

Questions from 5/9/2012 meeting:

1. Why are we deviating from long-range plan to keep one airport international?

We are not deviating from HAS's long range plans. The Airport Layout Plan (ALP) - a document that must be updated and approved periodically by the Federal Aviation Administration (FAA) - shows a future international terminal at Hobby. This has been a matter of public knowledge since at least 2003.

The full Master Plan is available on the Houston Airport System's website at <http://fly2houston.com/0/3526125/0/0/>, and on the bottom of the first page of the "Brochure" document, you will see point #4 under Terminal Areas indicates the addition of an FIS should international flights be initiated.

2. What is the truth about job loss/gain related to proposed expansion of international flight service at Hobby?

Both economists agree that if there are incremental passengers there will be incremental job gains. The reports by the independent consultants hired by the Houston Airport System and Southwest Airlines' separate study assert the basic economic principle that competition lowers fares, stimulating demand for travel which creates a positive economic impact. Both of these reports forecast an increase in passenger traffic, which will yield positive employment for the Houston region and assume United Airlines will compete for this market. The United Airlines report, in contrast, states that United will not compete and will cede market share to Southwest Airlines on these international routes. Historically, truth is that United Airlines, and all other airlines in other markets, have competed when a new low-cost entrant began operating service.

3. What is the impact of the proposed expansion on social stratification?

There will be additional jobs in all levels of social stratification. The Independent consultant study commissioned by the Houston Airport System illustrates that increased competition will lower fares, thus stimulating new traffic of roughly 1.5 million passengers. The economic impact of these new passengers will have a positive yield on jobs in the local economy. Many of these additional travelers will be visitors to Houston and this will drive job growth in Houston's tourism, hotel, retail and restaurant sectors.

4. What was the reason behind Mario Diaz's recommendation?

As Mr. Diaz, Aviation Director for the Houston Airport System, stated in his recommendation on April 9, 2012:

We considered what is in the best interests of the residents and taxpayers of the City and of the region, and asked what would be a common sense solution for the opportunity proposed by Southwest. Critical to my recommendation are the results of economic impact reports completed at HAS's request, which show that international air service at Hobby would produce significant benefits for the City and its residents. Factors underlying my recommendation include:

- *New international air service at Hobby is projected to generate additional passengers traveling to, from, and through Houston each year, creating jobs and generating an annual net positive economic impact for the greater Houston metropolitan area.*
- *[Please refer to Mario's recommendation available on www.fly2houston.com/hobbyinternational to read the referenced information.]*

5. Will this expansion raise property taxes?

No.

The Houston Airport System operates as an *ENTERPRISE FUND* and does not burden the local tax base for airport operations, maintenance or capital improvements. Taxpayer money does NOT fund the operation of the Houston Airport System's three airports (EFD – Ellington Airport, IAH – Bush Intercontinental Airport, HOU – William P. Hobby Airport).

6. Have any transit studies been done on this matter?

Included in the master planning for Hobby Airport in 2003, a transit component was conducted to determine capacity needs on the arterial roadway system feeding the airport. That study concluded the only capacity enhancement work required would be the expansion of Airport Blvd by one lane in each direction, and improvements to signalization at two of the intersections. Between 2003 and 2005 the Texas Department of Transportation completed those improvements.

7. How will passengers connect between the two airports?

This is a core issue as to why Southwest Airlines cannot operate their international flights from Bush Intercontinental Airport. Southwest Airlines operates a domestic hub from William P. Hobby Airport, and if it were to operate international flights from Bush Intercontinental, transfer passengers would have great difficulty connecting between the two airports. Allowing Southwest to operate internationally from Hobby allows their passengers to directly transfer to international flights.

8. Why do Dallas and Atlanta think it's best to have just one international airport?

They don't. The city of Atlanta only has one commercial airport serving the region, thus they only have one international airport. Only recently, at the request of the Federal Aviation Administration, has the question been raised should the City have two airports. The city of Dallas supports two competing airports—Dallas Love Field (DAL) and Dallas-Fort Worth International Airport (DFW). In 1979 a Federal Law was passed that restricted operations from Dallas Love Field to domestic flights only.

Many U.S. cities operate multiple international airports, and Houston's proposal is not unique. The Houston Airport System's report provides the following Exhibit 10, which shows that many cities/regions around the United States maintain multiple international airport operations. In addition, the phenomenon is not limited to the US, but many cities around the world operate multiple international airports (i.e. London, Paris, Tokyo, Shanghai, Bangkok, Mexico City, Buenos Aires, and Sao Paulo).

Exhibit 1: Peer Metropolitan Regions with Multiple International Airports



Source: Official Airline Guide

9. Why won't Southwest commuters fly out of IAH?

Southwest and United are unique among airlines providing service to Houston in that they are the only two airlines that operate hub and spoke networks at the Houston airports, and rely on transfer (connecting) traffic to supplement local (Houston origination and destination) traffic to make economically feasible many of the flights they operate. The ability to concentrate traffic at their Houston hubs is a major economic and strategic advantage in their efforts to be competitive in the marketplace. Requiring Southwest to move to Intercontinental would cost the City over \$1.5 billion.

10. Who came up with 10,000 job gain number, the City or the airline?

An economic impact study commissioned by the Houston Airport System was performed by InterVISTAS and GRA, Inc. The study forecasts that increased competition will yield lower fares, additional passengers, and thus a positive economic impact on jobs in the Houston region, including additional jobs.

11. Has the City reached out to the post offices about this matter?

No, the City has not.

12. Does United maintain a staff or any operations at Hobby?

United has a maintenance base at Hobby Airport. Further details would be available by contacting United Airlines directly.

13. What are unintended consequences of expansion at Hobby?

There are no unintended consequences anticipated. However, in the event of approval, the facility would open in 2015, thus providing sufficient time to fully plan details for the proposed expansion. This expansion has been included in the Airports Master Plan and we believe major issues have been identified and can be accommodated within the planned timeframe of a projected opening in 2015.

14. What is the proposed expansion's impact on the CIP?

There will be no direct impact on capital plans for the infrastructure of the City of Houston. Funds for the Airport are separately managed from other city projects. Any consequences on additional city infrastructure needs will be considered by Rebuild Houston.

Questions from 5/15/2012 meeting:

15. Will the expansion affect flight patterns?

The expansion is anticipated to have no impact on flight patterns.

16. Will there be plane noise in middle of night?

We do not expect there to be any change in flight patterns at Hobby. We can assume that Southwest will operate international flights timed to connect with their domestic flights.

17. Will there be an increase in noise and vibration?

Aircraft takeoffs and landings have actually decreased since their previous peak of over 260,000 in 1997. Today, annual operations at Hobby are just above 210,000. Even with the addition of 25 daily flights, Hobby will be well below historical levels. In addition, Southwest Airlines, the largest operator at Hobby, is undertaking a fleet modernization program that will remove its older, noisier B737-200, 300, and 500 aircraft and replace them with modern, advanced and quieter B737-800 technology. Southwest has just placed the largest Boeing order ever when it became the launch customer for 150 of the B737-MAX which it hopes to begin flying in 2017.

For more information on the 737 MAX, please visit <http://www.newairplane.com/737max/>.

18. What are the implications for traffic in the area?

Included in the master planning for Hobby Airport in 2003, a transit component was conducted to determine capacity needs on the arterial roadway system feeding the airport. That study concluded the only capacity enhancement work required would be the expansion of Airport Blvd by one lane in each direction, and improvements to signalization at two of the intersections. Between 2003 and 2005 the Texas Department of Transportation completed those improvements.

19. Why can't SW fly internationally out of Dallas Love?

The Wright Amendment was put in place in 1979, and it limited flying only to Texas and the four neighboring states (Louisiana, Arkansas, Oklahoma and New Mexico). In 2006, the amendment was repealed, but the international flying restrictions remain.

20. How will Hobby be able to handle baggage, connecting flights, etc... associated with expansion?

The new international concourse and federal inspection services (FIS) facility will include space and equipment to accommodate baggage and passenger connections from domestic to international flights and vice versa.

21. Why doesn't Southwest fly international out of IAH?

Southwest and United are unique among airlines providing service to Houston in that they are the only two airlines that operate hub and spoke networks at the Houston airports, and rely on transfer (connecting) traffic to supplement local (Houston origination and destination) traffic to make economically feasible many of the flights they operate. The ability to concentrate traffic at their Houston hubs is a major economic and strategic advantage in their efforts to be competitive in the marketplace. Requiring Southwest to move to Intercontinental would cost the City over \$1 billion.

22. What will be the environmental impact of expansion?

Even with the proposed new flights for the Initial Phase (12 daily flights = 8,528 annual operations) and the Developed Phase (23 daily flights = 16,744 annual operations), total operations at William P. Hobby are still below peak levels reached in previous years. The proposed new services do not increase the aircraft traffic beyond levels that have previously operated at William P. Hobby Airport.

Furthermore, modern technology has created quieter, more efficient aircraft, such as the Boeing 737 MAX that Southwest Airlines has purchased. The modern aircraft:

- Burns 18% less fuel
- Has a noise footprint 40% less than today's single-aisle aircraft
- Promotes MAX passenger appeal which includes larger overhead bins and
- Reduces carbon emissions for better environment performance

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23. What types of jobs will be created as a result of the expansion?

The conclusion (Page 30) of the Report from InterVISTAS and GRA states:

"The analysis presented in [the] report shows that, in the context of existing patterns of international service at the Houston airports, the addition of international airline services at Houston Hobby will have a significant positive impact on the region's economy. More air travel means additional traveler spending and increased local employment at the airports and in the travel and tourism sector that serves these passengers. This includes beneficial impacts for the shopping and retail sector, the lodging and entertainment sector, and restaurants of all types."

24. How will people get from Hobby to IAH to make connecting flights?

This is a core issue as to why Southwest Airlines cannot operate their international flights from Bush Intercontinental Airport. Southwest Airlines operates a domestic hub from William P. Hobby Airport, and if it were to operate international flights from Bush Intercontinental, transfer passengers would have great difficulty connecting between the two airports. Allowing Southwest to operate internationally from Hobby is the only practical solution for their domestic passengers to directly connect to their proposed International flights.

25. Why can't the fees be added to international passengers only?

Discussions with Southwest Airlines are currently underway. At the moment no definitive agreement has been reached.

26. What is the impact of expansion on our drainage system?

As the proposed international operations will not require any runway extensions or new runways, there will be no impact to drainage at the airport. The airport perimeter will not be impacted by this expansion.

27. How will expansion affect our neighborhoods?

As the proposed international operations will not require any runway extensions or new runways, there will be no impact to the neighborhoods associated with the project. The airport perimeter will not be impacted by this project.

28. What will be done to improve the traffic?

Included in the master planning for Hobby Airport in 2003, a transit component was conducted to determine capacity needs on the arterial roadway system feeding the airport. That study concluded the only capacity enhancement work required would be the expansion of Airport Blvd by one lane in each direction, and improvements to signalization at two of the intersections. Between 2003 and 2005 the Texas Department of Transportation completed those improvements.

29. How will SW/COH address job loss?

Economists agree that if there are incremental passengers there will be incremental job gains. The reports by both the Independent consultants commissioned by the Houston Airport System and Southwest Airlines assert the basic economic principle that competition lowers fares, stimulating demand for travel which creates a positive economic impact. Both

reports forecast an increase in passenger traffic, which will yield positive employment for the Houston region and that United Airlines will compete. The United Airlines report states that United will not compete and will cede market share to Southwest Airlines on these international routes. Historically United Airlines, and all other airlines in other markets, have competed when a new low-cost entrant began operating service.

30. Will this expansion improve area infrastructure?

Infrastructure improvements in the surrounding area of Hobby Airport are addressed by the Public Works Enterprise Department of the City of Houston, and are included in the PWE CIP. There are multiple areas of improvements underway including the reconstruction of Broadway. Other drainage improvements in the area are currently under review.

31. What will be done to relieve traffic congestion on I-45?

I-45 is an Interstate highway and the responsibility of the State of Texas Department of Transportation. Improvements to I-45 would be found in the Texas Department of Transportation CIP.

32. How will expansion affect local bayous and landscape?

We do not expect any impact to bayous or landscapes due to the expansion.

33. How many jobs will be created with expansion?

There are three reports that have been provided by the Houston Airport System, Southwest Airlines, and United Airlines. The question of the number of jobs is debated. We believe allowing international operations from Hobby will have a net positive gain in jobs for the City of Houston and the region.

34. How will expansion affect the elderly? More taxes?

The proposed expansion will provide residents of Houston with options, and lower airfares to Mexico, and other Central American and Caribbean destinations.

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35. Will any type of barrier be used to mitigate noise?

Even with the proposed new flights for the Initial Phase (12 daily flights = 8,528 annual operations) and the Developed Phase (23 daily flights = 16,744 annual operations), total operations at William P. Hobby are still below peak levels reached in previous years. The proposed new services do not increase the aircraft traffic beyond levels that have previously operated at William P. Hobby Airport.

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36. How will the increased air traffic affect my neighborhood?

William P. Hobby Airport's perimeter will not be expanded due to the construction of an FIS.

Even with the proposed new flights for the Initial Phase (12 daily flights = 8,528 annual operations) and the Developed Phase (23 daily flights = 16,744 annual operations), total operations at William P. Hobby are still below peak levels reached in previous years. The proposed new services do not increase the aircraft traffic beyond levels that have previously operated at William P. Hobby Airport.

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37. Will the neighborhood see the flight plans?

There are no proposals to construct additional taxiways or runways. The expansion is anticipated to have no major impact on current flight patterns.

38. How will Hobby address the bird migration patterns?

There will be no impact on bird migration patterns.

39. How will Hobby address the increased gas emissions?

Even with the proposed new flights for the Initial Phase (12 daily flights = 8,528 annual operations) and the Developed Phase (23 daily flights = 16,744 annual operations), total operations at William P. Hobby are still below peak levels reached in previous years. The proposed new services do not increase the aircraft traffic beyond levels that have previously operated at William P. Hobby Airport.

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