

## **BFAC/Airport Finance Group**

### **Minutes of Meeting – September 19, 2014 at Town Hall**

Arthur Malman, Chairman of Town of East Hampton's Budget and Financial Advisory Committee (BFAC), called the meeting to order at 2 PM.

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

Attending the meeting by invitation was Kathee Burke-Gonzalez, Councilwoman and Board liaison for the BFAC and for the airport and Jemille Charlton, Airport supervisor. Also attending by invitation for a portion of the meeting were Cindy Tuma of Sound Aircraft and Andrew Right, who had previously been employed by Goldman Sachs' Infrastructure Investment Group, with an emphasis on airports.

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

Councilwoman Burke-Gonzalez reported on the public Board meeting at LTV on noise and summarized the opinions expressed. She then updated the meeting on increased bonding for runway 4/22 repairs as an interim taxiway and the anticipated work on airport lighting. She thought the town was close to signing a contract with the new engineering firm and a first assignment will be tree cutting. She also reported on the collision between a deer and plane which suffered landing gear damage. With the damaged deer fence, Bonnie Krupinski explained that the standard night landing practice at HTO was to dispatch a vehicle to run up and down the runway to scare off deer before landing.

Arthur Malman introduced Andrew Right and explained that there had been some general discussions about establishing "landing slots" for HTO for 2015, but that there had been no real examination of exactly what that meant, how it would operate and what the financial impact on the airport revenues might be. Cindy Tuma stated that any assignment of slots could adversely affect the town's revenues and FBO operations at the airport but Bonnie Krupinski pointed out that the increased operations at the airport, especially from helicopters, had resulted in an overwhelming public demand that the Town enact controls to reduce the effects on residents in the Town and surrounding areas.

During the discussion of slots several points came out:

1. Few airports had actually been using slots so that HTO would have few models to follow. We think that slots have only been used for large airports operating near capacity and with regularly scheduled commercial carriers
2. "Slots" could be for landings and takeoffs or perhaps just landings for ease of administration. [Peter Wadsworth subsequently reported that Vector records take offs as well as landings, but

their accuracy on helicopters can be off by as much as 15% and require manual review by HTO based by Airscene).

3. Slots could be for times of single days or for the same time and day each week for the season or year.
4. A single slot could be for an aircraft of any kind or there could be different slots during a one hour time period for helicopters, jets, seaplanes etc.
5. A single slot could be for a single aircraft or it could be for “noise units” where the owner of the slot could bring in one or more aircraft during the time slot provided that their combined noise generation did not exceed “X”—thus encouraging slot owners to use quieter aircraft for the HTO operations.
6. Slots could be auctioned to the highest bidder or they could be assigned by a lottery system— with perhaps a minor charge to the lottery winners to cover administrative costs of the system, which could be in the range of \$25-50,000 for additional personnel time etc.
7. If an aircraft costing millions of dollars were to land without a slot (and without a verifiable life threatening emergency) a fine of a few hundred dollars would be only a minor annoyance easily added on to the thousands of dollars being paid by the passengers for the flight. The ensuing discussion suggested a first offense should probably result in an added fee of \$5,000, the second \$10,000, a third \$20,000 etc. with the aircraft owner barred from HTO at some time.
8. A question arose about the possibility of making an unslotted landing a misdemeanor and the steps necessary to enforce it and the coordination with the police and courts.
9. Assigning slots and collecting added fees for non-slot landings would require additional administrative processes and costs and Jemille Charlton was asked to check with Vector to see how and if they could handle the billing and collection.
10. It was also noted that some additional HTO man-hours and procedures would be needed to track properly slotted and unslotted aircraft landing and taking off.
11. The idea of setting an auction or lottery for a month of slots being set a few weeks before the start of the month would not work for the fleet owners who need to allot aircraft and take reservations several months before the season—typically in March for the summer season.  
  
This means that the Town Board may possibly want to consider making a final decision on slots as early as February if they wanted a system which would allow forward planning for commercial users for the 2015 summer season.
12. Specialized software would be needed to be developed to smoothly operate a slot system and it seemed that for at least the first year a complete system was unlikely. Perhaps the town could use EBay or a similar existing auction system for the slot auction or lottery for at least 2015.

13. Should the slots be transferable and if so to whom and how is HTO to be informed beforehand?
14. Should bidders in the auction or lottery be pre-qualified and if so what will be the qualification criteria?
15. Some types of operators like NETJETS or some helicopter companies accept charters only a day or two before—or even the day of the flight—should there be slots reserved for acquisition a couple of days before the scheduled landing—and if so how many?
16. Should speculators who are not operators of aircraft into HTO be able to acquire and then resell slots?
17. What about based aircraft—will they need slots and if so how can they know that the local slots will be available? If we are concerned about discrimination against non-local aircraft should the locally based aircraft pay the average price of a pre assigned slot for the time they need one themselves? Should there be limits on the numbers of local slots in an hour and how do we make sure non-local aircraft owners don't try to become "local" to share in the special local slots? At present there are only two locally based helicopters and one other that was put together but is usually in its hanger.
18. If someone acquires a slot for say 5-6 on Fridays, they may need at least a grace period of a half hour after the hour slot for unexpected delays from NYC traffic or NYC or East End weather.

It was determined that Arthur Malman would try to set up a meeting in NYC with a cross section of helicopter and jet charter companies, Councilwoman Burke-Gonzalez and other members of the subcommittee and Andrew Right to understand their operational concerns if and when a slot system were established for HTO.

Frank Dalene asked how a company interested in airport industrial land for an energy storage use could understand how to proceed? Arthur Malman suggested that they contact Councilwoman Burke-Gonzalez but they should be apprised of the final price for annual rental would be set by the board at fair market rental value at the time but in today's market that could possibly be about \$30-35,000 per acre per year for the initial year.

The meeting adjourned at 5:30 PM after having the next meeting set for 9:00 AM on Friday, October 10th, at Town Hall.

Respectively submitted, Arthur Malman