

To: Arthur Malman

From: John Shea

Re: Financial Analysis Of The Town's Proposed Aircraft Noise Restrictions

Date: March 8, 2015

Local pilots have long recognized that noise from certain aircraft operations, primarily helicopters, has affected several communities in the flight path of those aircraft, and they have supported the adoption of well designed regulations to reduce aircraft noise. Toward that end, last March, the local aviation community, through the Town Board appointed Aviation Operations Subcommittee, urged the Town Board to enter into discussions with the FAA at the highest level, to ensure that any additional Town noise studies were properly structured to gather the type of data needed to devise regulations that would be (1) effective in reducing noise impacts, and (2) would survive FAA scrutiny and legal challenges by the helicopter companies.

Since certain critical aspects of flight are subject to the exclusive jurisdiction of the FAA, we had urged the Town to work with the FAA on noise control measures involving routes, altitudes, approaches and landing patterns.

The Town decided to go in a different direction, and since January of last year, the Town has spent valuable time and financial resources in pursuit of a noise reduction strategy based exclusively on banning or reducing certain aircraft operations.

The local aviation community believes that some of the Town's noise studies are defective and not a basis for crafting restrictions on aircraft operations, and further, that some of the proposed restrictions on operations may not be legally sustainable.

Time and opportunities have been lost. The Town's recent noise studies showed 95% non-compliance with flight procedures designed to minimize noise, but there has been no analysis of what noise reduction could be achieved by higher compliance rates if enforced with the FAA as an ally.

Local pilots remain committed to reducing aircraft noise, but we do not believe simply reducing operations at the airport is the best plan. Nor do we believe it will survive federal legal challenges by the helicopter industry.

Unfortunately, should litigation delay the implementation of the proposed noise restrictions, there will be no relief to those affected by aircraft noise, and more valuable time and financial resources will be lost.

Over the course of the last year, the Town's BFAC Airport Finance Subcommittee carefully investigated the potential for the Airport to be self sufficient. That analysis was based upon the Town's rejection of FAA grants that traditionally provide 75% to 95% of

the funding for airports throughout New York State for improvements and maintenance. The Town has rejected such FAA funding in the belief it will give it free reign to adopt noise restrictions. Many believe that is not the case, and the Town's position in that regard will be likely reviewed in federal court.

In any event, the Subcommittee determined that the Airport could indeed be self sufficient, assuming operations stayed the same, if the Town increased landing fees and fuel charges, in addition to other measures, to generate revenue to service the debt the Town will have to incur to fund the \$7 Million required to maintain safety and infrastructure at the Airport.

Subsequently, the Town's BFAC Airport Finance Subcommittee was asked to provide a "financial impact" analysis of the Town's four proposed noise restrictions, assuming no FAA funding, Town financing of \$7 Million for safety and infrastructure, and the expenditure of \$3 Million in legal expenses over the next 3 years for noise restriction litigation and administrative proceedings.

Some members of the Subcommittee are of the opinion that it is not possible to conduct a reliable projection of the financial impacts of the proposed restrictions at this time due to the broad range of variables and assumptions required for such an analysis.

Also, the Subcommittee's financial analysis had to be conducted without the benefit of a Town Board commitment to a completed capital plan with explicit priorities for maintenance, improvements and repairs. Expenses were being projected without the benefit of stated priorities and bid quality information about costs.

The terminology for the Subcommittee's study of the "financial impact" of the four noise restrictions proposed by the Town Board was somewhat ambiguous, and many of us were concerned that it might lead some people to misinterpret or misrepresent the scope of the Subcommittee's review.

Significantly, the BFAC Subcommittee's analysis of the "financial impact of proposed restrictions" does not address the financial impact of the restrictions on the Town's local businesses, workforce and economy.

Likewise, there was no financial analysis of the loss of jobs and businesses at the Airport itself.

The proposed restrictions will limit some local aircraft to only one round trip per week. That will interfere with the ability of certain local businesses that rely on regular air transportation to sustain their business operations on the East End. That financial impact was not the subject of the BFAC Subcommittee analysis.

Resort community passenger services and commercial operations have been provided at the Airport since the 1940's. We believe that the proposed noise restrictions, if upheld in court and fully implemented, may have certain unintended consequences.

The BFAC Subcommittee did not have either the ability or the direction from the Town Board to predict and analyze all of the financial impacts of the proposed shift away from the resort community and commercial operations that have been conducted at the Airport for nearly 75 years.

Consumer and business expectations play an even greater part in determining financial impact than use statistics. Many decisions about whether to summer in East Hampton or operate a business in East Hampton have been based, or will be based, on available aviation services. Consumers do not expect major regional amenities, such as train, bus, car or air access to radically change "overnight". If the elimination of aviation services is the ultimate goal of the Town, it should be thoroughly discussed and implemented over the course of a transition period of years, not months.

The Subcommittee's review addressed various scenarios for Airport usage. It also assumed that increases in fees under certain scenarios would be unlikely to change the use patterns of most Airport users. Many of us do not agree with that assumption. By way of example, for years, as the price of aviation gas has increased at our Airport, many aircraft owners have made a point of taking on fuel at other nearby airports in New England offering lower prices.

It is not prudent to assume that fee increases will have no impact on patterns of use at the Airport. This is especially true when fee increases would be combined with proposed restrictions on airport access that would (1) ban certain operations for 4 days a week (Noon on Thursday to Noon on Monday) 5 months out of the year, plus holidays and days preceding and following holidays, and (2) would limit certain locally based aircraft to 1 takeoff and 1 landing per week for 5 months out of the year.

The proposed restrictions that focus exclusively on a reduction in aircraft operations, as opposed to measures to control flight patterns, altitudes, approaches, etc., could have significant long term impacts on the viability of the Airport and on our local economy.

But the Town is clearly committed to its strategy. The short and long term impacts will become apparent in the months and years to come. In the meantime, we hope that other effective noise control measures will continue to be explored by the Town, since it is not at all clear that the current proposals will survive judicial review and provide relief to those truly affected by helicopter operations.