

BFAC Airport Financial Analysis Group

Agenda 3/29/14

1. Welcome and review procedures
2. Approve minutes
3. **Quick Fix Safety issues Arthur**
 - a. Tree Trimming
 - b. Airport Apron Access
 - c. Fuel Farm Hose
 - d. Fuel Farm Painting
 - e. Barrel Housing and Spill Mat
4. Team Reports
 - a. **Rental/Sale Properties**

Lease Review -Toni

 - i. Requirements on Town as Landlord
 - ii. Tenant lease requirements versus actual performance
 - iii. Pricing for rental and sale
 - iv. Parking
 - b. **Financial Analysis**

Preliminary Test Scenarios-Peter

 - i. Reformatting and analyzing historical financial and operational data
 - ii. Preliminary graphs and charts
 - iii. Development of user friendly financial analysis model for airport operations
 - iv. Evaluation of financial impact of various operational and noise committee suggestions

c. Fixed Base Operators

- i. Lease review-Arthur
- ii. Fuel farm and operations- Muni/Arthur

d. Maintenance of Airport Facilities

- i. Buildings and Paving
- ii. Equipment
- iii. Runways, Taxiways and Lighting
- iv. Insurance

e. Cost Controls/Systems Integration

Gene-Exempt List

- i. Costs perhaps not properly chargeable or allocated to the airport
- ii. Controlling costs
- iii. Systems
- iv. Landing and other fees

5. New Business

6. Set next meeting April 12, 19 or 26?

~~12~~ ~~19~~ 26

Thomas

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BFAC/Airport Finance Group

Third Meeting – March 29, 2014 at the Town Hall

Arthur Malman, Chairman of Town of East Hampton's Budget and Financial Advisory Committee—BFAC, called the meeting to order at 9 15 AM

The following members of the BFAC/Airport Finance Group were present: Tom Twomey, Gene Oshrin, Pat Trunzo, Jr, Frank Dalene, Peter Wadsworth, Toni Somerstein, Bonnie Krupinski, Munir Saltoun and Arthur Malman; David Gruber had indicated he could not attend.

Attending the meeting by invitation was Kathee Burke-Gonzalez, Councilwoman who is the Board liaison for the BFAC and for the airport. Jim Brundige, Airport Manager, had been invited but could not attend

Minutes of the last meeting had been previously distributed and were approved. The attached agenda had been previously distributed.

Arthur Malman and Tom Twomey reported on an informal meeting held just prior to this meeting with Larry Cantwell, Kathee Burke-Gonzalez, Gerard Boleis and themselves on press and public relations for the three subcommittees during their work and their publication of their minutes before the public reports have been made. After discussion it was the consensus that statements by members should be avoided until the final reports and requests should be directed to Councilwoman Burke- Gonzalez during this period.

The next area of discussion was lingering safety and environmental issues at the airport that could be easily paid for with airport surplus funds including: tree trimming, replacing a worn out large fuel hose at the fuel farm that could easily rupture [Councilwoman Burke- Gonzalez subsequently reported this had been replaced]; the need for a spill mat under waste fuel barrels at the fuel farm; controlling unlimited access to dangerous aircraft waiting areas where engines are often running and propeller and rotor blades spinning; unrepaired runway lighting, etc

The next area of discussion was **lease review**

Toni Somerstein discussed the inconsistencies that she had found between the lease summary she had received and the actual leases reviewed. She then went through her attempts to get tax data and the fact that some properties were not paying taxes. One was the large hanger of LI Airlines and Cindy Tuma, who was in the audience, confirmed that she too did not recall getting a tax bill for the hanger property Sound rented. A discussion ensued about the restrictions on rental rate binding on the town under an FAA settlement on lease receipts. Ms Burke-Gonzalez was asked to obtain the settlement which had been previously requested from various town departments [she was subsequently successful in obtaining a copy for the subcommittee].

At the last meeting it had been noted that we had received no current lease for Sound Aircraft, only a 2001 Board Resolution. Cindy Tuma of Sound had said her attorney had a copy and would send it to us but nothing has been received despite follow up requests to both Sound and the Town.

A discussion ensued on the possibility of making additional land at the airport available for lease to persons interested in building new hangers to better maintain aircraft now exposed to the elements at tie downs. Based on rough estimates of the prices of recently sold hangers and the cost to build the structures, it appeared that a plot on which a mid-size hanger could be built would rent today for between \$7-10,000. Reviewing the site plan and the demand, it seemed that land for 2-3 groups of 10 hanger condos could be absorbed quickly if offered for rental. Pat Trunzo and others felt that this would have little or no effect on noise issues, and there was a consensus to support promptly more fully investigating such options.

Frank Dalene updated the subcommittee on the solar projects and clarified some economic and environmental issues associated with them.

Since Toni Somerstein was going out of the country she left her lease files with Arthur Malman who said he would finish the review and distribute an interim summary of our lease administration findings [this has subsequently been sent to the members, the airport manager and the town attorney's office].

The next area of discussion was **Financial Analysis**.

Tom Twomey distributed a revised 5 year capital spending plan that had been developed by the aviation committee and the airport manager within the guidelines of the approved airport development plan. Like the anti-noise subcommittee, the aviation subcommittee concurred in constructing a small addition to complete a parallel taxiway for the main runway (rather than converting 16-34 to a taxiway), deferring security fencing for further study and made other adjustments which resulted in the revised capital plan totaling only \$5.5 million for purposes of a 2014 bond issue.

Peter Wadsworth distributed his most recent analysis charts showing the ability of the airport to carry additional debt for capital improvements and a detailed discussion ensued .

The idea is to produce a template for decision making, show a few possible scenarios and have the ability to easily plug in different assumptions when the board wants to consider various policy alternatives.

The general view was that the format of the presentation was correct and would be helpful to decision makers and the public. We should now refine some of the basic assumptions to the extent that information has been gathered for reasonable estimates, produce an interim report and continue our work on specific areas where we have not yet gotten all of the information requested.

The next area discussed was **Cost Controls/System Integration**

Gene Oshrin reported that a review of the landing fee exemption list by the aviation association, the airport manager and Sound, had removed a number of aircraft that should never have on it or should

have been previously removed. The criteria used for continued inclusion on the revised exemption list was limited to aircraft at the airport on a year round basis in a hanger or tie down owned by the aircraft owner or subleased by them from an entity itself paying rent to the airport. This clean up should enable the subcommittee a better basis to present to the Board the effect of based aircraft landing fee exemptions on airport revenues in the context of historical exemptions at HTO and other airports.

Michael Disenhaus expressed skepticism that an analysis of the effectiveness of relatively newly acquired automated systems would lead to a conclusion to return to prior or alternative manual systems but that he and David Gruber and Gene Oshrin, the other members of working group on these issues would review these systems with the airport manager at the airport.

They would then report back to us on the need for Air-Scene and a new AWOS, in addition to other systems. They will report on whether there was duplication and/or other savings in these and other services and equipment and whether some functions could be taken on by the Town directly.

The meeting adjourned at 12:15 after having the next meeting set for Saturday April 26 at 9AM at Town Hall.

Respectively submitted Arthur Malman

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