



FINANCE SUBCOMMITTEE MEETING MINUTES
Tuesday, November 1, 2022
8:30 a.m.
Via Zoom Virtual Meeting

Call Meeting to Order:

8:30 a.m.

Commissioner's Present: (Roll Call)

Norman E. Weill, Commissioner

Bradley J. Bailey, Commissioner

John G. Flores, Commissioner

Airport Staff:

Matthew T. Elia, Assistant Airport Manager

Christopher Bostwick, Senior Project Manager

Mary McDonald, Financial Analyst

Airport Staff Absent:

Katie R. Servis, Airport Manager

Public Members:

John T. Griffin, Cape Cod Gateway Airport

No minutes to Review and approve.

Assistant Manager Elia introduced Chris Bostwick, the newly hired Senior Project Manager/Airfield Compliance Officer. A nationwide search was done for the position. Chris provided a brief introduction including a brief employment history and explained he has relocated to the Cape and is excited to work with everyone at the Airport.

OLD BUSINESS

NONE

NEW BUSINESS

F1122-1 Review and Approve a three (3) year contract by and between Cape Cod Gateway Airport and Airport Solutions Group LLC, 39 Winn Street, Burlington, MA for Professional On-Call Engineering Services.

- Assistant Manager Elia stated Request for Proposal for Professional On-Call Engineering Services was advertised with two proposals received in response to the RFP as follows
 - Airport Solutions Group
 - McFarland Johnson
- The evaluation committee recommended and the Airport Commission approved during a meeting on October 18, 2022 to award the contract to the most highly advantageous firm, Airport Solutions Group
- Airport Solutions Group was deemed as the most highly advantageous firm based on the following:
 - Strong technical proposal and demonstration of technical ability and understanding specific to our upcoming project needs;



- Firms focus and main niche is airport engineering;
 - Highly qualified and experienced project team;
 - Highly qualified and experienced sub-consultants;
 - Demonstrated capacity and ability to meet airport project goals;
 - Favorable past experience with the airport management; and
 - Hourly rate structure is highly advantageous.
- 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 *November 15, 2022* Full Commission meeting for approval

FI122-2 Review and Approve a three (3) year contract by and between Cape Cod Gateway Airport and Airport Solutions Group LLC, 39 Winn Street, Burlington, MA for Professional On-Call Planning Services.

- Assistant Airport Manager Elia stated the Federal Aviation Administration requested we have a separate Request for Proposal for planning services.
- The Request for Proposal for Professional On-Call Planning Services was advertised with three proposals received in response to the Request for Proposal as follows:
 - Airport Solutions Group
 - Gale Associates, Inc.
 - McFarland Johnson
- The evaluation committee recommended and the Airport Commission approved during a meeting on October 18, 2022 to award the contract to the most highly advantageous firm, Airport Solutions Group
- Airport Solutions Group was deemed as the most highly advantageous firm based on the following:
 - Strong technical proposal and demonstration of technical ability and understanding specific to our upcoming project needs;
 - Highly enthusiastic, qualified and experienced project team;
 - Highly qualified and experienced sub-consultants;
 - Demonstrated capacity and ability to meet airport project goals; and
 - Hourly rate structure is highly advantageous.
- 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 *November 15, 2022* Full Commission meeting for approval

FI122-3 Review and Approve the Lease Agreement by and between Cape Cod Gateway Airport and Eric Drugge for hangar development on the east ramp.

- Assistant Manager Elia stated Eric Drugge has operated a flight school with Air Cape Cod and is looking to build a hangar to run a flight school out of. The lease agreement is being reviewed by the airport attorney Anderson & Krieger, to ensure it is in line with our minimum standards. This item will be brought back to the commission in December.
- Commission Weill stated he knows Eric and he is in support of him opening a flight school. He commented that he made this statement to let people know the commission is aware of this item and fully supports his efforts.



- The draft lease was crafted with the airport's attorneys and is under review by the potential Lessee
- Most of the terms were previously discussed with the Lessee but any further substantive changes will be brought back to the Airport Commission if necessary.
- The lessee intends to use the property as a Specialized Aviation Service Operator (SASO) - Aircraft Rental or Flight Training Operator and shall comply with the Airport's published Airport General Aviation Minimum Standards
- The use of property not only meets the Airport's Business Plans goals but further provides a source for much needed flight training at the airport for those wishing to learn to fly and achieve their pilots license
- Term is 20-years but the Lessee has requested a clause in the lease allowing for term extension in excess of 20-years with Barnstable Town Council approval pursuant to M.G.L. c. 90, §51 as the Airport Commission can only approve a lease term of 20 years
- Ballpark square footage of leased land is = 12,000 square feet, which we will verify.
- Similar to other leases with property development and to entice hangar development on vacant land, the Airport is allowing for lease terms that are conducive to construction and provide a financial break for the developer
 - CONSTRUCTION PHASE (24 MONTHS TOTAL)
 - @ \$0.25/square foot (50% discount)
 - FULL OPERATION PHASE I (LEASE YEARS 3 THROUGH 7)
 - @ \$0.40/square foot (20% discount)
 - FULL OPERATION PHASE II/BASE RENT (LEASE YEARS 8 THROUGH 20)
 - @ \$0.60/square foot (0% discount) and based on assumed FMV
- Base Rent during the Lease Term shall be increased annually on anniversary of the Commencement Date by 3% or the Consumer Price Index (CPI), whichever is greater.
- In addition to the annual adjustment, during the Full Operation Phase II (Lease Years 8 through the end of the Term), the Base Rent shall be adjusted by increase in the fair market rental value of the Leased Premises (the "Fair Market Rental Value") on the anniversary of the Commencement Date in years 8, 13 and 18 as determined by a licensed professional and commercial real estate broker or appraiser in the Airport market, identified, procured, and paid for by LESSOR, taking into account the fair market rental value for premises of comparable size, quality, age and location, and all relevant factors.
- Lessee will also pay quarterly, as Additional Rent, a sum equal to three (3%) percent of gross revenue obtained from all sales and services of any nature, excluding avionics sales and services, but including any subtenant rents of the Leased Premises.
- 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 November 15, 2022 Full Commission meeting for approval

F1122-4 Review and Approve the Lease Agreement by and between Cape Cod Gateway Airport and HYANNIS AIR SERVICE, INC., dba CAPE AIR and NANTUCKET AIR for the Lease of Space in the Airport Terminal for Ticket Counter, Operations and Office Spaces to Provide Passenger and Baggage Services to Airport Patrons.

- Assistant Manager Elia stated this item is for Cape Air's Terminal Ticket counter. Our attorney is reviewing and is looking to Lessee Termination language. The draft lease was crafted with the airport's attorneys and came under review by the Lessee



- Lessee asked for the following modifications, which our attorney is working on:
 - Termination Provision – Airport attorney is looking to modify the termination provision for the Lessee and revise or add a Lessee termination clause.
 - Given the fluctuations in the airline industry Cape Air is asking all stations that they lease counter space from for the opportunity to pull out of leased space if they needed to.
 - They have reduced flights and pilot shortages that they are contending with – similar to other airlines
 - Additionally, we allowed have allowed for this in the past on other leases so I feel we need to follow suit
 - Cape Air offered 6 month notice for the Lessee termination provision
 - Indemnification Provision – Cape Air want us to modify and take the word "gross" out of the paragraph. They also asked for a reciprocal indemnification provision
- The lessee intends to use the property as previously used for Ticket Counter, Operations and Office Spaces to Provide Passenger and Baggage Services to Airport Patrons.
- Term is 5-years with two five (5) year option terms
- Ballpark square footage is = 1,440 square feet which will be verified.
- Similar to other leases in the terminal, the rent will start at \$44.33/square foot = \$ 63,835.20 1st year
- Base Rent during the Lease Term shall be increased annually on anniversary of the Commencement Date by 3% or the Consumer Price Index (CPI), whichever is greater.
- Lessee will also pay quarterly, as Additional Rent, a sum equal to three (3%) percent of gross revenue obtained from all sales and services of any nature, excluding certain air carrier services outlined in the lease. For Cape Air, this has really only included outside maintenance services that they have provided and freight
- Commissioner Flores asked about the language "compensation Freight?" Assistant Manager Elia stated he will look into this and get back to the commissioners.
- Commissioner Weill stated he was glad to see the rent increase of CPI or 3% and the flexibility in this economy. He noted that there seems to be more parked planes and wondered if this was indicative of business.
- Assistant Manager Elia stated there are quite a few aircraft and it is a good sign because they are taking the aircraft out of storage to do maintenance and train pilots.
- 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 *November 15, 2022* Full Commission meeting for approval

F1122-5 Review and Approve FY2024 Draft Capital Improvement Plan for Cape Cod Gateway Airport

- Airport Management met with the Federal Aviation Administration (FAA) and the Massachusetts Department of Transportation – Aeronautics Division on October 5, 2022
- Modifications were suggested by the federal and state planners present on the call to adequately fit various projects within the 5-year horizon within Federal and State budgets



- The Airport will be using various grants afforded to us as part of the relief packages awarded to airports in response to COVID
- As soon as the on-call contracts are approved, Airport Management will work with Airport Solutions Group to provide more refined estimates for projects in FY2024 and verify (to the best of their ability) projects from FY2025 and beyond.
- Commissioner Flores asked if it has gone before Town of Barnstable Finance Department. Assistant Manager Elia stated yes it has.
- What percentage we pay compared to each project would have different %
- Commissioner Weill stated he is excited to see the attention to Electric Aircraft on the CIP and he believes the first Electric Aircraft will be approved by 2025.
- 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 *November 15, 2022* Full Commission meeting for approval

FI122-6 Review and Approve the Jet Fuel Pricing Agreement by and Between the Cape Cod Gateway Airport and Everest Fuel Management, LLC

- Everest Fuel Management has contracted with the Airport since 2017.
 - Their initial contract in 2017 started at 50,001 gallons of jet fuel.
 - In 2018 they increased that to 100,000 gallons of jet fuel
 - In 2019/2020, they raised their purchase to 200,001 gallons of jet fuel.
 - Each year they surpassed their Fuel Quota.
- In 2022 they asked to raise their purchase to 500,001 gallons of jet fuel
- Assistant Manager Elia stated they contacted at 400,001 gallons.
- Commissioner Weill noticed the commissioners have not received the contract prior to meeting. He stated he does not have an issue approving contract because the commissioners had previously seen it.
- Assistant Manager Elia stated he would send out the contract immediately after meeting. The reason it was not sent last Wednesday with the other Finance subcommittee documents is because it was not ready.
- Commissioner Flores stated we seem to be a gas station not a vacation destination. Is it because we have cheaper jet fuel? Assistant Airport Manager Elia stated we will we will never have the cheapest fuel.
- Commissioner Flores stated the Steam Ship Authority contributes to the local economy and asked if the Airport could have that type of business? He stated it is not a criticism it's an observation at the local level
- Commissioner Flores asked if the Air & Space Museum is open on Main Street? Assistant Manager Elia stated they have been doing a lot of renovations and should be open within a couple of weeks. Commissioner Flores stated we should support the museum with an event for the grand opening. Assistant Manager Elia agreed it that is a great idea.
- 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 *November 15, 2022* Full Commission meeting for approval



Updates:

- Assistant Manager Elia reviewed the attached FY2022 Budget Update Presentation.
 - Overall we are tracking well within budget with current budget surplus of \$1.29 million without CARES/SRRSAA grants.
 - Jet fuel sales are 62% above estimated revenue budget.
 - Operations are down 13% for the month compared to FY22.
 - Operations overall are down 3% for FY23 compared to FY22
 - Rental Car concessions are 84% over budgeted revenues.
 - Reviewed top 6 Revenue Producers Jet Fuel, Grants, Non Aero Land lease, rental car concessions, landing fees, land lease.
- Commissioner Weill stated in reference to Commissioner Flores comment regarding being a Gas station. He stated he thinks we should have two budgets one just for jet fuel.
- Assistant Manager Elia, presented a CARES Act Projects Update:
 - Mary Dunn Way Extension Project has reached substantial completion. The current project punch list will be reviewed. Photos were supplied of the new areas. The sign is build and the base will be covered with dirt once complete.
 - Replacement of T-Hangar & Airport Operations Renovation Project has started and the Operations Department moved into the temporary trailers. A test was completed for response time from the new space. Demolition will commence over the next two weeks on the building, and the demolition of the T-Hangars is complete.

Additional Comments:

- Commissioner Flores stated he took a ride down Mary Dunn Way and it looks great. However, the truck staging area is a mess. He asked if the steamship authority still leases parking space. Assistant Manager Elia stated they have contacted us about paving the area.

Adjourned: 9:43 AM

The next Finance Subcommittee Meeting is scheduled Tuesday, December 6, 2022 @ 8:30 a.m.



Norman E. Weill, Chairman

