

**VERMONT AVIATION ADVISORY COUNCIL
MINUTES OF MEETING
NATIONAL LIFE BUILDING
DAVIS 5th FLOOR CONFERENCE ROOM 1
MONTPELIER, VERMONT
October 7, 2019**

ATTENDEES: Dan Delabruere, VTrans
Trini Brassard, VTrans
Jason Owen, VTrans
Guy Tapper, VTrans
Paul Libby, VTrans
Rollin Tebbetts, VTrans
Scott Fortney, VTrans
Jen Davis, VTrans
Juliann Sherman, VTrans
Kyle Wells, VTrans
Chris Carrigan, Vermont Chamber
Steve Dolgin, Caledonia Airport
Dave Corey, AQX Inc.
Brandy Brewster, McFarland Johnson
Heath Marsden, Jacobs Eng.
Bill Hanf, Green Mountain Avionics
Robert McEwing, BTV NEAC
Bob Flint, Springfield
Doug White, VFA
Evan McDougal, Hoyle Tanner & Associates
Cliff Coy, Boarder Air Ltd.
Paul Carroccio, Green Mountain Flight Training
George Coy, KFSO
David Howe, KFSO
Barbara Murphy, legislature
Dan Cannau
Jim Sullivan, KEFK
Scott Winick, Rutland

1. CALL TO ORDER and ANNOUNCEMENTS

Dan Delabruere called the meeting to order at 1:02 PM and welcomed all to the new VTrans headquarters. The Rail and Aviation Bureau will be on the 4th floor of Barre City Place.

2. PUBLIC INPUT

None.

3. APPROVAL OF MINUTES

June 24, 2019

MOTION by Steve Dolgin, SECOND by Paul Carroccio, to approve the June 24, 2019 minutes with the following correction(s)/clarification(s):

- **Item #7, Lease Rates, vote on motion – note that Paul Carroccio voted in the affirmative with reservations because there was not enough forewarning of the lease rates as required in the CFRs.**

VOTING: unanimous; motion carried.

4. FAA GUIDELINES ON LEASING AIRPORT PROPERTY & LEASE RATES

Trini Brassard reviewed the process used to set lease rates. VTrans met with the FAA for guidance. The FAA will not dictate the rate to be charged but does indicate what is eligible to be included in the rate. The September 2013 version of the federal rules sets the platform by which VTrans sets the rates. The rates must be fair and reasonable, cannot discriminate against users of the airport, and must make the airport as self-sustaining as possible or have a plan to get there. The funds from the lease must be used on allowable projects. VTrans does not include environmental costs in the lease rate or the cost of capital improvement projects. Indirect costs are not factored in nor are landing fees. The rate is based on square footage of land that is going to be developed. Trini Brassard said VTrans requested input from the Aviation Council on the rates for state airports and received no comments. VTrans has the last three years of expenses and revenues not including fuel sales to capture the operating and facility maintenance costs and lease revenue from the state airports. Those who lease hangars pay 15% of the operating and facility costs at the state-run airports.

Dave Howe said those who lease hangars pay the lion's share while many people, not just those with leases, benefit from the public use airports. Rather than squeezing the lease holders the state should look at ways to bring in other revenue through the public use airports. Computer based aviation is a boom to happen. The airports could be involved in this. The legislature should be asked to consider how valuable the airports are to the state. Also, how the proposed rates were calculated should be shown. There must be justification behind the numbers. Trini Brassard explained private lease holders are not being asked to pay 15% of the cost covered by the state. The lease is one piece of activity at an airport and there are different leases (business, FBOs). The taxpayers of the state pick up the balance not covered by the lease holders. Before setting the rate VTrans looked at lease rates at comparable airports in the region. The Aviation Council was asked for feedback on the proposed rates. VTrans felt 15% was not gouging the lease holders, especially with so many costs not being included.

Paul Carroccio asked for the numbers on the comparable airports in New Hampshire, Maine, and Massachusetts, and whether the formula used to calculate the rates was subjective and uniformly applied. Trini Brassard said VTrans looked at what similar airports are charging. The rates are per square foot. Many of the existing leases were handshake deals made in the past, some lasting 20 years. The FAA wants the rate structure to be fair and reasonable. The state Appraisal Section appraised the land at the airports. Land at the Franklin County Airport, for example, is \$.055 per square foot per year, but the charge is 15% of operations cost at the airport. Dan Delabruere noted the state does not collect on all the land area at an airport (i.e. runways, safety areas, and such).

Paul Carroccio said there is subjectivity in the numbers. The customers at the airports want the numbers to be calculated objectively with mathematical and comparisons. Trini Brassard said there is no policy on what private lease holders should pay. VTrans looked at the value of the land, cost of operation of the airport, and percentage of lease revenue from private hangars. A comparable rate was set compared to airports with similar features, so Vermont airports were not priced out of the market. Paul Carroccio suggested dividing the operating costs by the number of square feet to determine the rental income from operating costs plus the land value.

Steve Dolgin said as a pilot he would be willing to pay more if there were improvements such as crosswind runway, longer runway, better maintained runway, and lights.

Doug White said lease holders question what the 15% provides when the taxiways and state infrastructure at the airports are becoming unsafe. The hangar tenants are bearing the full burden.

Dave Corey said the situation is different airport to airport. Trini Brassard stressed the rate for private hangar space is different from the commercial rate. Boylan Airport is an anomaly because there is a rental house that is maintained by the tenant.

Dan Delabruere stated VTrans has been working with the Chamber of Commerce and Agency of Commerce on master permitting at every airport so improvements can be made which will help promote business. Chris Carrigan, Chamber, said VTrans is responsible to build and maintain, not fund raise.

George Coy stressed the need to have a policy that is understood and then run the numbers through the policy to set the rates. Dan Delabruere said the FAA does not set rates but does make sure airports are one day sustainable. The FAA policy is if there is land, then have a 25-year lease and charge a fair rate for 25 years. At the end of the 25-year period the building is turned over to the state and the state can charge a higher rent, so the airport is sustainable. All airports are not the same. The state is spending nearly \$2 million on facilities and maintenance but collecting only \$300,000 per year. Expenditures for improvement projects at the airports are not included in the rate. Fuel sales are not included in the rate. Landing fees are not included in the rate.

George Coy commented improvements are done to runways and extensions, but there is no growth at the airports because there is no hangar space.

Dave Howe said tax policy as it applies to airports (i.e. business income tax) needs to be tackled. Chris Carrigan pointed out the aviation sales tax exemption. Trini Brassard said there are different levels of service and features at each airport. The airport at Island Pond should not pay the same rate as Rutland Airport, for example.

Barb Murphy, legislature, recommended urging state senators and representatives from each district to push the tax policy forward. Mike Marcotte is an advocate for the value of airports.

Doug White said the policy on how the airport grows needs to follow the guidelines (“horse and cart”). Smaller airports can slowly improve if that is their choice, but the policy on how to get the numbers needs to be uniform.

Steve Dolgin said property taxes in each town are a factor. Airports are taxed to the max. The airports have critical maintenance that is needed. The rate increase should be accepted for now in order to move forward on needed maintenance and repairs

Paul Carroccio stressed the lease rate increase must be explained to the customers. Many people just received the notice of increase and were not even aware the matter was under discussion. For some the increase was significant. Dan Delabruere agreed VTrans need to get the word out that work is being done on the rates, both private and commercial.

There was mention of phasing in the rate increase. Trini Brassard said VTrans has been working on the rates for the past 18 months and in many cases the lessor has five years before the increase takes effect due to existing lease terms so there is a phase-in of sorts.

There was a question on the weight assigned to each factor that makes up the rate, so people know the value of each factor in the equation, and how growth is measured since improvements have been done (number of landings, operations, fuel sales). There was also a question on how the state is promoting airports to attract business. Dan Delabruere said the Commerce Department attends Chamber events and promotes available land at airports. VTrans is working on a master permitting process for the airports (completion date January 1st) so there will be permitted locations ready for businesses.

Dave Corey asked about commercial rates at the airport at three times the private rate, pointing out that a hangar with five airplanes brings in \$80,000 per year at \$16,000/year per aircraft, but the same square footage for a hangar with a commercial business and five aircraft and five mechanics brings over a million dollars to the local economy. Lease rates should not discriminate against the most productive use of the airport.

Steve Dolgin asked if the state will sell the land to hangar owners or commercial businesses. Trini Brassard said the state will only sell the land if there is no aviation use for the property.

George Coy suggested a subcommittee be formed to study commercial and private rates and the results reported to the Aviation Council.

MOTION by George Coy, SECOND by Dave Howe, to establish a subcommittee to include members of the Aviation Council to study commercial, residential, and private hangar lease rates and report the results to the Aviation Council.

DISCUSSION:

- **Dan Delabruere urged having a diverse group on the committee representing different regions of the state.**

VOTING: unanimous; motion carried.

Steve Dolgin, Bob Flint, and George Coy volunteered for the subcommittee.

5. PROJECT UPDATES

Paul Libby and Rollin Tebbetts reported on projects at the state airports. The work includes:

- Perimeter fencing and obstruction clearing (Middlebury)
- Obstruction clearing, runway reconstruction, parallel taxiway west, safety area (Bennington)
- Obstruction clearing (Newport)
- Perimeter fencing relocation, runway extension, parallel taxiway (Franklin)
- Crack sealing, pavement marking, AWOS antenna repair, lighting, wildlife control, vegetation control, building/roof repair, PAPI replacement, fuel farm work (statewide with state funds).

Dan Delabruere said the safety area paving project at Morrisville-Stowe Airport will begin April 2020. The parallel taxiway project is in design. Work at the Springfield Airport is in design.

6. OTHER BUSINESS

Next Meeting/Agenda Items

January 13, 2020, Barre City Place, 219 North Main Street.

7. ADJOURNMENT

MOTION by Steve Dolgin, SECOND by Doug White, to adjourn the meeting. VOTING: unanimous; motion carried.

The meeting was adjourned at 3 PM.

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