

Minutes

Public Facilities Committee

June 17, 2019, 4:00 pm

Gerace Office Building, Mayville, N.Y.

Members Present: Hemmer , Wilfong, Gould, Scudder, Nazzaro

Others: Ames, Chagnon, Geise, Bentley, Almeter, Dennison, Abdella, Carrow, Borrello, Wendel

Chairman Hemmer called the meeting to order at 4:00 p.m.

Approval of Minutes (05/13/19)

MOVED by Legislator Gould, SECONDED by Legislator Nazzaro to approve the minutes.

*Unanimously Carried*

Privilege of the Floor

*No one chose to speak at this time.*

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Proposed Resolution - Board Appointment – North County Industrial Water & Sewer District No. 1

Chairman Hemmer: Anyone here to speak to this resolution? If not, any questions or discussion?

*Unanimously Carried*

Proposed Resolution - Authorization of Funding to Replace Boiler at the Mayville Municipal Building

Mr. Bentley: This is the second boiler at this location. The first one failed last year and we replaced it last year and as we went into the heating season, this one failed. You don't want to be in a minus one condition with the heating as it does provide the main heating source in the building here. It's in the Mayville Municipal building. But basically they would be out in the cold. So this went to the Planning Board already, they approved it and so they authorized a budget of \$57,000 of which the first one was replaced at \$16,000 less than originally budgeted so we're going to reuse that money in here. We're looking at doing a fund balance use of \$20,000 for this. Is that right?

Mrs. Dennison: Reserve for capital. Looking to get that done this year so when we enter in this winter heating season, if we lose the other one for any period of time, they won't be out in the cold, the courts.

Legislator Nazzaro: So there are two boilers total?

Mr. Bentley: Yes.

Legislator Nazzaro: You say that they were approved by the Planning Board, first one was or –

Mr. Bentley: So the first one was approved on an emergency basis.

Legislator Nazzaro: Was the second one approved?

Mr. Bentley: They were both approved on an emergency basis because they both failed.

Legislator Nazzaro: So the first one, if I did my math right, is \$41,000 and the second one is \$36,000, give or take? I mean, that's just taking the numbers and – because you say that you had a budget of \$57,000 to replace one, you have -

Mr. Bentley: Yeah, I just don't know what the original estimate was on the first one if it was higher or lower.

Mrs. Dennison: Yes, the budget on the first one was \$57,000, the cost was \$41,000 so there is \$16,000 left over for the second one. So the proposal would be to add another \$20,000 to that budget.

Chairman Hemmer: Which brings you up to \$36,000.

Mrs. Dennison: The proposal would be to carryover the remaining budget from the project that was not expended and apply that to the replacement of the second boiler. So there is \$16,000 that was not utilized and then plus another \$20,000.

Legislator Nazzaro: So basically what this is doing is just increasing the capital appropriation by the \$20,000. There is a difference in reducing the capital fund balance.

Mrs. Dennison: Correct because the estimate for replacement of the second one is \$36,000 since the first one wasn't as much as originally expected.

Mr. Bentley: Oh, I misspoke.

Chairman Hemmer: So that \$36,000 is the total cost on the new one.

Mr. Bentley: Yes. The \$57,000 was the original one.

Chairman Hemmer: Any other questions on the proposed resolution?

*Unanimously Carried*

Proposed Resolution - Obligate County Funds for Local Share Funding of Essential Air Service Contract to Subsidize Commercial Air Service To/From Chautauqua County/Jamestown Airport

Mr. Almeter: We have been in front of the Committee in the past to talk about reestablishing commercial air service to the County through the Jamestown airport. When the previous joint proposal by the County and Boutique Air was submitted to the US Department of Transportation, they reviewed it and wrote a fairly lengthy order rejecting the proposal for a number of reasons which we have attempted to address with a new proposal developed in collaboration with Boutique and with input from Congressman Reed's office as well as business community. So, the essence of that new proposal, again, addresses some of the perceived deficiencies cited by the US Department of Transportation, include the addition of additional routes from Jamestown to Pittsburg and Baltimore/Washington International Airport. It also reflects some economies of overhead costs associated with Boutique's having established a base of operation out of Pittsburg and the interline agreement and (*inaudible*) agreements that they have established with United Airlines and American Airlines. For the County's part of this joint proposal, the deficiencies were attempting to address the perceived efficiencies. It is the perception that the previous airline failed because it did not have a broad base of community support in the local market. In trying to establish what they meant by a lack of support in a term that the Department of Transportation used was, skin in the game. We queried them, we had conference calls, Congressman Reed's office made inquiries. In fact had a conference call with the Under Secretary of Transportation for this program office and what they are looking for is a, in essence, is a financial commitment from the County and from the business community to the operation of the route of the service. Quantifying that is also been an ongoing discussion but the number that we received back from Congressman Reed's office was on the order of 10% of the operating costs of the program is what they are looking for. The Department of Transportation is looking for. That can be broken down any way we want. The plan that we put together proposes to basically contribute \$290,000 through four different vehicles. One is a direct cash contribution from the County on the order of \$72,000 per year. In-kind contribution of \$52,000 and then from the local business community we're looking for cash contributions of \$75,000 and in-kind contributions of \$87,000. That totals up to \$298,000 which is about 10% of the operating cost of the routes – subsidize cost of the route. Actual operating costs of the route is \$4,104,000 and that consists of subsidy which is \$2,980,000 and ticket sales to passengers which is about \$1.1 million dollars. In developing this cost model we took on board the feed-back we got from the Department of Transportation and recommendations from our Federal political leadership. To this point, we have met with the business community and we have kind of a commitment in concept to the business communities local share. We don't have any contractual agreements or letters of intent at this point but based on the feed-back that we've gotten through surveys and face to face meetings, we're pretty confident that we can shake that money tree for the business communities share. So the County's share of \$72,000, that number was arrived at by basically looking at the opportunity cost we face in not having the airline and that opportunity cost devolves from the lost Federal share on the FAA capital grant program. When we lost the airline,

the local share of capital grant projects for the airports, Dunkirk and Jamestown, Jamestown in particular, went from 2 ½% local share to 5%. So over the next three years we have a capital program that anticipates spending, I apologize, I don't have that number off the top of my hand.

County Executive Borrello: But it was enough to cover the cash contribution.

Mr. Almeter: Yeah, the savings, the 2 ½% was \$2,160,000 in the next three years. Fiscal year 19', 20', 21' capital programs. So 2 ½% of that works out – that's the total - I'm sorry, I have the numbers wrong.

Legislator Nazzaro: What you are saying is, the 2 ½% will cover the cash (*cross talk*) –

County Executive Borrello: Exactly. So essentially we're paying more local share because we do not have an airline. So what we are saying with an airline, we'll contribute that amount back so it's basically a push in that sense but it give us what the commitment with that the Department of Transportation wants in order for us to show that, quote/unquote, skin in the game. So the County and as far as the business community, they are very, very, I guess, anxious to help. We just have to give them the vehicle so one of the things that we're trying to get from them is essentially a commitment. I've termed this almost like season ticket holder at a minor league baseball park. That they would buy, in advance, seats on the flights and we'd call it a subscription service season ticket holder, service whatever, that these businesses will commit to that so they would get something for it, not just pure donation of money, it's actually tickets for flights which will encourage more use. But also I think to show that we all are interested in having an airline return. I know that we have talked about this before, you look at the historic ridership there, it's not that things changed here in Chautauqua County so much, it's the airline that we have become worse and worse. As far as their inability to deliver the service. The demand was there. We just created the horrible product. Not we, but the airline. They were putting out a horrible product. I think that is the biggest misconception here. That there aren't people interested in flying out of Jamestown. If you look at the history, that is just not the case. It's just as the quality of the service declined, so did the ridership. I think that is basic business. So we have an airline that we believe has a great business model, especially the idea of a coach here and airline agreement with United Airlines and American Airlines. That basically means it's like flying United or American just like if you have ever flown anywhere and flown on a small jet, say on Delta, Delta Express. Delta Express is essentially a coach air agreement with Delta Airlines. It's a separate airline. So we have a lot of distinct difference in the business model. The big thing is, and what the Department of Transportation wants to see is a commitment from the local community and that is what this is and from the standpoint of real dollars, it's a wash between what we are paying now because we don't have an airline versus getting that money back in the form of a lower local share costs.

Mr. Almeter: There is upside potential that isn't in the resolution. The 2 1/2% works out to \$210,000 over the course of the next three years and our next three year capital program, \$72,000 per year. In addition to that and of course that is capital money, that's not operating money, but that is money that comes to us for the capital program that has already been approved by the FAA. The additional upside is the PL, passenger/landing charges, the four and a half dollar per ticket surcharge that we put on the sale of every ticket that the County is entitled to use

for the operation of the airport. We will be eligible to start collecting passenger facility charges when enplanements return to 6,000 per year. How long is that going to take? Well, Boutique went into Johnstown, Pennsylvania last October and displaced Southern Airways. Southern Airways similar to the service they were providing here, they had dropped to about a 40% completion rate and the community jettison them and signed with Boutique Air. Their ridership went from less than 2,000 passengers per year to, nine months into the contract, they are at 1,000 passengers a month now. They are back making their PFC collections.

Legislator Scudder: So the 6,000 is, what did you call it?

Mr. Almeter: Enplanement. The threshold that we have to reach per year.

Legislator Scudder: So we're going to go from six riders a day to 500 a month.

County Executive Borrello: Where Johnstown, Pennsylvania (*cross talk*)...

Legislator Scudder: They us to do 6,000?

Mr. Almeter: Boutique's proposal for Jamestown is about 1,000 per month. Johnstown is a little bit different. They are running six flights a day out of Johnstown. Boutique's proposal is five flights a day from Jamestown.

County Executive Borrello: So they have the same airline that we had, Southern. They were doing a poor job in Johnstown, Pennsylvania. They now have Boutique and they are now meeting that 12,000 a year if you extrapolate that to their 1,000 passengers a month that they are doing.

Legislator Nazzaro: What is the nearest major airport, Pittsburg?

Mr. Almeter: Yes, they are 84 miles from Pittsburg.

County Executive Borrello: Closer than we are to Buffalo.

Legislator Nazzaro: Yeah, because reading the article in the paper, obviously we have Buffalo and Erie.

County Executive Borrello: I think that both of those situation, Buffalo and Erie, there is a lot of things that aren't being taken into account and that is the convenience factor of being able to fly out of Jamestown. Not paying for parking, not showing up two hours before the flight. Right now people in this area, if you are going to fly out of Buffalo, you are probably going up the night before if you have a 6:00 a.m. flight on Southwest. So you are talking about – they are just not looking at it from a standpoint of what it's like to live in a rural area like ours. Also we have a large region here that would fly out of Jamestown. Like I said, the history of this, we had - at one point when we were US Airways, we were doing, how many?

Mr. Almeter: In 2004, we had 22,000 enplanements.

County Executive Borrello: So 22,000 flights back then. What has really changed from 2004? Not a whole lot. We just didn't have good airlines.

Legislator Scudder: So my son next month flying from Madrid to Pittsburg. So if this was all in place, how long would he wait in Pittsburg to get on a plane to come to Jamestown?

County Executive Borrello: Based on what, at least two or three flights a day?

Mr. Almeter: Their proposed schedule is three round trips a day in the high season, summer months, to Pittsburg, twice a day, to BWI. In addition to that, that is a good question. How long does he have to wait?

Legislator Scudder: (*Cross talk*) drive to Buffalo and sleep overnight. Is he going to have to sleep overnight?

County Executive Borrello: No. (*Cross talk.*) If it's coming in at midnight, no, but if it's coming in from Madrid – (*cross talk*).

Mr. Almeter: They have not committed to specific flight times but the model that they gave us in their initial proposal was first flight out, between 6 and 7 in the morning, last flight back, between 6 and 7 at night with a based aircraft here.

Legislator Scudder: So these businesses, we're going to move forward with this, no one has pledged anything. They are just, pardon me George, I'm not picking on you, they are just anxious to help.

County Executive Borrello: Well, they are. If you were at the meeting we had with Congressman Reed and I hear it all the time from these folks. I mean, when I go to visit business, you have to get us air service back here so, I say that in sincerity. We haven't given them anything to commit to yet. This is obviously an integral part of this, is this. If this now is something that the Legislature is willing to do, now we can move onto the next step which is to come up with a, quote/unquote, season ticket holder program or something to that effect.

Legislator Nazzaro: So the other hundred and seventy – you went over the numbers, I was trying to listen and write, so the County's commitment is basically the in-kind, the \$72,000 which is a wash and then you have the \$52,000 in-kind which is fine. So the total about 10% a year you said is \$298,000.

Mr. Almeter: The combination of County and business community is \$298,000 which is 10% of the –

Legislator Nazzaro: So the other \$174,000, how much of that is coming from the businesses? I just want to understand the gap.

Mr. Almeter: The target is \$75,000 cash from the business community and \$87,000 in services in-kind, which is promotional services, hotel shuttles, that sort of thing.

County Executive Borrello: So if you have the Double Tree in Jamestown is going to make sure they have free hotel shuttle which by the way, isn't always the case. A lot of cases as someone travels a lot, a lot of times you have to pay for shuttle service to the airport because they have to pay a fee. That would be considered in-kind service. So if the Double Tree and the Chautauqua Harbor Hotel and the hotels up by I-86, all decide to provide free shuttle service –

Mr. Almeter: The Institution is probably the biggest. The Institution is running shuttles up to Buffalo every day during the season, multiple times a day.

Chairman Hemmer: Do they charge when they go up to Buffalo? They must.

Mr. Almeter: I don't know if they do or not. I've talked to them about this specific in-kind service and they would much prefer to run the shuttle over here than to run it 70 miles to Buffalo.

Legislator Wilfong: So if this resolution passes now, would we be ready, would the business communities input by the full Legislature, this next Wednesday?

County Executive Borrello: We won't have a program in place with them. This is allowing us to take this step. If the Legislature passes this commitment, we still have the rest of the way to go to get the business communities commitment. Ultimately it's going to be up to the Department of Transportation to say yes, we want to do this. It's not like we are throwing this money to the wind. It's a matter of a commitment at this moment. We have to put the rest of the pieces of the puzzle together and ultimately the Department of Transportation has to approve this before we actually execute this.

Chairman Hemmer: Do you have some kind of a timeline, schedule, when you will have the full package together that you are going to present to the DOT/FAA? How long is this all going to take to get it all together?

Mr. Almeter: I can answer those questions in two angles. We want to have a complete joint proposal with Boutique and the business community in the County compiled and submitted not later than the middle of August. The reason for that is that there is no money in the DOT budget this year for an EAS route to Jamestown. So our best shot at getting this funded in fiscal year 19' is to capture year end money surpluses in their EAS program operating budget. There are surpluses every year because none of the airlines are able to complete 100% of their contracted flights and they only get paid for the completed flights. So at the end of the year there is money left in the program. It gets swept up and obligated to other programs. We want to be at the head of the line if there is left over money in the program in fiscal year 19'. To do that, we have to get our proposal in by the middle of August. Working backwards from that, that gives us probably until the end of July to get these subscriber-ships or pledges from the business community. We have the Boutique proposal. Their piece of it is ready to go as (*inaudible*) described. So we're working on putting together our piece of it which is these combination of cash and in-kind services from the private sector.

Legislator Nazzaro: I'm trying to phrase this (*cross talk*), Boutique has submitted its proposal, the EAS is like, if I'm understanding this right, is around – the annual subsidy is about \$3 million a year.

Mr. Almeter: It's \$2, 098,000. For this specific route.

Mrs. Dennison: That's three years.

Mr. Almeter: No, that's per year.

Legislator Nazzaro: No, annual. So basically they want us, the Department of Transportation, they want us to kick in 10% through these different sources that you have. I'm not convinced that I like taking it out of the occupancy tax but that is another – because you can't convince me that everyone that flies here is flying here for tourism. They are flying here for business or flying here to just – someone is in the hospital or whatever reason but, at the end of the day, here's my question, I'm just going to ask it. Boutique gets their money either way, do they not? So let's say that this all blows up, Boutique will get their EAS, at least for that year, they get our money – I mean, if they don't deliver –

County Executive Borrello: They only get paid for completed flights. So if they don't deliver, in other words, if they start not having flights that are completed or they don't cancel flights, they don't get paid. It's not like it's a lump sum of money. They get paid for completing flights -

Legislator Nazzaro: Right, but if the ridership is way down, you have one passenger, sorry, didn't mean to cut you off, respectful of his committee, so if you have one passenger on a flight or two passengers on a flight, do they still get the full pay for that flight?

Mr. Almeter: Yes, they would get the per-flight subsidies.

Legislator Nazzaro: You see where I'm heading. What is their risk?

County Executive Borrello: They have a huge risk just by coming here and putting all the infrastructure in place.

Legislator Nazzaro: But they get all the –

Mr. Almeter: They probably only get one bite of the apple. They can't make the enplanements in a year, I don't think EAS is going to renew it.

County Executive Borrello: But also, you are absolutely right. We brought this up to numerous people, I brought it up to Congressman Reed, I brought up to Chuck Schumer, we actually had a conference call with, was it Government Accountability office?



Mr. Almeter: Well, they are going a separate audit of the EAS program, the Government Accountability office, and they roped us into that because we are one of the few airports that got dropped from the program.

County Executive Borrello: And we got the opportunity to tell them that the program that they have a flawed program. Here is the problem. They judge the airlines based on what the cost per passenger is. But they actually subsidize flights. It's Federal government fuzzy math.

Legislator Nazzaro: You are almost getting paid to do (*inaudible*).

County Executive Borrello: And that's why there is a problem with some of these airlines, they are gaming the system. Southern Airways was gaming the system. We tried to say to them, you need to subsidize per passenger. I would rather have two full flights a day than four half full flights a day. They actually make more money with four half full flights a day than they do with two full flights, even though the number of passengers is the same. The Federal government in the EAS program needs to change that. That is not within our power to do that. But I've been saying this actually since before we lost the Southern Airways in the EAS program. This is a flawed system. I said, you are judging them based on the per passenger subsidy the you are paying them per flight. So, we'll continue to advocate for that change. I'm hoping that somebody is hearing us. I'm glad that Government Accountability office allowed us to talk about that for a good 45 minutes to an hour interview with some of the people that are heading up this audit. So, I'm hoping that it will change something because that is the way it should be.

Legislator Nazzaro: So for flights canceled, they don't get paid.

County Executive Borrello: They don't get paid.

Legislator Nazzaro: I appreciate you explaining that so they get paid per flight. We are sort of on the same page. It's a flawed system and after a year, if they don't perform, I agree, it could blow up.

Mr. Almeter: They don't do better flying the plane half full on any flight because the cost of operating each flight, say it's \$200,000, that's a combination of ticket sales and subsidy. The subsidy is fixed, whether there is one passenger or 8 passengers. As long as the plane is flying, they are getting that per flight subsidy. Each ticket they sell, it's not all margin but each ticket they sell then is revenue on top of that subsidy. In order to make the numbers on their proposal, they have to achieve what they call, a load factor, of about 68%. In other words, they have to fill 6 of 8 seats on every flight. That is pretty ambitious. Anything above that, if they sell the 7<sup>th</sup> or the 8<sup>th</sup> seat on that plane, that's profit. So their motivated to fill every seat on the airplane on every flight. Their negatively incentivized if they don't sell 6 tickets on every flight because they won't make their contract performance targets. They will exceed that \$200 per seat subsidy and they will get the contract yanked in a year. The structure is not perfect by any stretch.

County Executive Borrello: Well, it didn't incentivized important things like, one of the things we said when we were still trying to negotiate with Southern is, why do you have four

flights a day at 10:00, 11:00, 12:00, and 1:00 o'clock? You are not having a flight early enough in the morning to make a connection in Pittsburg. You are not having a flight late enough in the day for people to return from the same day - for a business trip to Pittsburg. As a business traveler, I knew that was wrong because they knew they were getting subsidized for four flights.

Mr. Almeter: Some of that operating cost is overhead. So they were probably covering their cost just on the subsidy, not able to sell tickets.

County Executive Borrello: Because that same plane was at 6:00 a.m. in another city. So they were able to do more flights per day which again, goes back to my point about gaming the system.

Legislator Wilfong: I just want to say, I sat here for a few years now and every couple of years I hear the same story about the performance of the airport, we're going to do this, we're going to do this, isn't the bottom line really ridership?

County Executive Borrello: It is.

Legislator Wilfong: And do we have enough ridership to make this happen, do we believe? I mean, I think –

Legislator Scudder: Can I jump on that?

Legislator Wilfong: Sure.

Legislator Scudder: So we're flying from Jamestown to Pittsburg, how many people can be on that flight?

Mr. Almeter: It's an 8 passenger airplane.

Legislator Scudder: So to do 12,000 a year, four flights a day, you need 33 riders per day. So we can't – that's 32 seats.

Mr. Almeter: Twelve thousand was the Johnstown target. The target for Boutique for the Jamestown route is – scheduled flights per year at the 98% completion rate which is what the subsidy formula is based on, is 2,680 flights per year. So that works out to 20 flights per week. Here is the number you need.

Legislator Scudder: Fifty two a week.

Mr. Almeter: Scheduled seats is 21,888 seats per year. So 8 goes into 2,100 –

Legislator Nazzaro: Did that report (*inaudible*)?

County Executive Borrello: It's not a proposal. (*Cross talk*)....

Legislator Nazzaro: Because if we're expected to vote on something –

Mr. Almeter: What report?

Chairman Hemmer: The one that you have in your hand.

Mr. Almeter: Oh, the proposal.

Legislator Nazzaro: Maybe you could send it to all the Legislators.

Legislator Scudder: If I can ask three questions and make two comments, I'll be done. First question was answered. I have to drive to Pittsburg to pick my son up in July from the airport. It's kind of a joke, everybody. We did a study about three or four years ago, (*cross talk*) thousand dollars about the airport. I've been on the Legislature all this time since that study, did we every actually make a call on we're officially moving forward, we're kind of going half in? Did we ever – I don't ever remember a line in the sand, this is what we're going to do from that study. Did we ever make a decision? We did one with the County Home and we decided that we're going to sell it. We did one with the airport and I just remember talking about it and this is what we're going to do and maybe we'll do this, do you remember any –

Mr. Almeter: That happened just before I came on.

County Executive Borrello: I was going to say, you are eliminating everyone at this table, on this side of the table was not in –

Legislator Scudder: I'm talking to you.

County Executive Borrello: As a County Legislator, like you, I don't recall.

Legislator Scudder: Do you remember anything about that?

County Executive Borrello: No.

Legislator Nazzaro: I was on the original airport study 10 years ago and we've done this, I think a few times.

Legislator Scudder: The reason I ask is, if we would have decided that we're moving forward, Dunkirk, full blast, Jamestown is full blast, then I would say, alright, I was part of that - maybe we voted on it or discussed it, so I was part of the body that decided we're going to go forward. I just remember it kind of happening and we never really made any decisions. I think that is pretty accurate. Now, by what we're doing, I'm seeing that most Legislators' want to see it move forward, or at least, o.k., I believe – I had three questions, I don't know what the third one was but, it's interesting to me that the only reason and this is my opinion, the only reason this airport and these flights even exist is from the Federal contributions. The subsidies given by the Feds. So, the Feds are giving the airlines millions of dollars and it doesn't work and now they are asking local to subsidize the Federal subsidy to get this thing to work. It's just getting

too creative for me to vote in favor of this. It just seems like we're really trying to force an issue and I don't get it. Because we don't even have – yes, we've had businesses and I'm not saying they are not going to participate but typically we get this excitement over participation and it's always not quite – it's like, you go to a car dealer and this is the price and then it's just a little more. Well in this case I can see it coming in just a little less but let's still go ahead with it because we did pretty good. I'm not doubting what anybody is saying, so I'm concerned about local share subsidizing Federal share which is the only reason we're sitting here talking about this because of the Federal share of subsidies and that is not enough. I heard earlier the perception that the local isn't in favor of this. Well, I think it's a reality that local isn't in favor of this. It's gone on every two years for the last 6 years. We try to make this work and I appreciate that. It's just too creative to me and I get concerned about local government subsidizing Federal government. To be honest with you, if I had it my way, I don't want the Federal government to subsidizing planes that are flying all over the place without people on them. That is taxpayers money and I just think it's wrong. So, with that being said, believe it or not, I'm probably not going to vote to support his resolution and I'm done. Thank you. Unless somebody counters what I said, then I have to –

Legislator Nazzaro: We are already subsidizing - we don't have commercial air service now out of Jamestown but we are already through our budget process subsidizing the operation of the airport now. Local share (*cross talk*)...

County Executive Borrello: That is not going away.

Legislator Nazzaro: That's not going away because we're still going to operate the airport. This is a tough one. Like you said, I've been here second longest next to Jay, we've talked about this to ad nauseam. I'm not saying yes or no on this. But, it seems like we're trying to put a square peg into a round hole. I mean, this airport, I mean, back in the 70's which we had Chautauqua Airlines, we had over 70,000 passengers a year, huge. Times have changed. I'll be honest with you, if I'm doing international flight, there is no way in hell that I'm flying out of this airport because I'm worried about missing my connecting flight, whether I'm flying out of Pittsburg or wherever. Domestically, that is a different story. If you are flying to Florida or New Orleans, wherever you are going, I love the convenience of flying out of Jamestown. You can park your car, you don't have to pay a parking fee, you get home, you don't have that drive from Buffalo or Erie. So, it's a mixed bag but it seems like we're trying to cater to a few people. I mean, when you look at the number of flights per – number of passengers per year, you have what, 6 a day flying out of here? I mean, six a day.

Mr. Bentley: And if you were to total up, it's 14,000.

Legislator Nazzaro: But it would be interesting to see how many are the same people.

County Executive Borrello: It's still is.

Legislator Nazzaro: I'm just saying, I want the airport for the non-commercial. I'm not saying I'm against this, it's just seems like over the last 10 years, we have been trying to fix

something that is broken. I give everyone a lot of credit. I'm not sure that it can be fixed anymore. It's just my opinion.

County Executive Borrello: I think the reality is, we're going to continue to pay for this airport as long as the Federal government makes us keep it open. That was one of the things that I brought up to the Government Accountability office. I said, and I agree with you. I don't like the fact that we're wasting Federal tax dollars on this. Then it should be simple. Don't throw good money after bad. Allow us to close the airport and not to maintain it. That's not going to happen in any foreseeable future. So, without an airline, we're going to continue to pay what we are paying. With an airline, we're going to pay the same or less. Probably less, subsidy, because the airline, as being described, with an airline, we pay less local share and at some point when we cross that threshold, we get that \$4.00 per ticket charge. So, I understand all of your arguments, I agree with you. I'm a fiscal conservative myself, but this is the reality is that this airport has to remain open and we're going to continue to subsidize it and with an airline, we will have to subsidize it less than without an airline. That is the real kind of comeback around moment. To your point about, well, I'm afraid about missing a flight somewhere, that was the old airline that we had. That was before we had an airline agreement and a coach share agreement. Now, if you book a flight on United Airlines to go to wherever, Spain, and it's a coach share agreement with Boutique, if for some reason your plane doesn't make it there to Pittsburg on time to make your connection to Spain, then you are going to get booked on the next flight. Just like you would with any United Airline's flight. That is the big difference. Previously, what we had was an unreliable taxi service to Pittsburg. Because if you missed your flight, once you got there, you had to take your bags in, you had to check in, you don't do that anymore. You would have to go – if you missed your flight, you were screwed because there was no agreement, no commitment between the major carriers and the airline that was flying out of here. It's a completely different process now. So, we can stand on principal but it's kind of cutting up our nose to spite our face because all the economic benefits of having a commercial air service in Jamestown are there for a positive economic impact that they will have, we're still going to pay what we're paying, we're going to pay more without an airline like we do now. So, I don't see the logic here from a local taxpayer standpoint. We do need that airline there to lessen the impact on our local taxpayers, we're not going to be allowed to close the airport in any foreseeable future and there is positive economic impact by having an airline there. That really the ultimate goal here.

Legislator Nazzaro: So if we approve this, the Legislature approves this and you don't get the community support –

County Executive Borrello: That doesn't go away.

Legislator Nazzaro: So this resolution, to try to frame this, is saying, this is our commitment, Chautauqua County commits to these numbers if we don't get the other local share, then no.

County Executive Borrello: Yeah, it's not going anywhere.

Legislator Nazzaro: The whole big thing here is, I think, I for one, I'll be honest - I used to fly out of Jamestown all the time up until about 2004, o.k., and I loved it. But what you do is lose confidence in the product. If you are not going to get on your connecting flight and you only have three flights a day coming out of here, chances are, you are going to be laid over somewhere. Then you have the winter conditions and the fog.

County Executive Borrello: We could talk for hours about (*cross talk*)...

Legislator Nazzaro: I'm just saying, part of that study that we did three or four years ago, was marketing the airport. Was promoting the airport. I think that it began but I don't think that it went anywhere.

County Executive Borrello: It's not just about marketing, it's about improving the (*cross talk*). We're improving the products. (*cross talk*) They have had success in Johnstown, similar situation to us, same - previous air carrier that we had, same new air carrier, Boutique, again, I don't want to go into all the details but they fly pressurized cabins, they can fly above the weather, all those things that Southern Airways couldn't do, basing an aircraft here, early morning flight, late return, I mean, it's a completely different business model. We're not just trying to wrap up the same package. That is the difference. Like I said, the bottom line is, we're going to continue paying what we're paying. With an airline we're going to pay less, the same or less, at least with this agreement and we're going to give a service to the area that I believe is going to make a difference.

Chairman Hemmer: Any other questions from the Committee?

Mr. Giese: Real quick, I wanted to speak to the business community a little bit. We had a, I believe in February or March, we had Congressman Reed reach out to us and say, hey, can you pull together a contingent of the business community and I'd like to talk to them. So George was there, Ron, and Congressman Reed and we had about a 40 businesses that showed up to talk for an hour and a half about what their needs are. Cummings was there, SKF, I think Truck Lite, Chautauqua Institution, National Comedy Center, and they all spoke to the need for an airport and we followed that up with a survey. We had 43 responses, I believe.

Mr. Almeter: We just got the survey results in.

Mr. Geise: Yeah, just before we came here so I haven't had the chance to really take it in but some of the things that they asked was, what improvements or services would influence you to use the airport in Jamestown? The most noted answer was availability and reliability of regularly schedule service at a reasonable price, especially to a hub that provides a range of destination options, which is what we're talking about here. Then the businesses were asked, what hub airport would serve them best and they said Baltimore/Washington International Airport and Pittsburg International Airport. Those were the most responses. So that plays to what we are trying to do here too. Then they were asked, what influences (*inaudible*) when choosing an airport to travel to or from and they said the location of the airport, including proximity to clients along with flight schedules and which airlines are available were the most influential factors. Some other things real quick are, they asked a question, number of business trips taken

by all employees during a typical month? Again, this was individually they were saying something like 17% more said more 10 a month, 25% said between 5 and 10 a month. That is just for the, again, for those that were surveyed. Then they asked them, in the last 12 months is your business air travel has what, decreased, remain the same, or increased? Over 30% said it's increased and almost 60% said that it remained the same. So the demand is increasing. Then they said in the next 12 months, will your business travel – will likely do what? Again, almost 60% said remain the same but almost 40% said it will increase. So there is certainly an increasing demand for the services. I could go on. A couple of last things here. How do the following influence the airport you select? Some of the big ones that say, location of airport is a great influence. The airlines at the airport is a great influence, flight schedule is a great influence, proximity to clients is a great influence and then the cost of travel is a great influence. So, those were some of the highlights from the business survey that we did.

County Executive Borrello: It's an important component for economic development, servicing some major employers that we have here, including Cummings and SKF. It's not just about flying people to Florida for vacation.

Legislator Wilfong: These are those community businesses that are going to kick in that other \$70,000.

County Executive Borrello: Yeah, I mean, 42 of them showed up at that meeting and responded to that survey. That tells you the level of interest.

Mr. Geise: We feel like the County's commitment would almost be a catalyst and we say look it, the County has committed, now will you commit? If they don't, I guess it doesn't happen but certainly the County is showing its commitment will do a lot.

Legislator Gould: I at this time am not going to support this for a couple of reasons. I don't like throwing good money after bad. Another reason is, we're being blackmailed by the Feds and I don't like that. I'm undecided so you are going to get a negative vote out of me right now. I might change my mind by the the Legislature meeting.

Legislator Wilfong: That is coming back to us? This resolution will come back to us at this month's meeting?

Chairman Hemmer: It's going to go to the Legislature this month, even in spite of not having many of the -

Legislator Nazzaro: It's going to go to Planning & Economic Development and Audit & Control Committees.

Mr. Almeter: Can I just say that the resolution addresses just the government share.

Chairman Hemmer: Alright and it doesn't say anything about it being – we do have at the end saying, RESOLVED that the County Executive can make agreements. It doesn't say anything about pending business communities involvement. I wonder if that ought to be part of

this resolution? That we just don't say we're jumping in whether or not the business community shares our enthusiasm for local air service.

Mr. Almeter: The proposal that does not have that business community component, will be dead on arrival. I would strongly recommend not submitting a proposal for essential air service that does not have business community contribution as we have framed it. They have told us exactly what we need to bring to the table.

County Executive Borrello: You can certainly amend it if you want but we are not going to present it without this.

Mr. Bentley: So being kind of new to this and just as the Director of Public Facilities, all my departments are in the service business. Everything I do provides a service to the residents of Chautauqua County. For the most part with the exception of the landfill, they are all supported by some funding, whether it be State or Federal government. Because they provide a service, they don't make money. CARTS, Parks, Airports, plowing roads, maintaining roads and bridges, these are things that we don't make money on. We rely on government subsidies all the time to provide services. The airport, in my opinion, is the same thing. Does it benefit, maybe a slight portion of it, yeah, but so do a road or a bridge in a certain town. So does the CARTS service that runs by someone's house versus someone who doesn't. Yeah, things get selected all the time by those subsidies but we're (*inaudible*) interest from the business community. Who's to say that they are not part of the service that we should be providing. And to George's point, when you look at the cost of it, what we're recommending in here, is saying, money that we're already going to pay because that airport is there, we're just saying, yeah, let's put that idea out there and see if we can get traction with the people that are asking for it. Instead of ignoring their request, saying, hey, we would like to have that service, why not take the flyer and say, hey, if it works, we're not losing money here. We're putting in-kind services and providing the service to those individuals. So, I think that it is incumbent on us to see what we can do and not just say, let's give up the ghost right now. Because if we did that, I will tell you right now, George wouldn't be (*inaudible*) Saturday service for people in CARTS, that we wouldn't be trying to do things with CARTS. We wouldn't be trying to do this. I think that it is incumbent on all of us to see what we can do with this.

Legislator Scudder: Let's run with that and let's get that Jamestown airport so busy that we can't stand it and then close the Dunkirk. We don't need two airports.

Mr. Bentley: What if they both make money?

Legislator Scudder: They are never going to make money.

Mr. Bentley: How do you know?

Chairman Hemmer: It's not going to work. They are never going to make money.

Legislator Scudder: There isn't anything we do (*cross talk*) government that makes money.



Mr. Bentley: Alright, but we're here to provide a service. So the Dunkirk air is providing services to businesses up in Dunkirk. (*cross talk*).....

Legislator Nazzaro: Simple question. Is it a proper use to use occupancy monies for this subsidy? I feel it's a stretch. I mean obviously when you look at the other alternative, you are looking at the general fund, but, what I'm hearing is, you are saving, if I vote for this, it will be because of the financial sense it makes. Because to George's point and everyone else's point, is that you are going to pay the same amount of money. The airport is going to continue. You are not closing the airports, we have capital improvement plans that have been approved that we supported and committed to, so my only question here at this time is, really what does this do to other projects for tourism? We're taking \$72,000 a year, if I'm reading this right, out of the occupancy tax. One, is it a proper use to take the full \$72,000 because again, not everyone is coming to Jamestown, Chautauqua County for tourism. Number two, does it jeopardize other projects that serve and improve tourism factor?

Mr. Abdella: Just to clarify, I think the resolution as finally written said, that it contemplates the use of both the occupancy tax and other economic development tourism funding. I think that given the nature of airline service, certainly a portion of the subsidy could logically be sourced from the occupancy tax. Given the framework of the proposal, I wouldn't recommend that it all be. I think for the reasons you are eluding to but I think a portion could be used.

Legislator Nazzaro: Does that need to be clarified at all?

Mr. Abdella: This isn't committing any – it's committing to fund but not determining the final source yet. Later on you would be called on to make that decision as to the allocation.

Legislator Nazzaro: That would be a budget situation at that time.

Chairman Hemmer: Is this the last gasp or can we – if this fails, can we kiss this EAS service good-bye and just say, it ain't going to happen and move on?

County Executive Borrello: I can say this much. The first day when I took office, literally the first day, 9:30 in the morning was the day I got notice that we were being kicked out of the EAS program. This has been an awful long fight just to get to this point. I would say that this team of people here has worked as hard as humanly possible. This is our last opportunity. I can't imagine we are going to have to deal with a run of this again. I mean, unless Southwest Airlines decides they want to show up here and set up shop in Jamestown, unless something highly unusual like that were to happen, this has got to be our last opportunity. But again, it's an opportunity for us to have a positive economic impact and really not change what is costing us. Hopefully improving it. In the overall picture, improving. Keep in mind that every time we have people that come to town by air that end up taking one of our shuttles to one of our hotels, that's bed tax money that ends up on our bed tax fund. Every business that is supported by this, there is a lot of positive economic impacts that aren't really quantified in this. So, to me, you are not saving any money by voting against this. Technically you are costing more money by voting against this.

Chairman Hemmer: Any more comments?

Legislator Gould: I look at it that we already give \$800,000 to the airports through the budget every year. Now you want \$73,000 more.

County Executive Borrello: Well, not really because we're giving that money back by having –

Legislator Gould: You are giving it to the Federal government.

County Executive Borrello: Well, we're getting that money back because we're paying it to them now, is what I am saying. The net difference, there is no net loss. That is the whole point.

Mr. Bentley: You are not gaining or losing money. It's money we're going to have to farm out either way.

County Executive Borrello: We've calculated this down to the amount of money that we would save or get back, whatever you want to call it, by having an airline here. That was the point of this. So that there was no net loss for the County. We're not giving up any more money by passing this.

Legislator Gould: I don't see ridership getting any better.

County Executive Borrello: We have to give it a shot.

Chairman Hemmer: Any further comments or questions on this resolution? I think we should take a vote on this?

Legislator Wilfong: I would just like to say one more thing. I'm going to vote for this but I am going to tell you right now, at the meeting I might not but I do believe we should be moving this forward. It makes sound sense but like I said, I'm not 100% behind it. I will vote in favor.

Legislator Nazzaro: I agree with my counterpart that I'm going to vote yes, financially I understand but to be honest with you, we've talked about this for 10 years, beyond that, and I do not see ridership getting any better. But, I'm trying to keep an open mind. So it's a yes here.

Chairman Hemmer: Same thing. I don't think that this is going to go. I do not think that you are ever going to see a commercial air service in Jamestown again. I don't think there is any need for it. I'm going to vote for this saying this is the last gasp. This is the end. I'm never going to trying this again.

Legislator Wilfong: I would like to say thank you for your hard work. This is not a reflection on you.

*(Cross talk)...*

Legislator Wilfong: Two years ago you were sitting here and you have the same type of thing and o.k. we got onboard –

Mr. Almeter: I would (*inaudible*) anywhere since I left the Federal government. (*Cross talk*).....

Chairman Hemmer: So the official vote is?

*Carried w/ Legislator Gould and Scudder voting “no”*

Proposed Motion - Urging NYS to Restore Extreme Weather Recovery Funding & Increase CHIPS Funding for Local Road, Bridge, and Culvert Maintenance and Replacement

Chairman Hemmer: Hopefully everyone will sign on so that we can bring that motion to the floor.

Is there anything under other?

Other

Mrs. Dennison: I apologize for not noticing this earlier, but in proposed resolution number two regarding the boiler at the Mayville Municipal building. I discovered a typo in the sub-department number in the resolution. So on page two, Increase Capital Appropriation Account and Increase Capital Revenue Account, it says H1620.25002, it should be 25005. The same for the revenue account, sub-department is 25005.

Chairman Hemmer: Thank you for clearing that up for us. Let’s consider it to be a typo.

Mr. Abdella: What I would ask is, I needed to do a very brief executive session in both this committee and the next one. I think maybe because they are all here, we could do it at the end of your committee. Ask those Legislators to stay and then that would be needed for Admin Services as well.

Chairman Hemmer: Would that be alright with Bob?

Legislator Scudder: I’m all in.

Mr. Abdella: The purpose of the executive session, which I would need a motion for, is to discuss the financial and credit history of a particular person.

Legislator Wilfong: I would move that.

Legislator Nazzaro: Second.

*Unanimously Carried (5:11 p.m.)*

MOVED by Legislator Nazzaro, SECONDED by Legislator Gould to come out of executive session. (5:19 p.m.)

MOVED by Legislator Gould, SECONDED by Legislator Wilfong to adjourn.

*Unanimously Carried (5:19 p.m.)*

Respectfully submitted and transcribed,  
Olivia Ames/Deputy Clerk, Lori J. Foster/Sr. Stenographer