

MEETING OF THE
AVIATION OPERATIONS AND HELICOPTER NOISE REDUCTION SUBCOMMITTEE
OF THE
EAST HAMPTON AIRPORT PLANNING COMMITTEE

Date: March 1, 2014
Time: 11:15 AM
Place: East Hampton Airport Terminal

In attendance:

Gerard Boleis, Chairman
Gene Oshrin, Vice Chair
Tom Twomey, Vice Chair
Elliott Meisel
Bonnie Krupinski
Bruno Schreck
Ken Lee
Hank Houtenbos
Ryan Pilla
Rod Davidson
Cindy Tuma
John Shea, Secretary

Government officials present:

Town Supervisor Larry Cantwell
Town Councilwoman Kathee Burke Gonzalez
Airport Manager Jim Brundige

Also present:

Jack Fink
George Dempsey
Irving Paler
Peter Wadsworth
Jeff Smith

Gerard Boleis called the meeting to order at 11:15 after Kathee Burke Gonzalez arrived. Everyone in attendance introduced themselves.

The Secretary of the Subcommittee made a motion to approve the draft Minutes and resolutions of the Subcommittee's organizational meeting conducted on February 8, 2014. The motion was seconded by Bonnie Krupinski, and was approved unanimously.

Gerard Boleis then reviewed the three issues that the Town Board had asked the two subcommittees of the Airport Planning Committee to study and advise the Town Board on: noise abatement, airport operations, infrastructure and capital financing.

1. Noise Abatement

Peter Wadsworth, who is also a member of the Airport Budget & Finance Committee, was invited to provide the Subcommittee with a presentation of financial data and his analysis thus far in the review process.

Peter said the Town Board wants to understand the financial capabilities of the airport to fund capital improvements.

Aircraft operations generate surplus revenue for the airport. Volume of transient flights, for which fees are charged, has remained fairly constant from 2009 through 2013 while *helicopter traffic has grown by 6.6% over the five year span while jet traffic has grown by almost 34%*. (A longer time frame may reveal different trends.).

Data from Vector since April 1, 2012, shows a high concentration of helicopter operations among just a few companies. The top ten helicopter operators account for 85% of total fees and 79% of total flights. By contrast, the top ten jet operators (of a total of 243) account for 57% of total fees and 56% of total flights. Peter distributed a number of spreadsheets for review. He pointed out that 41% of all helicopter operations were attributable to just two companies:

ASSOCIATED AIRCRAFT -- 25%
HELIFLITE SHARES LLC -- 16%

The top 5 companies generate 66% of the flights.

One of the activity charts shows how "spikey" the activity is during the course of the day to day operations. 93 days between April 26 and Dec. 1 accounted for 76 % of annual helicopter volume in 2013.

Last year, the peak day with the highest number of helicopter flights was Sunday July 7, 2013 with 48 flights from 10AM to 9PM with the most number of flights that day being 10 flights between 5 PM and 6PM.

The peak hours of operation are between 4PM and 7PM.

There is a "shoulder period" from 4PM to 5PM (9 flights) and again from 6PM to 7PM (9 flights). The other hours during the day has between 1 and 4 helicopter flights per hour as indicated on the below table.

PEAK DAY IN 2013 (Greatest number of Flights)

Date	Hour	# of Helicopter Flights
Sunday July 7, 2013	10:00 AM	1
Sunday July 7, 2013	11:00 AM	3
Sunday July 7, 2013	12:00 PM	1
Sunday July 7, 2013	1:00 PM	2
Sunday July 7, 2013	2:00 PM	2
Sunday July 7, 2013	3:00 PM	4
Sunday July 7, 2013	4:00 PM	9
Sunday July 7, 2013	5:00 PM	10
Sunday July 7, 2013	6:00 PM	9
Sunday July 7, 2013	7:00 PM	2
Sunday July 7, 2013	8:00 PM	4
Sunday July 7, 2013	9:00 PM	1

The busy period, roughly mid-May to mid-October, exhibits slight differences in relative revenue, with Sunday winning out over Friday by a small margin. 87% of total revenue is generated during that five month period. Almost 79% of helicopter revenue is generated in just 110 days bracketing Memorial Day to Labor Day.

When you “drill down” to an hourly analysis of landings, you find that Friday and Sunday are most active followed by Monday and Thursday. Tuesday and Wednesday contribute the least revenue. There is little traffic on Saturday.

The entire period during the last two years for which Vector collected data (4/1/2012 through 12/31/2013) shows an intense concentration of landings (about 40%) between 3:00 PM and 7:00 PM and a relatively small proportion of landings (less than 3% in 2013) between 11 PM and 7 AM. There is a "shoulder period" from 7PM to 8 PM and again from 6PM to 7PM. Peter was surprised to see the number of flights coming in between 6:00 AM and 7:00 AM.

Noise Complaints –

Tom Twomey then presented the subcommittee with the latest compilations of noise complaint data. The Distinct Household Noise Complaints compilation (213 pages) was sent to all committee members and a hardcopy is available if anyone wants to review it. The Town collected noise complaints from the Town, the 2 Villages within the Town And areas outside of the Town of East Hampton. Here is a summary:

East Hampton Distinct Households	2012	2013	Difference	Percent Reduction
Jan	na	3	na	na
Feb	na	3	na	na
Mar	na	8	na	na
Apr	na	6	na	na
May	na	9	na	na
Jun	94	19	75	80%
Jul	48	34	14	29%
Aug	48	38	10	21%
Sep	29	21	8	28%
Oct	6	14	-8	-133%
Nov	7	9	-2	-29%
Dec	5	6	-1	-20%
Total Jun-Dec	237	141	96	41%
Outside Town of East Hampton Distinct Households	2012	2013	Difference	Percent Reduction
Jan	na	18	na	na
Feb	na	13	na	na
Mar	na	14	na	na
Apr	na	25	na	na
May	na	45	na	na
Jun	67	56	11	16%
Jul	90	94	-4	-4%
Aug	279	96	183	66%
Sep	152	36	116	76%
Oct	47	23	24	51%
Nov	36	16	20	56%
Dec	14	9	5	36%
Total Jun-Dec	685	330	355	52%

In 2013, complaints from distinct households inside the Town decreased by 41%. Month to month complaints may be from the same households even though the total at the end of the year lists them as distinct "household noise complaints". The drop in 2013 complaints from 2012 coincides with route changes and the commencement of the control tower operations

Each month is covered by about 8 pages of data. The exact house filing a complaint can be indentified.

Complaints Inside the Town

One page 3 of each monthly report indicates the top ten most Frequent Complainants that month. For example:

In July 2013, the top ten complainants accounted for 85% of all complaints with the top complainant filing 123 complaints.

In August 2013, the top ten complainants accounted for 89% of all complaints with the top complainant filing 564 complaints.

Complaints Outside the Town

In July 2013, the top ten complainants accounted for 65% of all complaints with the top complainant filing 220 complaints.

In August 2013, the top ten complainants accounted for 66% of all complaints with the top complainant filing 408 complaints.

Peter Wadsworth said if you aggregated data for July and August, it might give you a better data basis for routing.

Hank Houtenbos asked about altitude controls. Jim Brundige said most helicopters follow the altitude specified. The higher the helicopters the less noise. Most of the complaints are from people who do not like to see helicopters at any altitude. One of the complainants files complaints about everything he sees in the sky, not just aircraft using KHTO.

Ken Lee noted that the Town can use this analysis to track the complainants to see what the real routing and altitude issues are.

Jim Brundige said the Town did do that and there was a drastic drop when they changed the routes and increased the altitudes.

Local Ordinance Issue –

Elliot Meisel discussed the subcommittee's responsibility for analyzing the noise of operations at the airport, noting that noise is a critical issue that must be addressed by this subcommittee and it touches on all aspects of airport operations and maintenance.

Special Town counsel, Peter Kirsch, has advised Town that while there is a minor procedural difference between noise regulation by Town with and without FAA funding, there is no substantive difference in terms of the criteria for such regulations. Counsel for the East Hampton Aviation Association came to the same conclusion.

Elliot then provided a brief description of several cases including the Naples and National Helicopter cases. Even in the absence of grant assurances, controls must be fair, reasonable, non-discriminatory between types of aircraft such as fixed wing or rotary, and the least amount of regulation necessary and must be based on excellent data.

In this connection, Elliot described the old settlement of the litigation between the airport opponents and the FAA in 2005. Elliot said that in his opinion, as a procedural matter, the FAA did not have the power to enter into that settlement. The Town wasn't a party to that litigation. It was a private settlement and was not ordered by the court. It is not enforceable by the Town, the Committee to Stop Airport Expansion or the FAA.

In any event, if litigation is commenced by helicopter companies in a challenge to Town regulations, the federal courts can enforce the federal regulations even if the FAA does not.

It is Elliot's assessment that the Town should not wait until grant assurances expire to deal with the noise issue at the FAA level.

The Town should start now and not waste time waiting for grant assurances to expire whether that be 2015 or 2022. The Town should begin negotiations with the FAA to secure its consent to a Town ordinance to address those helicopter noise problems.

Elliot then read through a resolution for the subcommittee's consideration and made a motion for its adoption:

#####

WHEREAS, in recent years, the Town of East Hampton has undertaken efforts to mitigate noise from helicopter flights to and from the East Hampton Airport, and

WHEREAS, federal statutes permit the regulation of helicopter operations at an airport if the restrictions are reasonable and do not unjustly distinguish between fixed wing and rotor aircraft, and

WHEREAS, for safety and noise mitigation purposes, this subcommittee favors reasonable regulations on helicopter operations.

NOW THEREFORE BE IT RESOLVED, that this Sub-Committee recommends that the East Hampton Town Board commence negotiations with the FAA to secure its approval of provisions to be contained in an East Hampton Town Local Ordinance to regulate helicopter operations at the East Hampton Airport. And

BE IT FURTHER RESOLVED, that this Sub-Committee recommends that the East Hampton Town Board engage the specialized services of one or more regulatory advisors in Washington DC to successfully conclude these negotiations with the FAA by the summer season of 2014 and to coordinate these efforts with our elected federal officials.

#####

Bonnie Krupinski seconded Elliot's motion.

Gerard Boleis called for discussion, and then called for a vote. All were in favor and the Resolution was adopted unanimously.

2. Airport Operations –

Peter Wadsworth was again asked to present data and analysis of airport operations and cash flow. Peter explained that the purpose is to figure out whether Town can take on debt and has cash flow to sustain it. Peter emphasized that he has no position on whether the Town should take FAA funding.

First, Peter pulled out non-operational expenses to really understand operational costs as well as planning and development needs. Peter ran through the graphs and spreadsheets he distributed.

Landing fees are a critical source of revenue, currently representing approximately 2/3 of all airport revenue. Fuel fees, by contrast, represent less than 10% of revenue.

2013 Landing Fees

Fixed Wing	
Light Single Eng Prop	\$10.00
Light Multi-Eng Prop	\$25.00
Single Eng Turbine	\$84.00

Multi-Eng Turbine	\$125.00
Multi-Eng Turbine +12,500lbs	\$250.00
Multi-Eng Turbine +25,000lbs	\$375.00
Multi-Eng Turbine +50,000lbs	\$600.00
Helicopter	
R44, R22, H12T	\$25.00
B06, AS50, AS55, EC20, B06T	\$160.00
MD60, H269, EN48	\$160.00
B407	\$170.00
EC30, EC35, EC45, H500, EXP	\$175.00
A109, A119, BK17, B427, B429	\$185.00
B430, UH1	\$200.00
AS65, EC55, S76,	\$240.00
A139, B412	\$250.00
AS32, EC25	\$400.00
EH10, S92	\$500.00
Night Landing Fee (11pm to 7am):	25% surcharge

Rental income and FBO payments are a secondary source of revenue (approximately 35%), but perhaps more can be generated.

Peter stated that debt service coverage, i.e. cash flow available to pay debt service divided by debt service, is a key measure of debt capacity. Using historical data from 2009-13, Peter illustrated the impact on debt service coverage of a hypothetical \$3 million bond issue and also calculated debt capacity assuming debt service coverage of 1.0 to 1, 1.25 to 1 and 1.50 to 1.

Using FY2013 unaudited financials he calculated that the airport could support an additional \$2.3 million to \$4.4 million of debt depending upon the desired coverage. It is important to note that financial projections into the future, which may incorporate more revenue and/or reduced expenditures, could substantially increase the airport's debt capacity.

Jack Fink interjected that, in his analysis, the figures show a ratio of 3%, which is "junk" quality bonding. Jack believes the airport can't pay for it all. And airport opponents want to reduce operations, making financing even more difficult. We would end up with an 8% coupon. Planning a bond issue based on airport revenue alone would be unrealistic. Ken Lee agreed with Jack Fink.

Peter Wadsworth responded that the Airport is not an Authority with the power to issue bonds. The Town, which issued bonds for the airport in the past, would issue the bonds on the full faith and credit of the Town. Therefore, the bonds would be a general

obligation of the Town and thus, entitled to the lowest possible low interest rate depending on the Town's credit rating. In effect, the town would guarantee an airport bond issue provided the town is confident that the airport will have sufficient cash flow from future operations to pay all debt service.

Jack Fink then opined that the Town has illegally collected a fuel premium for years and that should end someday. He feels strongly that when money is free from FAA grants, it is inappropriate to collect it from Town taxpayers.

Jim Brundige noted that 2007 was the year of the last bond issue: \$750K for runway repair. (Information not presented at the meeting reveals that the town has issued \$1.94 million bonds for airport projects between 2009 and 2011 and plans to do more in 2014.)

Peter Wadsworth then resumed his presentation and said that if we used a debt coverage ratio of 1.25, the Town could issue at least \$3M in bonds based on unaudited FY2013 financials.

The objective is to do 5 year projections, which could reveal substantially greater debt capacity if revenues increase and as existing debt is retired. Peter thinks a minimum debt coverage of 1.25 is sound and avoids having to ask for Town money, but he would ultimately defer to the Town Budget Officer in this regard.

Elliot understood, but said a \$3M bond issue leaves you \$2M short if the \$5M capital needs projections are accurate. Peter responded that was true only if you try to do all the bonding at one time.

Elliot was concerned that the Town would max out its bonding capability. Peter said he could see a scenario for up to \$7M in financing.

Tom Twomey noted that is one of the issues being addressed by the Budget and Finance Committee consisting of Peter, Arthur Malman, Bonnie, Tom, and Jim Brundige among others. More information will be produced by that committee. Arthur Malman is the Chair.

Debt service coverage is key: cash flow available to pay debt service.

You want a ratio of 1.25 to 1.

Jack Fink interjected that in his analysis the figures show a ratio of 3%, which is "junk" quality bonding. Jack believes the airport can't pay for it all. And airport opponents want to reduce operations, making financing even more difficult. We would end up with an 8% coupon. Planning on a bond issue based on airport revenue alone would be unrealistic. Ken Lee agreed with Jack Fink.

Peter Wadsworth responded that the Airport is not an Authority with power to issue bonds. Town which issued bonds for the airport in the past would have to issue the bonds on the full faith and credit of the Town. Therefore, the bonds would be a general obligation of the Town and thus entitled to the lowest possible low interest rate depending on the Town's credit rating. To extent airport revenues insufficient, Town would use other resources.

Jack Fink then opined that the Town has illegally collected a fuel premium and that should end someday. He feels strongly that when money is free from FAA grants, it is inappropriate to collect from Town taxpayers.

Jim Brundige noted that 2007 was the year of the last bond issue: \$750K for runway repair.

Peter Wadsworth then resumed his presentation and said that if we used at debt coverage ratio of 1.25, the Town could issue about \$3 M in bonds.

Objective is to do 5 year projections. He thinks a minimum debt coverage of 1.25 is sound and avoids having to ask for Town money.

Elliot understood, but said a \$3M bond issue leaves you \$2M short if the \$5M capital needs projections are accurate. Peter responded that was true only if you try to do all the bonding at one time.

Elliot was concerned that the Town would max out its bonding capability. Peter said he could see a scenario for up to \$7M in financing.

Tom Twomey noted that is one of the issues being addressed by the Budget and Finance Committee consisting of Peter, Arthur Malman, Bonnie, Tom, and Jim Brundige among others. More information will be produced by that committee. Arthur Malman is the Chair.

3. Capital Expenditures For 2014 & 2015

Jim Brundige noted that he has not had a capital budget to work with since he was hired by the Town.

Bonnie Krupinski presented the figures for

TAXI LIGHTING in 2014 -- estimates were presented from the Town Airport engineer. As to taxi lighting, the figures show the cost of "trial and error" testing of direct burial cable by electrician. It is an old system. Bruno Schreck asked if it is really 5000 volts? Jim responded, yes, it is old system. Bruno noted that the higher the voltage, the more likely there would be faults when underground. Ken Lee asked if we replaced the lighting system with LED's, what would the cost savings be? Kathee noted that LED fixtures are expensive, We need a cost analysis. We may have to upgrade as we go along. Jim said the system is 23 years old and needs to be replaced, particularly since there is no conduit. He noted that he probably can't even buy the old lights anymore. The Airport gets only one electric bill. Not broken out by system.

TREE OBSTRUCTIONS in 2014: Bonnie went through the numbers noting that the Town really needs a survey to tell it the scope of the project and get a hard cost. Kathee Burke Gonzalez noted that the Town has to get bid figures for the tree work.

FENCING in 2015 – Bonnie said there are many questions about design: whether to have genuine security or just repair. Jim Brundige said we need security against people and wildlife. FAA pushing, but not requiring that level of fencing. People are coming on to airport at night drag racing, stealing things. Henk suggested that the Town could use guards instead of fencing. Jim said the Town doesn't want the airport to look like a prison, that's why we need a study. FAA has clear preferences, but we could enhance it and make it attractive.

AWOS UPGRADE in 2015 - Jim Brundige said the Town budgeted for continued AWOS service from Sound Aviation, but also for new AWOS in 2015. Jim said in 2007, the Town allowed a limited ability AWOS. It was better than nothing, but FAA has since de-certified it. It never gave a ceiling. It was AWOS 2 not AWOS 3.

RUNWAY 4-22 TEMPORARY REPAIRS & REHABILITATION - Gene Oshrin explained that Runway 4-22 has suffered from use as taxi way by heavy aircraft, which it was not designed for. He discussed the cost of temporary repair as a taxiway. The Master Plan of 2010 states that Runway 4-22 is to be the secondary runway. It is superior to Runway 16-34 for handling winds in light aircraft. The estimated cost to repair to -- 60 feet wide (down from 100 feet)

-- a shorter runway for landing only, Displaced runway cannot be used for landing.

The cost for Rehabilitation would be:

Design: \$130,000

Rehabilitation: \$1,800,000

So, the Rehabilitation is about \$2,000,000 total.

Gerard noted that Runway 4-22 is only for light aircraft, not jets.

Tom said the question is how much to spend on the temporary repairs for the 2014 season? Gene said 4-22 is crumbling, jets will get damaged from debris in engine intake. Jim Brundige said that's one of the reasons why temporary repair of 4-22 is at top of the list.

Peter noted that all cost estimates are by DY consultants. Can it be done cheaper? Gene noted it has to be done to federal standards. Peter thinks DY may have a tendency to estimate on high side. Perhaps the Town should take a small project and put it out to bid to test the DY numbers. Kathee noted that when they pressed DY on the lighting issue, the costs came in 2/3s lower.

Tom said that's why the bidding process is so critical.

Jim assured everyone that there would be bids by qualified bidders and would be reviewed by Purchasing Office and approved by the Town Board. Anything above \$35K, must be by RFP.

Kathee Burke Gonzalez then noted that we need to move forward with certain projects. We will have \$1.6M in surplus and funding from surplus.

All present agreed that the above work needed to be undertaken for the safety of the airport. The Subcommittee agreed to defer to the Town Airport Engineer regarding design and specifications for the Taxi Lighting and Tree Removal and Temporary 4-22 repair projects.

Gene then presented the Subcommittee with a resolution on the Runway 4-22 issue.

#####

WHEREAS the East Hampton Airport Master Plan and Airport Layout Plan were adopted in September 2010, and

WHEREAS these plans provide for the rehabilitation of Runway 4-22 as a secondary runway for the airport, and

WHEREAS this runway is important for safe landings at the airport by small aircraft, and neither jets or helicopters use this runway, and

WHEREAS the rehabilitation work will shorten this runway and make it narrower, and

WHEREAS no design work to implement this provision in the Airport Master Plan and Airport Layout Plan has been undertaken in the three and a half years since the adoption of the plans.

NOW THEREFORE BE IT RESOLVED, the subcommittee recommends that the East Hampton Town Board directs Town Airport Engineer to prepare a request for proposal for the engineering design, specifications, and bid documentation for the rehabilitation of Runway 4-22, and

BE IT FURTHER RESOLVED, that this Request For Proposals be issued within the next 60 days so that the Town can secure bids for the completion of the rehabilitation of Runway 4-22 in the Fall of 2014

#####

Bonnie Krupinski seconded the motion. Gerard Boleis then called for discussion and then called for a vote. All were in favor, and the Resolution passed unanimously.

After discussion it was agreed that the next meeting of the Subcommittee would be held on March 15, 2014 at 10:00 AM at the Airport Terminal.

Upon motion and a second the meeting was adjourned.

_____/s/_____
John Shea, Secretary