



The Town of Barnstable

Comprehensive Financial Advisory Committee (CFAC)
367 Main Street, Village of Hyannis, MA 02601
v. 508.862.4654 • f. 508.862.4717
www.town.barnstable.ma.us
Email: cfac@town.barnstable.ma.us

CFAC Committee:

Chair:

John Schoenherr

Members:

Robert Ciolek
Ralph Krau
Lillian Woo
Joseph Mladinich
Allen Fullerton
Hector Guenther

Staff Liaison:

Mark Milne
Nathan Empey

Councilor Liaison:

Paula Schnepf

MEETING MINUTES

11.13.18

6:00 PM

Planning & Development Conference Room

Roll Call:

- CFAC Members Present: Hector Guenther, Allen Fullerton, Lillian Woo, Ralph Krau, Robert Ciolek, and Joseph Mladinich
- CFAC Members Absent: John Schoenherr
- Councilors Present: None
- Staff Present: Mark Milne, Director of Finance, Nathan Empey, Budget Analyst, Katie Servis, Airport Manager, Matthew Elia, Assistant Airport Manager
- Other Present: None

Call to Order:

Robert Ciolek called the CFAC meeting to order at 6:00 PM in the Planning & Development Conference Room at Town Hall.

Act on Minutes:

The following minutes were approved by unanimous vote:

10.22.18

Old Business:

None

New Business:

Katie Servis, Airport Manager recognized Matthew Elia as the new Assistant Airport Manager, who came onboard in June.

Katie S. presented to the committee a summary of the airport operations. Katie S. noted on slide 5 of the presentation is the airports hierarchy. The airport has nine positions in operations that focus on services, initial emergency response, and customer relations. Eight positions are in maintenance, which focus on navigational aid repairs airfield repairs and maintenance as well as building repair and maintenance. The maintenance positions used to be less busy in the summer but are now busy year round. Finally, six positions support administration, security/noise abatement, grant funding, and property lease collections.

Katie S. noted the airport serves three major airlines. Jet Blue will be in its sixth year of seasonal service, but the airport is seeking to entice them to provide year round. Cape Air operates year round at the airport by providing shuttle services to the islands, JFK, and Boston airports. Rectrix Shuttle also provides year round services at the airport.

Katie S. noted the airport has received new tenants. Cape Cod Coffee has been very inventive and aggressive marketing its business during the offseason. Allies Airfreight is another new tenant, which offers airfreight and shuttle services to the islands.

The airport's annual operating budget has changed from \$7.9 million in FY 2016 to \$6.1 million in FY 2019. Katie S. noted the industry nationwide is seeing declines as well as a pilot shortage. Due to the shortage, it affects our smaller shuttle services because existing pilots eventually move onto larger carriers for higher pay. Katie S. noted Cape Air has loss recent business with the pilot shortage affecting them they now only have 85 pilots for 90 planes. They also lost some of their Essential Air Service (EAS) routes where they received federal subsidizes to operate. Since the loss of Island Air in 2015, the airport passenger count has not recovered due to a number of factors but mainly the pilot shortage and a mode shift to cheaper services provided by the ferries. Katie S. summarized that pilot shortages, loss of Island Air, and a younger generation of people showing little interest in pursuing aviation as a career has resulted in lower revenues from passenger facility charges, jet fuel sales, parking and car rentals.

Katie S. noted on slide 23 the airports business plan, which includes the formation of a task group that met monthly since November 2017 to set goals, objectives and actions for the airport. The goals are: to improve general aviation services at the facility; diversify the airports revenue stream by focusing on non-aviation sources; becoming a leader in air transportation for the Cape, Island and SE Massachusetts; and rebranding by identify what type of marketing strategy is needed. Katie S. noted there are four to five parcels of land available for non-aviation use. Joseph M. asked how do you plan to utilize these parcels? Katie S. responded we are collaborating with the Planning & Development Department and Procurement to develop and implement the Request for Proposal (RFP) process, and understand what makes sense for those parcels.

Katie S. noted the Request for Proposal (RFP) for the Kmart Plaza was originally due in August, but was moved to October due to a number of questions posed by potential bidders. The airport received two proposals from WS Development and Wilder/O'Connor. The airport and evaluation committee are in the process of reviewing both proposals. Katie S. noted the WS is the existing lessee of the parcel. Lillian Woo asked how many years are left on the remaining lease? Katie S. responded six years remain. The current RFP includes an agreement to work with the existing lessee. This includes possibly buying out the existing lessee. The new proposal is for a forty-nine year lease. Katie S. noted each proposal gave us a high overview, mix used development, but the financial packages are completely different.

Mark M. noted this lease is for the entire Cape Town Plaza, which is roughly 27 acres. This lease will be for over forty-nine years and that the existing lease expires in 2024. The two proposals by WS total \$150 million and \$145 million. The \$145 million includes \$2.5 million for Housing Assistance Corporation. Mark M. noted anticipated taxes from WS proposals, assuming a fully developed lot having an assessed value of \$43 million, would generate an additional \$223,000 in taxes for the entire town. Mark M. noted Wilder O'Connor proposes \$22 million, which they are not in control of the leased property. The Wilder's proposal includes a 100 unit residential component as well as requests \$9.5 million in assistance for the residential development. Based on Wilder's proposal and fully developed, it is anticipated to generate \$768,000 more in taxes for the entire town. Mark M. noted Wilder's proposal is significantly less than WS proposal, and that taxes are anybody's guess. An evaluation committee will review these proposals and make a decision in the near future. Bob C. asked who actually has the authority to make the final decision? Mark M. responded that the airport commission is in charge of negotiations, but Town Council will approve it. Joseph M. asked who is on the evaluation committee? Katie S. responded that this can't be disclosed, but the procurement office establishes an evaluation committee every time a proposal is received. Joseph M. asked do you have a period when a decision will be made? Katie S. responded yes, by December for the selection and June 2019 for lease completion.

Matters not reasonably anticipated by the chair:

None

Discussion of topics for the next meeting:

Mark Milne, Finance Director will review the drafted FY19 Tax Classification for the next meeting. The committee will meet with the school department at the following meeting.

Adjournment:

CFAC's next meeting will be Monday November 26, 2018 at 6:00pm.

List of documents handed out

1. 10.22.18 minutes
2. Airport HYA Updated Presentation
3. Summary Financial Analysis - Cape Town Plaza
4. Wilder O'Connor Site Plan
5. WS Site Plan