

Airport Management Advisory Committee
Minutes of Meeting –April 21, 2016 at Town Hall

Arthur Malman, Chairman of Town of East Hampton’s Airport Management Advisory Committee (“AMAC”), called the meeting to order at 9 AM.

The following members of the AMAC were present: voting members, Peter Wadsworth, David Gruber, Pat Trunzo III, Cindy Herbst, Bonnie Krupinski and Arthur Malman and non-voting ex officio members, Kathee Burke-Gonzalez, Councilwoman and Board liaison for the AMAC, Len Bernard, the Town’s Chief Budget Officer and, Jemille Charlton, Airport Director. Voting member Munir Saltoun joined the meeting by telephone; Charles Ehren and Gene Oshrin were absent.

Among others attending were Supervisor Larry Cantwell, Kent Feuerring, the president of the EH Aviation Association and Jeff Smith, head of the Eastern Regional Helicopter Council.

Arthur Malman invited all members of the public to join the discussion.

The attached agenda had been previously distributed.

Arthur Malman indicated that the main focus of this meeting would to reach a consensus on a conservative level of cash flow that is likely to be available to the airport to support debt service on capital projects and asked that members work through other agenda items quickly to leave adequate time for this discussion.

The next meeting was scheduled for 11 AM on FRIDAY MAY 20 at Town Hall.

Kathee Burke-Gonzalez reported that the Supervisor was completing lease negotiations with Hertz and Enterprise for dedicated parking spots and with Blades for a desk area; Blades would also make a payment to the Town for its use of desk area in 2015 as had been the understanding at that time, although a final agreement had not been signed.

Kathee Burke-Gonzalez also reported that oral argument had been scheduled for June 20 on the Federal District Court case.

Jemille Charlton reported on the status of paid parking for the summer season, with a target date of late May. Kathee Burke-Gonzalez stated that, although such a date might be achievable, it would be too close to the busy Memorial Day weekend and the start date should be in early June.

Arthur Malman asked about the responsibility for credit card authorization and flow of funds from the meters and Passport Parking app. It was recommended that, while the Town already had Visa and MasterCard merchant accounts for other activities, it should have an account as well with AMEX as most of the airport users carried the card.

Arthur Malman noted that, while the form contract with Passport Parking provided an option for that company to handle credit card merchant services for a fee somewhat higher than the Town could do internally, during this first year the Town should have third parties do as much as possible and revisit the credit card processing and other issues after this years' experience. Len Bernard indicated the finance department would work with the meter company and the passport parking company to finalize the proper flow of credit card funds to the airport accounts.

Cindy Herbst expressed concern that the grass areas on the right side of the entrance drive along the fence that had been used for parking were now to be a no parking zone. Arthur Malman indicated he had suggested that the parking areas be numbered on signs which could have "no parking" bags over them unless needed, but that in any event it seemed that if parking was short once paid parking went into effect, numbers for these spaces could be added relatively quickly

On tree cutting, Arthur Malman reported that Waldbridge surveying had misunderstood the assignment and thought that there was to be clear cutting rather than zoned cutting at varying heights. A supplemental fee proposal had been received for the additional work which would take about six weeks. The zone survey would be needed for the RFP. Larry Cantwell indicated that there was a possibility that a solar energy company, he was in discussions with, might pay for tree clear cutting and then pay a land rental if the approach areas were clear cut so that it could install solar panels. Pat Trunzo III indicated that since there could be considerations about the water recharge areas affected by clear cutting, the Town Planning Department should be brought into the discussions so that a final decision could be made shortly on clear cutting or zoned cutting.

The members felt that the Baker proposal for final specifications for the tree cutting RFP and work monitoring and final surveying was reasonable and should be approved, although if clear cutting to be done the proposal might be a little lower.

On the fuel farm, Arthur Malman reported that LKMA was now working on final specifications for an RFP by August. Bonnie Krupinski suggested that LKMA be asked if it could have the final specifications done a little sooner so that there could be time for an RFP process leading to work on the fuel farm starting in the early fall. Arthur Malman noted that the fuel farm would be moving forward without a buffer tree line on the west side until Sound and the Town could reach a final agreement on the shape of an adjoin Sound leased parcel identified solely as 22,500 sq. ft.; Cindy Herbst indicated that she was in favor of the tree buffer but had to confirm with her architect if Sound's existing plan for a large hangar could still be accommodated if her initial proposal for the parcel shape were modified.

Arthur Malman reviewed the updated Baker Project chart and noted that, besides, authorization for the work on the tree cutting RFP, Baker was still awaiting authorization for further work on the wind study, the perimeter fence, taxiway A completion, secondary runway rehabilitation and alternatives for aircraft parking.

A discussion ensued on the need for the tower to close Runway 16-34 on summer Sundays and other times because of parking on the apron and flight paths of helicopters. Jeff Smith described the concerns of the tower controllers about having helicopters crossing active runways at busy times and

Jemille Charlton said that he would have one of the tower controllers attend our next meeting to more fully discuss these issues and options.

Arthur Malman asked the members to try to reach a consensus on a conservative level of cash flow, both near term and long term, that is likely to be available to the airport to support debt service on capital projects. These minimums would be revisited periodically to be adjusted for such things as additional leasing, improved parking revenues, changes in expected operations because of regulations or general economic conditions, etc. The committee would then recommend those capital projects with the highest priority whose debt service could be supported by the initial conservative forecast and then, if as and when subsequent forecasts showed additional cash flow, additional capital projects could be recommended.

Peter Wadsworth had worked with Len Bernard to present to the meeting a synopsis of financial results for the prior 5 years and forecasts for 2016 in more corporate, rather than municipal accounting format, since members and the public were more conversant with the former. Because the classification of some expense items changed over the periods presented, several previously separately reported line items had been combined in the final expense line "other". The 2016 forecast incorporated Town budget assumptions.

On the revenue side some members questioned the assumed 18% increase in operations for 2016 over 2015, despite the new curfews. Jeff Smith explained that even though helicopter operations had gone down in 2015 as compared to 2014, primarily because of the curfews and a switch to more seaplanes, they would likely go up in 2016. He explained that NYC had significantly curtailed helicopter sightseeing flights so that operators had idle equipment that they would try to utilize on runs like East Hampton with expected price competitiveness and more frequent flights to attract more helicopter customers. Further, operators were using more Eurocopters capable of coming in under the "noisy" aircraft's more strict curfews. It was pointed out that if the Town tweaked its "noisy" level aircraft definition it could cause a decrease in early Monday morning and late Friday evening seaplane operations.

The biggest adjustment in revenues from those shown in the 2016 budget forecast would be caused by the Town's more aggressive leasing program. The forecast presented showed rentals and leases at \$740,000 for 2016--only a \$6,000 increase over 2015. Larry Cantwell and Kathee Burke-Gonzalez updated the committee on current leasing activity. Based on new leases signed subsequent to the budget preparation date, those in the final stages of negotiations and those expected from lease renewals, it appeared that lease revenues should go up by about \$6-700,000 by 2017/18, with at least \$150-200,000 of additional lease revenues already being received in 2016.

Assuming that litigation costs would continue at the 2015 level, the consensus of the Committee was that the Town should assume at least \$600,000 annually to support priority capital projects over the long term.

Subject to further leasing results and/or a reduction in litigation costs that number could grow which could cover debt service on projects of a secondary nature. However if the further restrictions

now being litigated or similar ones were to become effective revenues would likely be reduced, although litigation costs might be reduced.

The Committee then went on to prioritize capital projects.

Kent Feuerring was asked what the pilots association felt were the highest priority projects. He indicated that in the most pressing group were the main runway, the deer fence and tree cutting.

David Gruber noted that based on the Baker report, about \$450,000 should be set aside annually to cover annual maintenance costs and debt service that will be associated with the proper maintenance and eventual rebuilding of the main runway and its taxiways.

It was estimated that another \$100,000 should cover the cost of the debt service on the deer fence, the tree cutting (if clear cutting were not permitted for a solar company to pick up the cost) and some minor items.

Jemille Charlton added that additional items in this priority group would be new security cameras and related equipment (probably costing somewhat about \$100,000), a prefab shed for equipment (about \$15,000) and temporary repairs to the main apron area in front of the terminal.

Arthur Malman asked if the shed would also be used as a workplace for the maintenance workers and, if so it would need HVAC and OSHA requirements that could substantially increase the cost; also since the pad originally identified for the shed had turned out to be part of the Sound lease area there would also be the cost of the pad and utilities. Jemille Charlton would report back on these issues.

A discussion then ensued about the condition of the apron in front of the terminal. Cindy Herbst explained that some cracks were so wide that they posed a safety concern and that some of the cracks were so deep that grass was growing up through them. Jemille Charlton stated that properly fixing this area could be about \$300,000 although just temporarily filling cracks would be much less. Kathee Burke-Gonzalez was surprised that this item had not been brought out sooner during the budget preparation work. Arthur Malman asked for some further definition to confirm that the estimates were just for the Town's portion of the ramp and did not also include the areas leased to Sound, the maintenance for which he did not think were the Town's responsibility under the Sound leases.

Cindy Herbst stated that the Town's ramp area was just for aircraft turning around and not also for passengers embarking and disembarking—which would require more extensive work. Arthur Malman suggested that the survey of leased areas now underway would show the exact areas retained by the Town.

Given that the Town's retained ramp area condition could be a safety issue and the time before memorial day so limited, the members felt that Jemille Charlton should move forward with the temporary patching without waiting for further discussion at the next meeting, which was so close to that weekend, but that longer term issues with respect to the ramp could be further discussed at the next meeting.

The members felt that beyond these first priority capital projects would be the secondary runway, the taxiways and the aprons, with the completion of the main runway taxiway high in this secondary priority.

A discussion ensued on moving the airport management office to the rotunda, as had been the original design, at an estimated cost of \$150-200,000. Since this move could free up prime space on the first floor of the terminal for leasing, it was left that, if sufficient lease revenues could be found to cover the cost of the construction, it could go forward outside the priority sequence. Cindy Herbst noted that Sound would be particularly interested in leasing all or part of the space since it would give them better control over operations areas. Other potential users could include a snack bar etc.

The meeting adjourned at 11:15 AM.

Respectfully submitted

Arthur Malman