



Commission on Fiscal Stability and Economic Growth
January 29, 2018

Kevin A. Dillon, A.A.E.
Executive Director
Connecticut Airport Authority

Dear Co-Chair Smith, Co-Chair Patricelli and distinguished members of the Commission on Fiscal Stability and Economic Growth,

My name is Kevin Dillon, and I am the Executive Director of the Connecticut Airport Authority (CAA).

First, I would like to thank all members for their efforts towards the commission's important work.

Economic growth and fiscal stability are critical issues that impact the lives of all Connecticut residents, and we do our best at the CAA to help progress the state's mission and facilitate economic development. According to our most recent economic impact study, CAA airports generate nearly \$3 billion in total economic output, support over 23,000 jobs, and generate approximately \$175 million in state and local taxes. Our airports facilitate the transportation of goods, and we connect area business travelers to markets across the country and globe. We work with our stakeholders across the state to ensure that the needs of our state's business community are being met, and we strive to provide the safest, most convenient service possible to help aid in additional economic growth. From launching new, nonstop transatlantic and west coast services, to the recent addition of a new airport lounge and new restaurant offerings, we are constantly looking for ways to improve our offerings and make our airports more attractive to business travelers. High-quality transportation infrastructure is a key component of a state's economic development strategy, and we have undertaken an aggressive capital plan across the CAA airport system to ensure that our facilities meet and exceed the expectations of our regional business travelers.

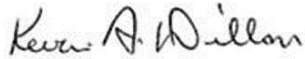
Our growth is also indelibly tied to the overall fiscal environment in the state. A state that is successful at maintaining and growing its business base will provide a healthy volume of business travelers. These business travelers are critical for sustaining routes during key points in the year when leisure travel typically dwindles. With limited aircraft and plenty of other airports vying for their attention, it is important that our state offer the most attractive overall business environment for our airline partners. I frequently meet with airlines to discuss the potential for starting new nonstop routes at Bradley International Airport, and it is clear that they are all keenly aware of the state's fiscal condition. I am regularly questioned by airline executives about the state's tax structure and the recent comings and goings of Connecticut businesses. While Bradley is able to present a strong business case in such airline meetings, these background issues clearly influence the decisions of carriers who may be weighing the addition of new services at Bradley against opportunities in other states.

Air service development is a very competitive market, and other airports across the country are contending for the same services that we seek to launch. As such, we must stay competitive by keeping our costs low. The airlines ultimately bear the burden of an airport's expenses, and the cost per enplanement (the primary cost metric used by airlines to calculate their average airport costs per outbound passenger) is a driving factor in an airline's decision to expand or retract services at any given airport. The CAA continues to be concerned that the persistence of many state-driven mandates, including the high fringe costs that are dictated to us through the state retirement system, could lead airlines to avoid growing their operations at Bradley in the future. While we have been able to maintain excellent finances at Bradley so far despite these challenges, there are a variety of state-driven costs that currently hamper our ability to most efficiently operate the airport. These costs will also have implications for our infrastructure, as they will exacerbate pressure that we will experience in coming years as we continue on necessary projects to develop our facilities. Major construction projects, such as a future new terminal facility, will lead to increased borrowing and will put more pressure on our ability to keep our costs low. However, despite the state-driven costs that burden our organization, we simply cannot choose to indefinitely defer projects that are necessary to provide high-quality infrastructure for our passengers. This is why we continue to advocate for legislation to provide current unclassified CAA employees with the ability to opt out of the state retirement system, as well as ensure that all future unclassified employees are automatically enrolled into a separate CAA-

established 401(a)-type plan. We have also spoken out in recent years against legislative proposals that could have increased costs for the CAA and other state businesses (including the airlines), and we regularly promote policies that will allow us to maintain lean operations and lessen the burden on our airline partners. The issues before the commission are central to the future success of Connecticut's airports, and the CAA is committed to doing our part to further progress the commission's goals.

Thank you for the opportunity to provide this testimony. I would be happy to answer any questions and hear any of your comments regarding how the CAA can help advance the commission's mission. Please also feel free to contact my office at (860) 292-2054 if you have any additional questions or concerns.

Sincerely,

A handwritten signature in dark ink, reading "Kevin A. Dillon". The signature is fluid and cursive, with the first name "Kevin" and last name "Dillon" clearly legible.

Kevin A. Dillon, A.A.E.
Executive Director
Connecticut Airport Authority