

City of Keene
New Hampshire

AIRPORT DEVELOPMENT & MARKETING COMMITTEE
MEETING MINUTES

Tuesday, February 23, 2021

9:00 AM

Remote Meeting via Zoom

Members Present:

Curt Hansen, Chair
Elizabeth Bendel
Mitch Greenwald, City Councilor
Richard Blood
Bill Hutwelker

Staff Present:

Elizabeth Dragon, City Manager
David Hickling, Airport Director

Members Not Present:

Joseph Bendzinski
Nathan Jacobs, Vice Chair
Brian Johnson

George S. Hansel, Mayor

Chair Curt Hansen read a prepared statement explaining how the Emergency Order #12, pursuant to Executive Order #2020-04 issued by the Governor of New Hampshire, waives certain provisions of RSA 91-A (which regulates the operation of public body meetings) during the declared COVID-19 State of Emergency.

New Business

1) Call to Order

Chair Hansen called the meeting to order at 9:03 AM. Roll call was taken.

2) Adopt Meeting Minutes

Mitch Greenwald moved to accept as presented the minutes from January 26, 2021. Richard Blood seconded the motion, which passed unanimously.

3) 2021 Air Service Development Plan

David Hickling announced that after some discussion Curt Hansen agreed to stay on as Chair for a while. He thanked Chair Hansen for agreeing to maintain the position and asked for an official nomination. Mayor George Hansel moved to make Curt Hansen Chair. Richard Blood seconded the motion, which passed unanimously.

Councilor Greenwald nominated Bill Hutwelker for Vice Chair. Mr. Hutwelker politely declined. Elizabeth Bendel nominated Nathan Jacobs for Vice Chair. Richard Blood seconded the motion, which passed unanimously.

David Hickling went on to talk about air service. He stated that during the last meeting George Hansel recommended we not delay our pursuit of air service so he put together an Air Service Development Plan for 2021. Mr. Hickling stated they have the information from the Crawford, Murphy and Tilly, Inc. (CMT) catchment study and market analysis, which will be relevant for a few years. However, they will likely still need an air services development consultant moving forward. Mr. Hickling stated that he added to his budget request a contract for an air service development consultant, which could be hired on a Time and Materials basis. They could then minimize the time they spend with the consultant and thus the expenditure. Mr. Hickling noted that consultants are especially helpful for data, airline market trends, and making connections with airline planners. The Small Community Air Service Development grant is something else a consultant could help with. Mr. Hickling stated he hopes to obtain an agreement with a consultant by mid-year.

The next component would be to reach out to airlines in the market. Mr. Hickling identified three airlines so far that may be a good fit and plans to reach out and measure their interest. The aforementioned are Cape Air, Southern Airways Express, and Boutique Air. Mr. Hickling mentioned that this would be another area where a consultant would be helpful.

Next would be determining business travel demand. Mr. Hickling stated that CMT provided a good market study but we need to go further with this to identify how many business travelers are flying in and out of Keene at different time frames (daily, weekly, monthly, etc.). This would include employees as well as clients, and ascertaining what the top three airports are that they utilize and whether or not they use the Keene Airport. That information can be used to convince airlines to begin service at the Keene Airport. He suggested working with the Keene Chamber of Commerce to obtain mailing lists for identifying business travel. His idea is to send out a questionnaire/survey either online or by direct mail, and then follow up to obtain responses. Mr. Hickling noted that the follow-up process will take a lot of work so he is hoping to have assistance from students from the Business Department at Keene State College.

Elizabeth Bendel agreed about Boutique Air being a good target. She also stated that they already have a pretty good idea of who is coming in to the Keene Airport and what they are coming in for, but they don't have a whole lot of information on who else is out there that could be cultivated as air traffic. Mr. Hickling responded that the survey could be used as an educational tool as well, to inform businesses of the Keene Airport as an option that's available to them.

The last component would be applying for a Department of Transportation (DOT) Small Community Air Service Development grant. David Hickling stated he has some experience with this process and, although it is not a requirement of the grant, he

recommended they come up with about \$250,000 to put towards a local match. This is because the more the community invests typically leads to a higher opportunity of being awarded. What this grant would do is reduce the risk airlines have when starting a new service with them because the match, plus the awarded grant money, would act as a fund for revenue guarantees. In other words, the airline would receive money from the fund if they don't end up making the revenue that's pre-determined in their air service agreement, and these agreements would include a required frequency of flights in and out of the Keene Airport over a certain number of years. Assuming a \$750,000 grant, one quarter of the money would be taken out of the local share and three quarters would be taken out of the grant, until the fund is depleted. Additionally, if the airline is successful and profitable and the agreement ends, then they may never use that money and it returns to the City.

Mr. Hickling stated the grant application is due in January 2022 so he will work on that in November/December. He will work to obtain letters from elected officials and local businesses, and would also hope to obtain a letter from an interested airline stating that they would begin service at the Keene Airport if the grant is awarded.

Chair Hansen asked if there is an insurance policy people could buy instead of this proposed grant process, just to be aware of what's out there. David Hickling stated he isn't sure if insurance policies like that are available.

Mayor George Hansel stated this is a great idea and it will allow for more data and easier conversations regarding budgeting.

Councilor Greenwald asked about the \$250,000 and how that would be obtained. Elizabeth Dragon stated they are researching whether or not they will need to appropriate the money before they apply for the grant and she believes they won't, but is working on obtaining more information around the topic. The plan would be to apply for the grant, and only if they are awarded, they would then go back to the council and identify where to obtain the \$250,000. She mentioned that the council will have to agree to this beforehand because if they are awarded the grant and the council then says no to the \$250,000, that would hurt their ability to obtain future grants. Councilor Greenwald agreed with this plan and mentioned that it should be reflected in the minutes.

David Hickling added that the grants aren't usually awarded until the next year and then they'd need to go out and attract an airline, which can typically take around a year as well. So it is likely to be a couple of years down the road before needing to access the money. He stated another option would be to do a public-private partnership for the local share. If there's a business that does a lot of flying and would benefit from having air service in Keene, they could contribute part of the money needed for the local share of the grant.

Old Business

1) Property Sales - Update

David Hickling stated that, in December they received an email from the DOT stating the Federal Aviation Administration (FAA) had clarified use of funds for sale of airport land acquired with FAA funding would be allocated toward the federal share of Airport Improvement Projects. Mr. Hickling stated that, based on previous communications, they had intended to use their funds from sale of land for local share of these projects and had planned their Capital Improvement Program (CIP) under the assumption that that was acceptable. He has been researching this determination as well as contacting consultants to resolve the conflicting information. Several communications with the FAA to figure this issue out have been unsuccessful and there is now a meeting scheduled with the City, the NH DOT, the FAA and our consultants to challenge this new determination.

Elizabeth Dragon added that this is very concerning because they had moved things around in the CIP to fund the fuel farm replacement, which is a significant amount of money they will have to come up with if they can no longer use sale of land funds. Additionally, if the FAA is going to keep the funds to offset their costs, the Keene Airport won't make any money selling property and would be better off leasing property to continue to generate revenue. Mr. Hickling added that there's currently one buyer moving forward and one who is likely not interested in buying anymore because of the time it's taken for approval, so they will be having a meeting in the near future to talk about leasing options. He noted that leasing wouldn't provide enough money to pay for the local share but it would give them a long term lease revenue stream.

2) Restaurant Lease - Update

Mr. Hickling stated it looks like the Flight Deck, is not renewing their lease. Elizabeth Dragon stated so far Tracy has been opposed to language surrounding commitment to being open for a certain number of hours per week for stability. The City Manager will be having another discussion with the owner soon to make a final decision. Mr. Hickling has communicated to the owner that she can respond to a Request for Proposal (RFP) with their terms. If that proposal is the City's best option we would then negotiate a new lease, but ultimately they will need to go with the best proposal received. He added that they appreciate the great job they have done with The Flight Deck and would love to keep working with them but do need to seek more stability. There are at least two other individuals interested in the space.

Councilor Greenwald stated he's been talking with the owner and he hopes something can be worked out. He inquired about the RFP timeline and Elizabeth Dragon stated they could be ready to put it out at the end of the week.

3) Capital Projects - Update

Mr. Hickling stated, with regards to the Taxiway project, they are still looking to start this in the spring but the grant process has been slow likely due to COVID. They are waiting for the grant to come back from the state and then they can move forward awarding the contracts and begin in April or May, weather permitting.

Mr. Hickling went on to state that the Supplemental Discretionary grant for the reconstruction portion hasn't gone to the state from the FAA yet, so they are still waiting on that as well.

The fuel farm bids came back and they had one bidder, located in NH, for the tank construction. This was expected due to the fact that there aren't many companies that do this work and it's a significant cost to transport tanks. However, there was only one bidder for the construction portion, which was not expected. Mr. Hickling stated that with the two bids combined they are over budget. They are going back to re-work the plan for the construction portion and maybe put in some more add- alternate work to try to bring the cost down. They will then rebid that construction portion and increase advertisement in hopes of getting more bidders involved to make it more competitive. Mr. Hickling stated he hopes they can still begin this work in early spring.

Mayor George Hansel asked how they add alternate for a paving project. Mr. Hickling stated they already had an add alternate, which was the removal of the tanks that are currently there, but he will have the engineers look into the details of other add alternates. Mr. Hickling added that if the fuel tanks are not relocated, but kept in the same spot, this would save a lot of money but would mean the fuel farm might be down for longer than the anticipated 1 day, possibly a week or more. Elizabeth Bendel stated if that location saves the city money they would be okay with that. Elizabeth Dragon added that if Elizabeth Bendel could work with them they would really like to save money since this is a 100% city funded project, no grant money is being used. Elizabeth Bendel and David Hickling decided to talk further about this in a separate meeting to go over details.

Mayor George Hansel asked if they have anyone who is overseeing the construction of this project since it is quite complicated. David Hickling stated the engineer of record would be onsite to oversee the work and make sure everything is done in compliance of all regulatory standards. He added that they have already completed environmental tests around the existing tanks, which came back clean.

Chair Hansen opened the floor for any questions or comments.

A member of the public, Marcian, asked if there are any plans to do work on the pavement in the hangar area. He has a plane there and noted a crack in front of his hangar that continues to get worse with time. David Hickling stated they don't currently have a plan for this but he will have someone take a look to see what it would entail to undergo crack sealing out there. Marcian suggested yearly plans to inspect the pavement. He also stated, with regards to the restaurant situation, that it seems unrealistic for someone to make a go at 12 hours a day for 6 days a week, because there's not enough traffic going through to have it be a profitable situation. David Hickling responded that this is why he encouraged the flight Deck to respond to the RFP, but they also need to do their due diligence and explore other businesses out there. He noted there are other revenue streams that could be explored so the business is not completely dependent on traffic into the restaurant.

A member of the public, David Dinneen from an on-call engineering company named Gale Associates, introduced himself. He stated he's been in the aviation business in Massachusetts for many years and has always been interested in the developments at the Keene Airport. He mentioned that he has been in meetings with David Hickling over the past year and is listening in to try and understand what's happening, so that when they go back out for on call services they are informed.

There were no further comments, questions or remarks. Chair Hansen adjourned the meeting at 9:48 AM.

Respectfully submitted by,
Nicole Cullinane, Minute Taker

Edits submitted by,
David Hickling, Airport Director

Additional Edits by,
Katie Kibler, Clerk's Office