

Town of Nantucket
NANTUCKET MEMORIAL AIRPORT
14 Airport Road
Nantucket Island, Massachusetts 02554

Thomas M. Rafter, Airport Manager
Phone: (508) 325-5300
Fax: (508) 325-5306



Commissioners
Daniel W. Drake, Chairman
Arthur D. Gasbarro, Vice Chair
Anthony G. Bouscaren
Andrea N. Planzer
Jeanette D. Topham

AIRPORT COMMISSION MEETING

February 9, 2016

The meeting was called to order at 5:05 pm by Chairman Daniel Drake with the following Commissioners present: Arthur Gasbarro and Andrea Planzer. Anthony Bouscaren and Jeanette Topham were absent.

The meeting took place in the 1st floor Community room at the Public Safety Facility, 4 Fairgrounds Rd. Nantucket MA.

Airport employees present were: Thomas Rafter, Airport Manager, David Sylvia, Compliance Manger, Preston Harimon, Operations Superintendent, Jamie Sandsbury, Business and Finance Manager, and Mae Williams, Administrative Assistant.

Mr. Drake announced the meeting was being video and audio recorded.

Mr. Drake asked for comments on the Agenda. Hearing none, the Agenda was adopted.

Ms. Planzer made a **Motion** to approve the minutes of 1/12/16 and 1/19/16. **Second** by Mr. Gasbarro and **Passed** unanimously.

Mr. Gasbarro made a **Motion** to ratify the 1/27/16 warrant and approve the 2/10/16 warrant. **Second** by Ms. Planzer and **Passed** unanimously.

020916-1 Public Hearing to consider Proposed Revisions to Rates & Charges

Mr. Rafter reviewed the proposed revisions which included adding the King Air and CRJ for signatory operators, freight, clarification of General Aviation landing and ramp fees, waiving of fees for Med-Flights, etc., ground transportation modification, and special events fee for building rental.

Mr. Drake announced the Public Hearing was open.

Mr. Peter Farrell of Cape Air addressed the Commission stating since the departure of Island Air, Cape Air has taken over 100% of the freight operations and requests a change of .05 cents per pound to a fixed fee of \$10.00 applicable to dedicated cargo flights regardless of the number of pounds carried. . Discussion continued on how to best economically serve the needs of the island for all parties involved.

Ms. Planzer made a **Motion** to table the freight/mail charge issue until the next meeting. **Second** by Mr. Gasbarro and **Passed** unanimously.

Mr. Drake announced the Public Hearing is closed.

Mr. Gasbarro asked for clarification regarding the methodology used for determining Terminal User Landing Fees. Mr. Rafter explained for signatory airlines, the landing fee is 75% of the published rate for that aircraft. Mr. Rafter also elaborated on the General Aviation single and twin engine aircraft of more or less than 6,000 pounds. Mr. Gasbarro questioned the possibility of abuse of Ramp fees for flight school operations. Mr. Rafter explained there should be minimal impact as the Airport encourages more flying. A more specific detailed list for exempt carriers was recommended.

Mr. Rafter reviewed the Livery Ramp Access Permit Fees. Mr. Drake would like to see the cost increased for commercial ramp access.

Mr. Drake would like to see a Special Events Fee of \$1,000 for privately owned hangars; and, \$2,000 for Airport-owned hangar. Ms. Planzer expressed concern that these fees are too high and would discourage use of airport facilities.

Ms. Planzer made a **Motion** to refer the changes of Rates & Charges back to the Airport Manager for further consideration and to schedule a new public hearing at the meeting of March 8, 2016. **Second** by Mr. Gasbarro and **Passed** unanimously.

Public Comment – None

Pending Matters

042214-2 Formerly Used Defense Site (FUDS) Status – Mr. Rafter reported that Stockpile X was investigated and cleared of Unexploded Ordnances (UXO) by the Army Corp of Engineers (ACE) with a final report due by March or April.

011216-1 Emily Air LLC Request for Sub-Lease to Fly Blade, Inc. – Mr. Rafter met with Melissa Tomkiel of Fly Blade to discuss possible resolutions to the Airport's concerns. He suggested if the sub-lease is approved, it should contain milestones to review conditions that are set forth. Ms. Tomkiel addressed the Commission stating that a consensus was reached on all the issues that had been raised. Schedules and aircraft tail numbers will be provided for transparency. Ms. Tomkiel agreed to present proposed language on the best way to review compliance with any conditions after one year, to allow extension of the term. Mr. Drake stated he is agreeable to go ahead with Fly Blade, assuming the details are worked out with Mr. Rafter before the next meeting. One example is that designated hangar tenant and employee parking provisions should be written into the lease.

Mr. Drake expressed his concerns over the significant difference in what rent is being paid by the prospective subtenant and what the airport actually receives for the ground lease. A concession fee should be considered with all future sub-leases.

031015-1 Airline Incentive Plan Discussion – Mr. Rafter reported the Incentive Plan has been approved by FAA Compliance New England but comments from FAA Compliance in Washington are still pending.

020916-2 Ratification of GA Building Mediation Settlement – Mr. Drake reported a settlement of \$360K was reached with the surety at a February 4, 2016 mediation hearing in Boston. This agreement is subject to approval at the Annual Town Meeting in April. Mr. Gasbarro thanked Mr. Drake for all his work done and made a **Motion** to ratify the GA Building mediation settlement. **Second** by Ms. Planzer and **Passed** unanimously.

Pending Leases and Contracts

Mr. Rafter presented the following Leases and Contracts:

- **McFarland-Johnson** – Operating budget contract for continued PFC Consulting (Reporting) through December, 2016 in the amount of \$6,700.
- **New England Detroit Diesel-Allison** – Operating budget contract for Repairs to Fire Truck Engine in the amount of \$60,000.
- **Kodiak America** – Capital Budget purchase of SRE Snow Blower for \$697,200 which will be AIP Funded: FAA (90%); DOT (5%).
- **A Taste of Nantucket** – 2016 Catering Agreement for \$1,500 Annual Business Fee plus 25% of Catering Fees.

Ms. Planzer made a **Motion** to approve the Leases and Contracts on Exhibit 1. **Second** by Mr. Gasbarro and **Passed** unanimously.

Finance

020916-3 FY16 Budget Update – Mr. Rafter reported, projected Operating Revenue for FY16 is \$6.2M compared to \$5.8M that was originally budgeted, which is an increase of \$332K. Fuel Revenue, in excess of the Fuel Revolver, is projected to be \$752K compared to \$2M that was originally budgeted, or a decrease of \$1.2M. The initial FY16 Budget indicated a reliance on Retained Earnings of \$833K; however, the projected reliance on Retained Earnings is now \$1.6M. Mr. Rafter indicated this could be construed as bad news, but added that there is \$1.8M profit sitting in the Fuel Revolver Account after the close of FY15 which is projected to be \$2.8M after FY16.

In the context of this discussion, Mr. Drake noted that any surplus in the Fuel Revolver for a given fiscal year will only be available to be incorporated as revenue in the Airport's operating budget for the fiscal year beginning twelve months later.

The Airport will seek a transfer, through an ATM16 Article of \$1,041M, the maximum amount allowed this year, from the Fuel Revolver Account to the Operating Budget. Passage of the Article would drop our reliance on Retained Earnings for FY16 to \$614K, down from the \$833K budgeted.

After discussion, it was noted an ATM Article will be planned every year to transfer any excess amount, once certified, from the Fuel Revolver Account surplus to the Operating Budget.

111015-2 FY 2017 Budget – Mr. Rafter noted the initial FY17 Budget required revisions after the announcement of the Island Airlines bankruptcy as well as other anticipated changes, noting both the FinCom and the Board of Selectman presentations were deferred until the Airport Commission reviewed and approved the revised budget. Mr. Rafter reviewed the adjustments made. Both Operating Revenue and Expenses increased slightly from \$7,956M to \$8,006M; and \$9,052M to \$9,129M respectively. Mr. Rafter noted, however, that originally Expenses were cut by \$168K; but we were subsequently notified by Town Finance of required increases to pension contribution and adjustments to the repayment agreement. Mr. Rafter noted while the revised FY17 Budget shows reliance on Retained Earnings of \$1.122M, the expectation is that this

number will be much lower in part because of what can be transferred from the Fuel Revolver if the cap in the Fuel Revolver is lowered to reflect lower fuel prices.

Discussion turned back to the Fuel Revolver during which it was noted another ATM16 Article will be to reduce the Fuel Revolver cap from \$5.3M to \$4M for FY17. This will allow for a \$2M transfer to be incorporated into the budget request presented to ATM17.

Ms. Planzer made a **Motion** specifically to approve the transfer of \$1,041,151 from the Fuel Revolver's prior year's surpluses to the Airport Operating Budget for the fiscal year 2016. **Second** by Mr. Gasbarro and **Passed** unanimously. Mr. Drake added he hopes the voters understand the issue and approves the ATM Warrant Article.

Mr. Gasbarro made a **Motion** to approve the budget detailed summary shown with budget with revenues of \$8,006,466 expenses of \$9,129,040 leaving a negative net earnings of \$1,122,574, covered by a transfer from retained earnings of \$1,122,574. **Second** by Ms. Planzer and **Passed** unanimously.

011315-2 General Fund Repayment Proposal and Discussion of In-Kind Services – Mr. Rafter reported that Fin Com reviewed and had concerns regarding the in-kind services and how it would be accounted for internally and what value would be established. The Airport would give the volume of the available material to the DPW each year and they would establish the rate under a methodology to be worked out by Mr. Rafter with the DPW Director and the Finance Director.

The Fin Com also recommended that any credit for in-kind services be allocated to the final years of the repayment agreement. This would effectively reduce the number of years that cash payments would need to be made but would have no immediate impact on cash flow. Discussion and clarification of Annual Town Meeting Articles followed.

Mr. Gasbarro made a **Motion** to set the cap of the Fuel Revolver at \$4M for FY17. **Second** by Ms. Planzer and **Passed** unanimously.

With respect to future revenues, Mr. Rafter reminded the Commission that two rent abatements due to the FUDS issue will cease in FY18. Additional land can be rented once the FUDS issue is resolved. Rent on the parcel now leased by Airport Gas should increase in FY18 or FY19. Debt Service will decrease by approximately \$77K in FY18 and approximately \$120K in FY20.

122215-1 Air Service Update – Seasonal air service changes include American Airlines adding service to LaGuardia on Fridays, Saturday's and Sundays, June 4th to September 4th using Embraer 170 aircraft as well as using E170s on their DCA service.

Delta will offer new service to LaGuardia on Saturdays only from June 4th to September 3rd utilizing a CRJ-700.

JetBlue will be starting May 4th with 21 flights per week through June 18th then increasing to 28 flights per week through September.

United will have 3 flights per day from July 1 through August 15.

Manager's Report

Project Update – Mr. Rafter reported:

- Air Traffic Control Tower – Mr. Rafter requested the Commission ratify change orders 5, 6, & 7 totaling \$3,232. ATCT should be up and running by May 1, 2016. Mr. Gasbarro made a **Motion** to ratify the PCO's 5, 6, & 7. **Second** by Ms. Planzer and **Passed** unanimously.

2.9.16 Airport Commission Meeting

- Specification discussions with Jacobs Engineering regarding the Airport Improvement Program (AIP) item that covers the FIDS System, interactive training, and vault repair is under way.
- After doing some research, John Grangrade, Maintenance Supervisor, has saved the Airport \$64,995.00 to install a regeneration pad for the parking of fuel trucks.
- A study of public address system is being conducted by a consultant of the Airport Cooperative Research Program to determine quality shortcomings.
- Staff is continuing to work with the Town energy office regarding the installation of a solar project.
- Annual attainment report on rare species was provided to Mass Heritage.
- Brush mowing project has been completed.
- Annual Environmental Compliance meeting is scheduled for March.

RFP/Bid Status – Mr. Rafter reported:

- Heating ventilation and air conditioning (HVAC) RFP was approved by Town and should be available shortly.
- Passenger boarding ramp bid is being prepared.
- Auto rental leases will be issued shortly.
- RFQ for architectural services for employee housing should be out within a month.
- On-call engineering RFP is being developed.
- Airport Gas Station RFP is in the final stages.
- Sun Island Road parcel RFP should be ready to be released immediately after Annual Town Meeting.
- Airfield paint and airfield on-call electrical services RFPs are being developed.

Operations – Mr. Rafter reported:

- Airport crews continue to do excellent work clearing after snow storms minimizing down time.
- A safe was reported being stolen from Crosswinds Restaurant.
- A bankruptcy hearing will be held on Friday, February 12, 2016 to discuss Island Air bankruptcy.
- Mr. McGrath has informed the airport that the freight hangar has been released and he is working with potential tenants to restore use.
- Mr. Rafter and Mr. Drake attended economic development forum January 22, 2016 regarding various items that impact businesses on the island.
- Lisa Balkunas-Kelly of Airport Media Solutions will be working to develop an in-house airport advertising program.
- Congressional delegation letters requesting support of the Regional Airlines Association Program to address the pilot shortage issue have been sent.

Statistics – Mr. Rafter reviewed the December 2015 overall statistics as well as the January 2016 Fuel & Noise Complaint statistics:

- Operations are down 21.02% from December 2014. Year-to-date down .21%.
- Enplanements are down 61.52% from December 2014. Year-to-date down 8.10%.
- Jet A gallons sold is down 12.01% from December 2014. Year-to-date up 1.22%. January 2016 is up 53% over January 2015.
- AvGas gallons sold is up 8.46% from December 2014. Year-to-date is up 5.61%. January 2016 is up 53.48% over January 2015.
- Freight is down 35% from December 2014. Year-to-date is down 6.29%.
- 0 Noise Complaints were filed in January 2016.

Commissioners Comments

Mr. Drake addressed the issue of what is to become of the old FBO building. Status of the best use should be reported at next meeting.

Public Comment

None.

Having no further business for Open Session, Ms. Planzer made a **Motion** to go into Executive Session, under G.L. Chapter 30 A, Section 21 A, not to return to Open Session, to review Executive Session Minutes as enumerated on the Agenda; Clause 6 - to consider the purchase, exchange, lease or value of real property with respect to Exhibit A of the Airport Layout Plan and under Clauses 3 & 6 to consider the purchase, exchange, lease or value of real property and to discuss pending litigation to Gatto vs. Town. The Chair has determined that an open session may have a detrimental effect on the negotiation/litigation position of the Airport Commission. **Second** by Mr. Bouscaren and **Passed** by the following roll-call vote:

Ms. Planzer - Aye
Mr. Gasbarro – Aye
Mr. Drake – Aye

Meeting adjourned at 5:37 pm

Respectfully submitted,

Mae R. Williams, Recorder

Master List of Documents Used

2/9/16 Agenda including Exhibit 1
1/12/16 Draft Minutes
1/19/16 Draft Minutes
1/27/16 Warrant Signature Sheet
2/10/16 Warrant Signature Sheet
Proposed changes to Nantucket Memorial Airport Rates & Charges dated 2/9/16
Aircraft types and weights Listing
1/6/16 email from A. Bonney to T. Rafter re: Freight Rate charged by Nantucket Airport
1/12/16 letter from T. Rafter to M. Tomkiel re: Fly Blade operating concerns
Updated Air Service Incentive Program Draft
2/4/16 Settlement Agreement and Mutual Release between Merchants Bonding Company, Baybutt Construction Corp. and Town of Nantucket by its Airport Commission re: "General Aviation/Administrative Offices Building"
McFarland-Johnson Contract for PFC services (\$6,700.00)
New England Detroit Diesel-Allison Contract for rebuilding 8V92TA engine (\$60,000.00)
Kodiak America Contract for Purchase of (AIP #63) SRE Snow Blower (\$697,200.00)
A Taste of Nantucket 2016 Catering License Agreement
FY 2016 Budget Update Actuals through Period 7
FY 2017 Budget Revision 1
ATCT Construction Change Order Log
Jacobs Construction Change Directive ATCT – Maron Construction Co., Inc. PCO 005 (\$1,338.00)
Jacobs Construction Change Directive ATCT – Maron Construction Co., Inc. PCO 006 (-\$1,014.00)
Jacobs Construction Change Directive ATCT – Maron Construction Co., Inc. PCO 007 (\$2,908.00)
2/2/16 Letter to Representative Keating re: FAA rule change causing pilot shortage
2/2/16 Letter to Senator Markey re: FAA rule change causing pilot shortage
2/2/16 Letter to Senator Warren re: FAA rule change causing pilot shortage
December 2015 Statistics Report includes January Fuel and noise complaints
Handouts
2/9/16 email from A. Bonney to T. Rafter re: ACK Rates and Charges
2/8/16 response letter from M. Tomkiel – Fly Blade, Inc. to T. Rafter
Updated Projected FY16 Operating/Fuel Revolver
FY17 Budget Revision 2