

Airport Advisory Committee  
October 16, 2014  
Draft Meeting Minutes

Committee in attendance: Joe Alosa, Rick Bartle, Candace Bouchard, Charles Gerhan, Ernie Loomis, Gail Matson, Jim McKay

Staff/FBO in attendance: Carlos Baía, Jay Burgess, Chip Chesley, David Rolla (FBO), Robert Rolla (FBO)

Consultant: Heath Marsden (Jacobs Engineering); John Gorham (Jacobs Engineering)

Meeting called to order at 4:30 p.m.

Councilor Bouchard asked if the FBO contract item could be dealt with first as she had another City meeting to attend and would need to depart shortly. Chairman Alosa agreed.

1. Recommendation regarding proposed contract terms for Fixed Base Operator

Carlos Baía explained that over the last nine months, he, Deputy City Manager of Finance LeBrun, Director of GSD Chip Chesley and Associate Engineer Martha Drukker had been in negotiations with Concord Aviation Services to arrive at the terms to be presented this evening.

Mr. Baía read the terms to the FBO and Airport Manager contracts as outlined in his report to City Council dated October 2, 2014. He explained that due to the need to expedite the contract approvals, City Council received the report first and approved the terms on October 14<sup>th</sup> contingent upon a positive Airport Advisory Committee recommendation.

Rick Bartles inquired as to the maintenance provisions of the new FBO contract. Mr. Baía explained that the terms outlined in the report were the key items that largely represented changes from the old contract. He added that the actual new contract document will largely mirror the old agreement in terms of format and maintenance language.

Mr. Bartles asked what CAS was planning for the added space in the terminal building. Robert Rolla indicated that as Airport Manager they are responsible for the security for the airfield and over the years they've been storing cable and equipment related to the gate and monitoring system. There have also been some changes to the Unicom system. The added space would allow them to re-organize and make more effective use of the space.

Charles Gerhan inquired as to what the base rent was under the old contract. Mr. Baía indicated that between the hangars and the terminal, Concord Aviation Services (CAS) was paying the City approximately \$110,000 per year as opposed to the \$44,000 proposed. Mr. Baía noted that the difference in rent revenue from the old contract to what is proposed was a significant concern for the City and a point of lengthy debate during the negotiations. He explained that CAS felt that greater financial flexibility was needed. Mr. Baía noted that the overall aviation industry was not what it had been several years ago with evidence of this, in part, being the response to the RFP for

FBO services that was sent to all the FBOs in the northeastern United States yet didn't result in any submittals except from CAS.

Mr. Baía added that to mitigate for the loss in revenue, the City secured a 10 year term as opposed to a 20-25 year term that CAS would have preferred. By the end of the 10 years, the City can re-evaluate the marketplace and determine if it would like to pursue a different direction in terms of the Airport operations.

Mr. Gerhan asked why CAS chose to increase the fuel flow fee on the jet fuel. David Rolla explained that the base rent under the old agreement was not tenable and that CAS wanted to arrive at a way of providing the City with more money if it made more money. Thus the reason for the increase in jet fuel flow fee. Mr. Gerhan asked how this flow fee compared to other airports. David Rolla answered that no other airport in New Hampshire that he was aware of had fee as high as the \$.26 per gallon proposed. Mr. Bartles confirmed this understanding.

Mr. Gerhan asked if the higher fee would place Concord at a competitive disadvantage in terms of fuel pricing. David Rolla explained that CAS had always tried to be competitive in fuel sales and he didn't foresee that changing.

Mr. Baía stressed that the proposed contracts will significantly reduce the revenue coming into the Airport Fund. As a result, he wanted the committee to be on notice that the City would have to examine all future expenditures in the operating and capital budgets even more closely and likely scale back or postpone certain projects to help keep the Airport Fund as healthy as possible over the term of the contracts. He noted that even projects that are largely federally funded will need to be evaluated under a stronger lens due to the fact that although the initial capital cost is minimal to the City, they inevitably create long-term operational costs.

Mr. Loomis inquired as to the budget for the airport and noted that it is the National Guard lease that is largely supporting the budget. Mr. Baía concurred that the Guard lease at approximately \$215,000 is the single most significant revenue stream to the Airport.

Mr. Loomis moved approval of the proposed FBO and Airport Manager contract terms outlined in Mr. Baía's October 2, 2014 Report to Council. Councilor Bouchard seconded the motion. Motion carries unanimously.

*Councilor Bouchard departed the meeting at this point.*

2. Minutes of September 2, 2014

Mr. Bartles moved approval. Mr. Loomis seconded the motion. Motion carries unanimously.

3. Update on National Guard Proposal

Mr. Baía informed the Committee that after the last meeting in which National Guard representatives presented plans to acquire City property at 51 Airport Road, he was contacted by a member of the Adjutant General's Office who indicated that the individuals making that presentation did not have the authority to do so for the National Guard and the commitments they

agreed to were not commitments that the National Guard could accept. As a result, Mr. Baía concluded that there was no longer any proposal from the Guard for the property.

In light of these developments, Mr. Loomis moved to rescind the Airport Advisory Committee's vote relative to the sale of 51 Airport Road made at the September 2, 2014 meeting. Councilor Matson seconded the motion. Motion carried unanimously.

*Meeting adjourned at 5:05 p.m.*

*Respectfully submitted,  
Carlos P. Baía*