to find out -- try to come to a complete understanding of their problems, so that we can try to find out if there is some middle ground, some resolution, some methodology that can be developed to resolve these problems.

MR. ENGLE: More than that, Pete, I think, too, it doesn't take a great rocket scientist to look around this room when we are sitting here and see that we are all proaviation. We have our own credibility.

MR. HINES: No, that is not true. We do have some people who are not proaviation.

MR. McNAMARA: We have legislators.

MR. ENGLE: Right.

MR. McNAMARA: We have mayors from townships on this board. So that is not true. There are a great number of people on this panel -- on this Commission. The thing that is unique about this Commission is that there are a great number of people studying these problems who have an understanding of aviation.

MR. HINES: Of the municipalities, or the townships, or whatever, that have not responded, how many of those that we could get to come in here would be acceptable as a sufficient number of such? Do you want all of them to come in? If there are 30 that you are inviting to come in, are 10 sufficient, are 20 sufficient? What are we talking about?

MR. McNAMARA: I don't know. I would think that there are some qualitative decisions to be made.

MR. HINES: Yes, that is what I am getting at, essentially. If you try to get all of them we'll be here forever.

MR. McNAMARA: I have to say that I feel uncomfortable--

MR. HINES: With the number we have now.

MR. McNAMARA: Well, yes, with that, and I feel uncomfortable personally -- I present this to everyone for your comments -- with treating one township differently from another township. I hate to be heavy-handed, but if we are heavy-handed, then I think it is incumbent upon us to be evenhanded.

MR. ELLIOTT: Well, one thing we have to do is wait and see how many respond to the letter.

MR. McNAMARA: One last thing is this bill that was introduced March 18 of this year -- Assembly Bill No. 1717 -- which is Assemblyman Lance's bill, which was handed to me this morning. OLS gave us a number of copies. I believe every Commissioner has received a copy. I guess the bill was distributed among us for information purposes.

The message of it, to me, is that with Assemblyman Lance, Senator Schluter, and, I suppose, others in the Legislature, the business of proposing legislation for municipal/airport relationships -- relationships between the airports and their host municipalities is a hot topic. I believe that this is a message to us that we have to press on with all haste to complete our mission and get the benefit of our study before the Legislature before -- or prior to a time when it might act on these bills.

If they act on these bills prior to our making our report, to a great extent, all of our time and energy is wasted and, in my mind at least, I am convinced that any legislation adopted without the benefit of the conclusions of this study cannot be as well advised as it would be otherwise.

I don't think it is within our purview to do more than that about this.

MR. ENGLE: Do you think it might be appropriate to ask the Assembly and State Senate people who are on the Commission to maybe approach the people who are proposing these bills and try to find out what they are all about?

MR. HINES: Isn't it the process for that bill to be given to the Department of Transportation for comments and then given to Jack Penn by the Commissioner for his comments and review? Normally it goes back to the Department. That Department could request, and it would probably be honored, to delay any action on this bill until such time as the Commission completes its work.

MR. McNAMARA: Well, if the members of the Commission from the Assembly and Senate want to talk to Assemblyman Lance and Senator Schluter and tell them that-- Senator Schluter knows that this study is going forward. I don't know what he is doing with his bill now that he knows that, but it is possible that Assemblyman Lance is unaware of our efforts. It wouldn't hurt for him to know about them. Perhaps he would rather have the benefit of our study before he pushes his legislation. But that is something I think Rich Bagger ought to take up with him.

Is there any other business? What do you think, gentlemen? (no response) Then we stand adjourned.

**(MEETING CONCLUDED)**