



CITY OF NEW BEDFORD, MASSACHUSETTS

MEETING: COMMITTEE ON FINANCE
DATE: SEPTEMBER 30, 2024
TIME: 6:04 PM
PLACE: CITY COUNCIL CHAMBER, ROOM 214

PRESENT: COUNCILLORS LINDA MORAD, CHAIR; IAN ABREU;
SHANE BURGO (6:42); NAOMI CARNEY (6:22); LEO
CHOQUETTE; MARIA GIESTA; BRIAN GOMES (6:05);
JOSEPH LOPES; SHAWN OLIVER

ABSENT: COUNCILLORS DEREK BAPTISTE AND RYAN
PEREIRA

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Councillor Morad called the Committee on Finance meeting to order, took attendance, and explained that the meeting was being recorded and live-streamed. The Clerk read Communications into the record from Councillors Baptiste and Pereira, explaining their absence and from Councillors Burgo and Carney explaining their tardiness. The Communications were received and placed on file by Councillor Oliver and seconded by Councillor Lopes.

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COMMUNICATION, (Matter ID #1434) and LOAN ORDER (Matter ID #1435) submitted by Mayor Mitchell, appropriating \$1,362,200 for the paving of Runway 5 Perimeter Road at the New Bedford Regional Airport. (Referred – September 12, 2024.)

The Chair recognized Scot Servis, Airport Director. Mr. Servis gave a presentation explaining the request for funding approval before the Committee. This project will address an issue that was discussed with the FAA. The concern was that vehicles providing services to the Airport currently have to cross runway 5 to get to specific areas. This activity hindered the use of the runway. The solution was to create a perimeter road to eliminate fuel trucks and the like from crossing an active runway.

To date, pre-design work and permitting has taken place, specifically as it relates to environmental issues to include abutting wetlands. The permitting has been granted and the project was put out to bid for the access road.

In FY22 the Airport received a grant which paid for the permitting in the amount of \$146,500 and in FY23 a grant was received for \$126,400 which paid for the access road design.

This bond request is for \$1,362,200. This includes FAA funding of \$1,211,490, Mass DOT funding in the amount of \$67,305 this would require a City contribution of \$83,405.00.

Councillor Lopes asked what the interest rate on the bond is and when does the City expect to get the 95% reimbursement. Mr. Servis stated that reimbursement comes at certain points during the project. CFO Ekstrom explained that the City would not go to market until all of the grants had been received, then the City would look to issue a bond anticipation note. While he is unable to give an interest rate on the bond, CFO Ekstrom stated that the length of the bond cannot be any longer than two years. At that time, he would recommend a packaged bond which would include the \$83,000 which is the City's portion of the project. Mr. Ekstrom supports the request due to the amount the City is being asked to pay versus what the City is going to be paid for the project.

Councillor Oliver asked for the hard figures for the project. He was told the figures presented to the Committee were the hard figures and that the project had already gone out to bid and was awarded. The costs will remain the same providing if they are approved as the Contractor has agreed to keep the same pricing in place for 180 days. The Councillor asked if the project would result in service interruption. He was told the work would affect Runway 5 but that they would shift service to the other runways.

Councillor Gomes asked about the timeline for receiving the funding promised by the FAA. Mr. Servis stated that funding would be provided as the project advanced. The City has already received a commitment to the FAA funding and is waiting for the final approval on the DCAM/DOT funding which will be received.

Councillor Abreu asked if the pricing would remain the same. He was told it would. Mr. Servis said the project would more than likely be completed next year it depends on when the asphalt factories are up and running in the spring.

Councillor Morad asked if the bid was a locked rate. She was told it was, the Contractor is the TASC Corp, though Mr. Servis did not know where they are located. The company is certified to do runway work. He was asked if there would be a lot of prep work to which he said no.

On a motion by Councillor Lopes and seconded by Councillor Carney, the Committee VOTED: To recommend to the City Council ADOPTION of the LOAN ORDER, appropriating \$1,362,200.00 to pay the costs of paving the Runway 5 Perimeter Road at the New Bedford Regional Airport and for the payment of all costs incidental and related thereto. This motion passed on roll call vote of Yeas 8, Nays 0.

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COMMUNICATION, (Matter ID #1431), AN ORDER (Matter ID #1432) and FIRST AMENDMENT TO LEASE AND LEASE EXTENSION (Matter ID #1433) submitted Mayor Mitchell, between the New Bedford Regional Airport and Bridgewater State University, for the premises located at 1852 Shawmut Avenue. (Referred – September 12, 2024.)

The Chair asked Mr. Servis to provide the Committee with hard copies of the two presentations that were given by him at this meeting. He stated that he would forward the presentations to the City Councillors. A motion was made to RPF the two presentations by Councillor Lopes and seconded by Councillor Gomes. This motion was passed by a voice vote.

The Chair recognized Scot Servis, Airport Director who presented the Committee with an overview of the request before the Committee.

Director Servis explained that the request before the Committee was for a one-year lease extension for Bridgewater State University (BSU). BSU is moving forward with plans for some capital improvements through the DCAM Office (Divisional Capital Assets and Management). The University currently has a three-year lease with the City which expires on November 15, 2024. BSU is seeking a one-year extension while they plan for capital improvements. They are seeking an additional land lease area which will require them to secure additional state funding and permits. The proposed project will include the construction of an Airport hangar to hold six aircrafts as well as renovations and expansion to their current building. The request for a one-year extension would allow them the time needed to secure the financing and permitting for them to move forward with the proposed project, the investment will be approximately \$10 million. Once the funding and permitting is in place BSU would enter into a long-term lease agreement with the Airport.

Councillor Lopes asked when the existing lease agreement will expire between the City and BSU. He was told November 15, 2024. The Councillor asked if the City extends the lease for one year and BSU gets DCAM authority and permitting what did Mr. Servis see as the potential amount of time for the lease extension. He was told that the FAA does allow for leases to go up to fifty years. He opined that the City is in the beginning stages of discussing the future lease.

Councillor Morad asked when the initial three-year lease was negotiated with BSU, was it in 2021. She was told it was. Mr. Servis stated it was the same rate that they had previously had before the 2021 lease negotiation. He explained in 2021 when that lease was expiring a three-to-four-year lease was negotiated. She stated that it would imply that the City has not changed the lease amount with BSU for the last 6 or so years, was that correct.

Mr. Servis said that the reasoning behind not changing the rate was that during the last lease negotiation period, the City took back some of the land which was part of the previous lease agreement. So, it was decided to leave the payment rate as is. The Councillor asked if the rate for this one-year extension request was going to remain the same. Mr. Servis stated it was. The Councillor expressed a concern that where the Airport is running in a deficit that they would look to appropriately charge for the property being used. The Director agreed, but stated he believed by keeping the current rate as is for the one-year extension it would be seen as a positive step towards negotiating a new long-term lease with BSU. He explained that an increase in the rate is being discussed for the new long-term lease and it will also include automatic increases within its language. The Councillor asked what the new square footage would be. She was told 16,000 square feet

Councillor Oliver asked who would own the hanger once it is built. Airport Director Servis said that BSU would own and maintain the hanger. If for some unforeseen reason the program closes, the hanger would revert to the City. The Councillor asked if the BSU does not get the funding to expand what would happen to the property after the one-year extension. He was told the property would revert back to the City.

Councillor Giesta was recognized and expressed her concern about a fifty-year lease. Mr. Servis stated that the Airport has not entered into a fifty-year lease yet, but it has been discussed during the onset of discussions. He went on to say that fifty-year leases are not uncommon at the Airport and there are a few of them currently in existence.

Councillor Gomes asked if the BSU has asked for a fifty-year lease. Mr. Servis stated that if there were an extended lease it could not exceed fifty years. The Councillor asked what the longest lease in place is right now at the Airport. Mr. Servis said that there are a couple of hangars on City property that have fifty-year lease agreements.

On a motion by Councillor Lopes and seconded by Councillor Gomes, the Committee VOTED: To recommend to the City Council ADOPTION of AN ORDER and APPROVAL of the FIRST AMENDMENT TO LEASE AND LEASE EXTENSION, between the New Bedford Regional Airport and Bridgewater State University for premises located at 1852 Shawmut Avenue. This motion passed by a voice vote.

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Councillor Oliver made a motion to adjourn, seconded by Councillor Burgo. This passed by a roll call vote of Yeas 8, Nays 1. (Councillor Morad opposed.)

This meeting adjourned at 6:44 pm.

ATTEST:

Denis Lawrence Jr.
Clerk of the Committees