



FINANCE SUBCOMMITTEE MEETING MINUTES

Tuesday, June 21, 2022

8:30 a.m.

Via Zoom Virtual Meeting

Call Meeting to Order:

8:56 a.m.

Commissioner's Present: (Roll Call)

Norman E. Weill, Commissioner

Bradley J. Bailey, Commissioner

John G. Flores, Commissioner

Airport Staff:

Katie R. Servis, Airport Manager

Matthew T. Elia, Assistant Airport Manager

Mary McDonald, Financial Analyst

Public Members:

John T. Griffin, Cape Cod Gateway Airport

OLD BUSINESS

F0422-6 Review and Approve an Amendment to the Lease By and Between Cape Cod Gateway Airport and Ross-Rectrix HYA, LLC for Land Lease

- This Agenda item was tabled

NEW BUSINESS

F0622-1 Review and Approve Amendment #11 of the contract by and between Cape Cod Gateway Airport and Fennick McCredie Architecture, LTD in the Amount of -\$379,729.94 to defund monies for the T-Hangar Replacement Project and ARFF Airport Operations Renovation Project for Contract Adjustment

- Manager Servis stated the ARFF Airport Operations Renovation Project had two start dates:
 - First start date was when the project could be potentially funded by MassDOT Aeronautics , but was cancelled due to lack of MassDOT funding beyond the fiscal year.
 - Second start date was part of the CARES Act projects.
- As the project planning progressed, amendments to the contract occurred as new elements were introduced to the project.
- The attached Amendment identifies a Project Evolution History 2020 – 2022 as follows
 - The Airport embarked upon two development projects in winter 2020:
 - Fleet Hangar Door Replacement Project
 - T-Hangar Replacement Project
 - During the course of the project the following occurred:
 - Two additional services were required to: 1) analyze hangar layout, design, size and cost estimates (Amendment 6), and 2) include additional pavement improvements surrounding the hangar (Amendment 9).
 - The Fleet Hangar Door Replacement Project was removed from the project due to low competition and high bids received that were



unresponsive and extremely over budget. Additionally, the Federal Aviation Administration (FAA) deemed the Fleet Hangar Door Replacement Project ineligible for funding

- The Airport Commission requested that the ARFF Airport Operations Renovation Project be added (Amendment 10) as a project to replace the Fleet Hangar Door Replacement Project and to meet our Business Plan Goals. Based on market research, more competition and better pricing it was deemed appropriate to combine this project with that of the T-Hangar Replacement Project.
 - The Chief Procurement Officer for the Town and Airport Management felt it was prudent to clean up the Amendments for two reasons: 1) so that a clear identification for all costs associated with the T-Hangar Replacement Project and ARFF Airport Operations Renovation Project was identified and 2) so that to reduce confusion and prudent for federal grant submittals.
 - A subsequent Amendment #12 in which T-Hangar Replacement Project the ARFF Airport Operations Renovation Project will be combined into one project is included in the next agenda item
 - Airport Management is asking for approval of this amendment
- John was excited to see the negative numbers but his experience is it is not typical and amendment 12 supports that.
- A motion was made by Commissioner Flores and seconded by Commissioner Bailey to approve and move the item to the Full Commission meeting by a roll call vote:
Commissioner Weill -Yes Commissioner Bailey - Yes Commissioner Flores -Yes

Action: The agenda item was moved to the *June 21, 2022* Full Commission meeting for approval

F05622-2 Review and Approve Amendment #12 of the contract by and between Cape Cod Gateway Airport and Fennick McCredie Architecture, LTD in the Amount of \$644,063.66 to fund the T-Hangar Replacement Project, ARFF Airport Operations Renovation AND Construction Administration Services Contract – Combined Projects

- Manager Servis stated, as outlined in previous agenda item, the Amendment 12 combines the T-Hangar Replacement Project and ARFF Airport Operations Renovation and includes Construction Administration Services.
- Amendment #12 in which T-Hangar Replacement Project the ARFF Airport Operations Renovation Project is combined into one project for better ease of tracking and less confusion. The scope of services and funds allotted from previous Amendments (AMENDMENT 5 (Partial) T- Hangar Replacement Project, AMENDMENT 6 T- Hangar Replacement Project Additional Services, AMENDMENT 9 - T-Hangar Replacement Project Additional Services for Apron Pavement, and AMENDMENT 10 (Partial) ARFF Airport Operations Renovation) except for those projects that have been cancelled/closed as noted or funds already expended within those Amendments, as noted, will be combined in Amendment #12 plus additional services as specified for Construction Administration.
 - \$367,202.00 Construction & Administration Services
 - Construction & Administration Services were requested due to the multiple projects occurring at the airport at the same time. Because of these multiple projects, Airport Management needed oversight by a dedicated team of architects and engineers during construction
- The total project will cost is \$6,355,079.39, this includes:



- \$916,102.00 for Engineering, Design and Project Oversight (14% of overall fees)
= All amendments
- \$5,432,817 for construction (86% of overall fees)
- \$6,160.39 for administration (IFE services and advertisement for procurement)
(-1% of overall fees)
- The entire project is funded via the CARES Act and Airport Reserves that were reimbursed via CARES Act
- Airport Management is asking for approval of this amendment to clean up funds for these projects.
- Commissioner Flores stated without the cares we would not be doing the projects. Also, inquired if have we ever thought about using our own person to oversee the project similar to other town departments such as Structure and Grounds.
- Manager Servis mentioned the commission has approved a new Airport Project Manager position however; we will still need our consultants.
- A motion was made by Commissioner Flores and seconded by Commissioner Bailey to approve and move the item to the Full Commission meeting by a roll call vote:

Commissioner Weill -Yes Commissioner Bailey - Yes Commissioner Flores -Yes

Action: The agenda item was moved to the *June 21, 2022* Full Commission meeting for approval

F0622-3 Review and Approve a contract by and between Cape Cod Gateway Airport and the Hexagon Hangar Option Term

- In August 2022 the Hexagon Hangar lease includes an option term, which they are seeking to implement
- In August 2022 Hexagon Hangar would like to implement options 1 of their current lease. All other lease elements remain the same
- Airport Management is asking for approval of this amendment
- A motion was made by Commissioner Flores and seconded by Commissioner Bailey to approve and move the item to the Full Commission meeting by a roll call vote:

Commissioner Weill -Yes Commissioner Bailey - Yes Commissioner Flores -Yes

Action: The agenda item was moved to the *June 21, 2022* Full Commission meeting for approval

F0622-4 Review and Approve Supplemental Appropriation In The Amount of \$6,007,000 For The Fiscal Year 2022 Airport Capital Improvement Plan (CIP) Budget For The Purpose Of Funding The Reconstruction Of Runway 6-24 Project

- Manager Servis stated the request is that the amount of \$6,007,000 be appropriated for the Fiscal Year 2022 Airport Capital Improvement Plan (CIP) Budget for the purpose of funding the Airport Reconstruction of Runway 6-24 Project.
- The Cape Cod Gateway Airport is scheduled to reconstruct Runway 6-24 in the spring of 2023. The project was conceived over five years ago as part of the Airport's Capital Improvement Plan (CIP) by the Airport and its former on-call engineering consultant (Jacobs). The Federal Aviation Administration (FAA) requires a 5-Year CIP for all airport improvements funded under the Airport Improvement Program (AIP), so the project was programmed as far back as 2017. Up until this point in time Jacobs had designed many airfield reconstruction projects, including the following projects, using a standard pavement box section with four inches (4") of bituminous concrete.



- 2013 Reconstruct and Relocate Taxiway A and Other Miscellaneous Improvements;
- 2014 Reconstruct East Ramp and Reconstruct A Portion of Taxiway B;
- 2015 Reconstruct & Light Taxiway C and Reconstruct and Light A Portion of Taxiway C; and
- 2016 Reconstruct, Light, Groove & Mark Runway 15-33 and Re-Align A Portion of Taxiway C.
- FAA Advisory Circular AC 150/5320-6G (Airport Pavement Design and Evaluation) provides guidance on the design and evaluation of pavements used by aircraft at civil airports; Section 3.5 (Stabilized Base Course) includes further guidance for the design of pavements for heavy aircraft. In 2014 JetBlue started using the Embraer 190 (E190) aircraft at KHYA with a gross weight of approximately 124,000 pounds. The Embraer 190 is considered a heavy aircraft. Section 3.5.1 of AC 5320-6G states, in part:
 - “When aircraft in the design traffic mix have gross loads of 100,000 pounds (45,359 kg) or more, then use of a stabilized base is required.”
- Since the E190 exceeds 100,000 pounds, the use of a stabilized base in the pavement section is required
- To this end, Airport Solutions Group (ASG), the airport’s on-call engineering firm, prepared a new pavement design for the Runway 6-24 project
- The new pavement section requires a stabilized (asphalt) base with a total of nine (9”) of bituminous concrete versus the four inches (4”) historically used at HYA.
 - This 225% increase in asphalt thickness more than doubled the cost associated with the bituminous concrete alone.
 - Furthermore, under the current post-COVID bidding climate, and fluctuations in oil prices, the cost of bituminous concrete is greater today than it was when the project was originally programmed.
- Additionally, upon review of the topographical survey secured by ASG under the 2022 project, it became clear that the existing safety area (500 feet wide, centered on the runway) along both sides of Runway 6-24 does not meet FAA design criteria for transverse grades pursuant to FAA AC 150/5300-13B (Airport Design). ASG recommended, and the funding agencies agreed, that full safety area re-grading be included in the project.
- Additionally, the FAA Technical Operations Division requested ASG to design new surface grading for the entire (Runway 24) glide slope critical area to fix a long-standing concern with non-compliant grading. This extensive grading added significant cost to the project.
 - The re-grading of the safety area and glide slope area produced an unanticipated amount of excess soils (100,000+ CY). The cost to dispose of these soils is also increased to comply with Mass DEP guidelines for the handling and disposition of soils which might contain PFAS
- In summary, the cost increase for the reconstruction of Runway 6-24 from previous construction cost estimates is attributable to the following three (primary) factors:
 - A 225% increase in the thickness of the bituminous concrete pavement section (from 4” to 9”) to comply with FAA design criteria for a stabilized base to accommodate heavy aircraft (>100,000 lbs);
 - Added safety area and glide slope critical area grading to comply with FAA design standards; and
 - General increase in construction costs for post-COVID bidding vs. pre-COVID estimates.



- The Airport's net share for this project is 5% (\$300,350); however this is under a reimbursable agreement and the full additional amount of \$6,007,000 of funding is requested. The entire project will be funded 95% by the FAA and MassDOT Aeronautics Division; therefore the Airport will be reimbursed \$5,706,650 from the FAA and MassDOT.
- Airport Management is asking for approval of this Supplemental Appropriation
- Jacob's had already done a design & construction estimated cost. Airport Solutions Group saw a discrepancy in the design. Jet Blue E190 124,000 pounds which a stabilized base in pavement design. The pavement needs to be 9" and we have had 4". Added safety area increase, and the cost of concrete has doubled in price.
- Federal Aviation Administration & Airport Solutions Group have discussed the changes and are in agreement.

Commissioner Weill asked if it comes out of our reserves. Manager Servis stated, yes a short term loan will not be necessary. He also inquired about the pavement strength and asked when Jet Blue phases out the Embriar190 will the pavement meet a larger aircraft safety requirement. Manager Servis stated, yes that it will.

Commissioner Flores inquired about the mistake Jacobs Engineering made, if we have looked into a possible refund. Manager Servis stated that it could be difficult because the Federal Aviation Administration (FAA) approved the pavement as well. However, she will look into it and get back to the commissioners.

- A motion was made by Commissioner Flores and seconded by Commissioner Bailey to approve and move the item to the Full Commission meeting by a roll call vote:

Commissioner Weill -Yes Commissioner Bailey - Yes Commissioner Flores -Yes

Action: The agenda item was moved to the *June 21, 2022* Full Commission meeting for approval

F0622-5 Review and Approve the Ground Lessor Consent and Recognition Agreement by and between Cape Cod Gateway Airport Commission (Lessor) and WS LANDING AT HYANNIS LLC, (Lessee) in favor of Citizens Bank, N.A., ("Lender").

- Per the existing executed lease by and between Cape Cod Gateway Airport Commission (Lessor) and WS LANDING AT HYANNIS LLC, (Lessee), the Ground Lease permits the interest of the Borrower to be encumbered, including, without limitation, by the Mortgage.
- This Ground Lessor Consent and Recognition Agreement is not an exhibit to the Ground Lease, but follow the provisions of Section 12.4 of the Ground Lease.
- This allows any Mortgaged Property subject to a Ground Lease, a Consent and Agreement Regarding Performance Under Ground Lease
- The Ground Lessor Consent and Recognition Agreement attached is authorizing the agreements between a ground lessor (Airport) and lessee (WS Development) and for the Airport to recognize the bank (lender)
- Section 12.4 of the Ground Lease contains various covenants of Lessor in favor of any Permitted Leasehold Mortgagee (as defined in the Lease) covering Lessee's interest in the Property;
- Pursuant to Section 12.4(c)(vi) of the Lease, if requested by any Permitted Leasehold Mortgagee, Lessor shall, at no out-of-pocket cost to Lessor, enter into a mutually agreeable agreement with such mortgagee recognizing the rights and privileges of such Permitted Leasehold Mortgagee under Section 12.4 and elsewhere in the Lease.



- Airport Management is asking for approval of the Ground Lessor Consent and Recognition Agreement so that WS Development can proceed forward with financing to redevelop the property
- This would allow citizens bank would be part of the lessee to transfer the lease to
- Commissioner Flores asked if W.S Landing defaults on the lease do we have final say who can step in.
- Manager Servis stated yes. bank would have to
- Commissioner Bailey suggested this is pretty common and the bank is only making sure that it is in there to protect themselves.
- Commissioner Flores asked if the commissioners could get an update on the property. Manager Servis stated Wholefoods is going into the property and also a big box store. Commissioner Flores asked about the time line? Manager Servis stated she will follow up and get back to the commissioners.
- A motion was made by Commissioner Flores and seconded by Commissioner Bailey to approve and move the item to the Full Commission meeting by a roll call vote:

Commissioner Weill -Yes Commissioner Bailey - Yes Commissioner Flores -Yes

Action: The agenda item was moved to the *June 21, 2022* Full Commission meeting for approval

F0622-6 Review and Approve Amendment #1 of the Contract by and between Cape Cod Gateway Airport and Airport Solutions Group for the PROFESSIONAL ENGINEERING SERVICES FOR RECONSTRUCT RUNWAY 6-24 PROJECT.

- Manager Servis stated based on the outcome of the independent fee estimate (IFE) process, Airport Solutions Group agreed to lower their fees associated with the engineering and project oversight related to this project. Stated there were a slight overlap and an error which resulted in a reduction.
- The request is that the Airport Solutions Group contract be amended from its original rate \$1,747,400.00 to \$1,611,700 overall Airport Solutions Group.
- Airport Management is asking for approval of this amendment
- Commissioner Flores stated it is not often this happens and it is nice we will save \$100,000.00.
- A motion was made by Commissioner Flores and seconded by Commissioner Bailey to approve and move the item to the Full Commission meeting by a roll call vote:

Commissioner Weill -Yes Commissioner Bailey - Yes Commissioner Flores -Yes

Action: The agenda item was moved to the *June 21, 2022* Full Commission meeting for approval

F0622-7 Review and Approve Amendment #1 of the Contract by and between Cape Cod Gateway Airport and NEW ENGLAND UTILITY CONSTRUCTORS INC.

- Manager Servis stated they have asked for a continuance of the License agreement.
- Commissioner Weill stated that they have kept things pretty neat after they move things around.
- A motion was made by Commissioner Flores and seconded by Commissioner Bailey to approve and move the item to the Full Commission meeting by a roll call vote:



Commissioner Weill -Yes

Commissioner Bailey - Yes

Commissioner Flores -Yes

Action: The agenda item was moved to the *June 21, 2022* Full Commission meeting for approval

Updates:

- Southern Airways Express
 - Flights started 6/16/2022.
 - A majority of their seats have filled contractors.
 - Kickoff Event is scheduled on 6/23/2022 @ 4:30 – Gate 1 Terminal.
 - Manager Servis asked if any of the commissioners would like to attend and speak. She also mentioned we will have water cannon and reports will be present.
- Monthly Financial Review
 - Manager Servis review the attached FY2022 Budget Update Presentation.
 - Overall we are tracking well within budget with current budget surplus of \$1.16 million without CARES/SRRSAA grants.
 - Jet fuel sales are 71% above estimated revenue ~~and 40~~and 40% over estimated expenditure.
 - Rental Car concessions are 77% over budgeted revenues.
 - Reviewed top 6 Revenue Producers Jet Fuel, Grants, Non Aero Land lease, rental car concessions, landing fees, land lease. Manager Servis stated the land lease and non-aviation land lease she would like to see an increases.
 - Commissioner Flores asked about Jet Fuel contractual rate and when do we see a change. Manager Servis stated we do not have a contracted rate of our jet fuel purchases. The pricing is passed on to the jet fuel consumers. He asked if we have a set price for jet fuel with Jet fuel discount customers. Manger Servis stated they have a set discount but the increase in price is passed on.
 - Commissioner Weill stated something we need to think about for next year, is the way we look at our numbers. Particularly the way we look at Jet Fuel revenues. He stated it should be separated from our aviation revenues. He believes that we should be looking at a professional to evaluate this. Commissioner Flores is in agreement. Commissioner Weill also mentioned the future and the change to electronic aviation.
 - Airport Operations are down 17% for the month of May compared to FY2021. Overall is up 9% for FY2022 compared to FY2021.
 - Commissioner Flores asked if Southern Airways will make up the 17% in operations. Manager Servis stated it will increase slightly, but will not make up the numbers.
 - Commissioner Flores made the statement that we are pushing people to the Highline. Manager Servis stated there is a huge shortage of pilots and mechanics.
 - Reviewed Cares act funds and we will use all of our Cares funds ahead of schedule.
 - CRRSAA Acts funds we are closing out. The only piece we haven't used is the \$ 5,240.00 funds for concessions which has to be used for the rental cars..
 - ARPA- we will begin using the funds for operating expenses in FY2023.
 - Upcoming July Finance Items:
 - Hyannis Hangar LLC (maintain for June meetings)
 - On-call Planning
 - On-Call Engineering



- Commission June next Tuesday
 - Election of Officers
 - Airport Manager Review
- CARES Act Projects Update
 - Mary Dunn Way Extension
 - Project starts 6/20/2022
 - They are starting to put a fence up to separate the project. Has a September end date.
- Other Projects out to Bid Now
 - Runway 6/24 Reconstruction (Spring 2023 start)
 - Runway 6/24 EMAS Bed Replacement (Spring 2023 start)
- Town of Barnstable Budget
- Operating Budget was approved on June 16, 2022 – Town council commented they are enjoying the public series.
- Airport Environmental Assessment
 - Epsilon Associates Kickoff Meeting completed
 - Grant Application in FAA's hands
- PFOS/Public Involvement Plan & Update
 - Completed Phase III Reporting
 - Received comments and feedback from DEP and the public
 - Final report submitted last week
 - Continuing data collection and preparing for submittal of the Phase IV report to DEP in October 2022
 - Webpage development with more information on PFAS underway
- Dates to remember:
 - Cape Cod Gateway Airport Community Event Series
 - June 23, 2022: Cigars & Whiskey (6:30-8:30) \$100/ticket & Southern Airway Kick off.
 - September 24, 2022: A Great Day for the Gateway - Celebrating America on Cape Cod (11-4:00) A lot of military bands willing to play and color guards and food vendors.

Additional Comments:

Commissioner Griffin wanted to thank all the commissioners for getting the Airport Managers evaluation completed and he will compile a summary and schedule an appointment with Manager to review the findings.

Meeting Adjourned at 10:06 am

The next Finance Subcommittee Meeting is scheduled Tuesday, July 12, 2022 @ 8:30 a.m.



Norman E. Weill, Chairman

