

NANTUCKET MEMORIAL AIRPORT COMMISSION

April 10, 2014

AGENDA – Updated 4/9/14

1. Review and Approve:
 - a. Agenda
 - b. 3/25/14 Minutes
 - c. Ratify 4/2/14 Warrant
2. Public Comment
3. Pending Leases/Contracts as Set Forth on Exhibit 1, Which Exhibit is Herein Incorporated by Reference
4. Pending Matters
 - a. **070913-1** TON Memorandum of Understanding (MOU) Update
5. Finance
 - a. **041014-1** FY14 Quarterly Report
 - b. **041014-2** ATM Review
6. **022613-2** Master Plan and Sustainability Program Update
7. Manager's Report
 - a. Project Updates
 - b. FUDS Update
 - c. RFP/Bid Status
 - d. Operations Update
 - e. Staff Update
8. Sub-Committee Reports
 - a. Sub-Committee Review
9. Commissioner's Comments
10. Public Comment

Public Safety Facility

1st Floor Meeting Room

4 Fairgrounds Road

5:00 PM

rec'd @ meeting

Handout

Commissioner Drake--

We have asked too participate in this meeting tonight to further our attempt of completing our Lease with the Airport Commission.

In recent weeks since our visit on November 26th before this Commission, we have reached out repeatedly for feed back from your counsel as to the finalization of this lease, to date we have received no comments or concerns about the content and points of agreement derived from our past meetings.

We are keenly aware of the difficulties due to the Ordnance discovery first reported to this Commission in October of 2013; we were not however advised of this issue until January 29, 2014.

Additionally on February 4, 2014 we received word of "Heavy Metal Contents" in the water and soils due to a report prepared by Alion Science and Technology requested by the "US Army Engineering and Support Center" and the "US Army Corps of Engineers". The date of that report is January 2008.

As you might guess, GJ Smith was quite surprised to be notified of these difficulties after almost 70 days of working with the Airport Commission toward completing our Lease. Until January 29, 2014 it was represented that this site was clean and ready to develop.

We proceeded with entitling this project with both the Town of Nantucket and the HDC; both approvals are needed for this project to move forward. We have received approvals from both entities.

Again, we are here tonight to renew our offer of help in any way possible to expedite the resolution of any difficulties and finalize the Lease Agreement we have been working on since November 26, 2013.

 4/10/14

000613-2



U.S. Department
of Transportation
**Federal Aviation
Administration**

Federal Aviation Administration
New England Region

12 New England Executive Park
Burlington, MA 01803

April 7, 2014

Mr. Thomas Rafter
Airport Manager
Nantucket Memorial Airport
14 Airport Road
Nantucket, MA 02554

Dear Mr. Rafter:

The Federal Aviation Administration (FAA) has reviewed the forecast for Nantucket Airport, Nantucket, MA, as depicted in "*Chapter 5-Aviation Activity Forecasts*" received in February 2014, prepared by Jacobs Engineering in association with Robin Lee Monroe & Associates. This forecast development is associated with the Airport Master Plan project under Airport Improvement Program (AIP) number 3-25-0033-057-2013.

The methodologies used to develop forecasts reasonably represent anticipated activities at the airport.

FAA accepts these forecasts.

Sincerely,

A handwritten signature in blue ink that reads "Lisa J. Lesperance".

Lisa J. Lesperance
Airport Planner

Cc: Denise Garcia, MassDOT/Aeronautics
Bill Richardson, Stantec Engineering

Daniel W. Drake

Handout

From: Daniel W. Drake <ddrake@ackquack.com>
Sent: Wednesday, March 12, 2014 2:21 PM
To: Rebecca Parkinson (beccap81@gmail.com)
Cc: Judith Drake
Subject: FW: Hi!

Becky,

While I understand your perspective, with due respect, I think there is a lot more fairness in what the airport is doing than you have deduced.

About 65% of the ACK's revenue comes from its general aviation ("GA") business (the "rich" and others) and only about 16% of its revenues come from its commercial business (the "tourists.") (The other 17% comes from "non-aviation" uses.) The cost of supporting the commercial business is disproportionately high because, *inter alia*, it is the commercial business which requires the airport to have a fully staffed and trained, on-site fire and rescue department on duty 24/7, year-round and brings into play a host of other regulations which must be followed at considerable expense. So, the general aviation business already provides a substantial subsidy to benefit commercial travelers such as yourself.

As you know, we have been struggling with righting the airport's financial ship (Yeah, I know; bad metaphor.) which involves looking into every wave (!) for possible revenue. There are two other considerations we must take into account. In determining many user fees, (landing fees, ramp parking and the like), we cannot discriminate between commercial and general aviation users. Further, we along, with other airports, are charged by the FAA to do whatever we can to make ourselves self-sufficient. As ACK is one of only two commercial airports out of hundreds in the country that does not impose a Passenger Facility Charge ("PFC") on commercial airline tickets, that seems a logical path to follow.

By the way, if you fly to ACK from Newark though Boston now, you pay PFCs of \$4.50 to Newark and Boston. On the return trip, you pay a \$4.50 PFC to Boston, but nothing currently to Nantucket. (The departure point and the first intermediate stop both are entitled to collect a PFC if they have been authorized under current Federal rules.) There is no PFC imposed on arrival.

If ACK is awarded PFC authority, the PFC proceeds will be largely directed towards paying the debt service on the unreimbursed portion of the commercial terminal reconstruction project which was more than \$5,000,000 (out of a total cost of almost \$30 million!) On the other hand, the debt service on the new General Aviation/Administration building - which has a similar cost - will be paid, effectively, from revenues (fuel sales and user fees) generated by general aviation business.

I hope this is clear. If you have any questions or additional comments, please let me know.

All the best,

Dan

PS. The FAA never funds specific GA projects, because their disbursement monies usually come from the tax on commercial airline tickets. The FAA did provide \$10million for the commercial terminal reconstruction from that pot. The MassDOT Aeronautics Division will fund GA projects from time to time but declined to fund any part of ACK's new GA building because it had already contributed \$15 million to the commercial terminal reconstruction and felt it was the turn of other airports to get assistance.

Daniel W. Drake
PO Box 194
Nantucket, MA 02554

Office: 508-325-7753
Home: 508-228-4833
Cell: 508-221-0770

From: Judith Drake [<mailto:judith@ackquack.com>]
Sent: Tuesday, March 11, 2014 8:30 PM
To: Daniel W Drake
Subject: Fwd: Hi!

Sent from my iPad

Begin forwarded message:

You can tell Dan that as a traveler, I think it's very unfair to tax me to pay for a private lounge for the rich peoples private jets and their pilots. Let them pay for it. The cape air pilots are hardly her long enough to even make a pit stop. I'm sick of every time someone wants to get money they add a tax. Last time I flew it was over 100\$ just for taxes and govt fees. Tax their McMansions. Not the tourists who bring in money!

Recently, the Airport has responded to several inquiries regarding the proposed Passenger Facility Charge (PFC) in the context of the construction of the General Aviation and Administration building. The conclusion that had been drawn was that, through the PFC, the public is now “footing the bill” for a pilot and passenger facility that would only benefit general aviation clients. This is untrue, and an accurate understanding requires some insight into where Airport revenue is generated, why a PFC will be implemented, and the functions of the new building.

The Airport derives 64% of its revenue from general aviation, which is dominated by “corporate” aircraft; planes generally carrying 4-8 people. Only 17% of Airport revenue is generated by commercial flights: operated by carriers like Cape Air, Jet Blue, and Island Air. By way of illustration: a commercial Cessna 402 is charged a landing fee of \$13.50, while a large corporate jet such as a Gulfstream VI pays a landing fee of \$786.00. Virtually all of the \$8 million in annual aviation fuel sales come from corporate aircraft. As a result, this revenue disparity means that general aviation supports the bulk of the Airport’s essential public functions, including those enjoyed by passengers travelling commercially.

Until now ACK has avoided collecting a PFC in large part because of the revenues from general aviation. Every airport connecting to Nantucket (excepting New Bedford) collects a PFC - in most cases since the 1990’s. Thus, Nantucketers have actually paid PFC’s to other airports without receiving any local benefit from it (a traveler from Nantucket to anywhere beyond Boston pays Logan’s PFC). Now, due to a change in the complicated way the Federal government collects and redistributes ticket taxes to airports, less money is available to pay for the increased local share of infrastructure maintenance, and airports nationwide are struggling. By law, the PFC may only be applied to projects with public benefit. At ACK, the projects funded by the PFC will include the debt service on the Terminal building, the cost of a new taxiway connector, and the charge for preparing the Airport’s new Master Plan. Implementation of the PFC will also reduce the chance that the Airport will have to ask Nantucket’s taxpayers for additional subsidies in the future.

If anything, assessing a PFC is the most equitable way to ensure that the actual users of a facility are bearing its costs. The variety of Airport services the public enjoys, such as the new terminal, efficient security screening and baggage handling spaces, year-round air taxi, free day parking, and a restaurant open 365 days a year are due, in large part to revenue derived from corporate aircraft. By implementing a PFC, the Airport not only uncouples itself from over-reliance on corporate aviation for revenue generation, but more fairly shifts the burden to the specific users of those Airport services. Most of the general aviation users never set foot in the Terminal, but find themselves footing the bill for it.

In contrast with the Terminal the new general aviation facility is smaller and more intimate, based on the users’ needs. The passenger space on the ground floor is designed for people who will be there for a very short time while waiting for their plane. The crew lounge upstairs is designed, in part, to encourage pilots who lay over to rest there instead of in their planes on the ramp with jet engines running. But the building is not theirs alone; for the first time in several years all of the Airport’s administrative, accounting and fixed base employees are together in the new building.

These collective upgrades were long overdue, acknowledge an important revenue source, and only occurred after the public Terminal was renovated. The Airport's continuing priority is to effectively balance differing air service demands in our unique island community. Instituting a PFC and carefully planned construction are two important, but separate, means to accomplish this task.