State of New York
Office of the State Comptroller
Division of Management Audit and State Financial Services

DEPARTMENT OF TRANSPORTATION

STUDY OF FUTURE USE: REPUBLIC AIRPORT

REPORT 96-D-26

H. Carl McCall

Comptroller

State of New York
Office of the State Comptroller

Division of Management Audit and
State Financial Services

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Mr. Joseph H. Boardman
Commissioner
Department of Transportation
New York State Campus - Building #5
Albany, New York 12232

Dear Mr. Boardman:

The following report is based on our study of the possible future uses of Republic Airport.

The study was performed according to the State Comptroller's authority as set forth in Article V, Section 1 of the State Constitution and Article II, Section 8 of the State Finance Law. Major contributors to this report are listed in Appendix A.

Office of the State Comptroller
Division of Management Audit
and State Financial Services

February 10, 1999

Executive Summary

Department of Transportation
Study of Future Use: Republic Airport

Scope of Study

Republic Airport (Republic or Airport) is a 530-acre, State-owned general-aviation facility located in East Farmingdale, Suffolk County, NY. One of 11 airports on Long Island, its facilities include runways that can accommodate commercial jet aircraft as well as fixed-base airport services, a passenger terminal, and a full-service control tower.

The Metropolitan Transportation Authority acquired the Airport in 1969 from the Fairchild Engine Manufacturing Company, which had ceased operations in the State. On April 1, 1983, ownership was transferred to the New York State Department of Transportation (DOT), to provide new direction to the Airport, promote economic development in the surrounding Long Island region, and protect the State's investment. A private contractor manages the Airport for an annual management fee of $200,000 plus costs. For the fiscal year ended March 31, 1997, the contractor was reimbursed $1.7 million.

REPUBLIC AIRPORT - TERMINAL BUILDING

Recently, 488 aircraft, primarily single- and twin-engine airplanes, have been based at the Airport, where more than 74,000 takeoffs and landings took place in fiscal year 1997. For the fiscal year ended March 31, 1997, DOT reported Airport revenues of $1,851,733 and operating expenses and New York State overhead of $2,254,507, realizing a loss of $402,774.

A previous report (No. 90-S-1) issued by our Office in June 1991 indicated that DOT had been unable to develop the Airport into an economic catalyst for the Long Island region or enhance its financial self-sufficiency. Specifically, little new development had occurred at the Airport since DOT's takeover in April 1983, and the airport was incurring deficits, which had to be funded by State appropriations. The report recommended that DOT improve its management of the facility and become more aggressive in developing available properties.

We reviewed the management of Republic Airport during the period between January 1990 and August 1997. Our study addressed the following questions about the future uses of Republic Airport:

- Should DOT continue to operate the Airport as a general-aviation facility?
- Has DOT's management of Republic stimulated expansion of air transportation and related economic development on Long Island?
- Has DOT marketed the Airport successfully for the purpose of economic development on Long Island?

Study Observations and Conclusions

Despite its operating advantages (i.e., location, safety features) and high fee structure compared to other general-aviation airports in the New York City metropolitan area, Republic has incurred an annual deficit in 11 of the 15 years since 1983. Republic's deficits are the result of its small-scale aircraft operation. Because of its limited size, the Airport can increase revenues only by either changing its pricing policies or turning to real estate development. While DOT has made efforts to enhance the economics of the airport, it has encountered several difficulties in carrying out planned strategies.

Focusing on the economics of the Airport as well as DOT's marketing effort, we noted that local attitudes are an important component in Republic's prospects for development. For example, concerns about noise have limited its expansion to service jet aircraft; and local opposition to other commercial uses of the property have prevented the sale or leasing of portions of its acreage. The survival of Republic appears to be in the interest of Long Island business. In addition, if it were to close, the other Long Island airports may not be able to accommodate the aircraft that are currently based there.

We believe DOT should consider authorization of a comprehensive marketing effort for the Airport. We suggested several types of development options that could be considered for Republic, including the possibility of entering into a contract with a private firm to manage the facility on a long-term (e.g., 30-year) basis, with the condition that an effective monitoring process be adopted to cover the option selected. DOT officials should also look into ways that the Airport's community relationships can be improved so that it can gain support and achieve self-sustaining economic growth.

Comments of DOT Officials

In response to a draft of this report, DOT officials indicated their commitment to keep Republic as a general-aviation airport. DOT officials believe that their efforts to expand air transportation at Republic and increase economic development have achieved significant results. They added that airport management is developing a comprehensive marketing program to properly position Republic in its target market.

Contents

Introduction

Background

Republic Airport (Republic or Airport) is a 530-acre, State-owned general-aviation facility located in East Farmingdale, Suffolk County, NY. It is 1 of 11 airports on Long Island and was originally used as a testing ground for aircraft built by the Fairchild Engine Manufacturing Company. Republic's facilities include runways that can accommodate commercial jet aircraft as well as fixed-base airport services, a passenger terminal, and a full-service control tower.

The Metropolitan Transportation Authority acquired the Airport in 1969, effectively removing it from the local tax rolls. On April 1, 1983, ownership was transferred to the New York State Department of Transportation (DOT), in compliance with Article 15 of the State Transportation Law enacted in 1982. DOT's mission was to provide new direction to the Airport, promote economic development in the surrounding Long Island region, and protect the State's investment in the Airport. The 1982 legislation also created the Republic Airport Commission (RAC) to advise the DOT Commissioner regarding the management and operation of the Airport, and on local community issues affecting the Airport. The RAC has nine members from Nassau and Suffolk counties -- four appointed by the State Senate, four appointed by the State Assembly, and one appointed by the Governor. The DOT Commissioner is an ex-officio member.

Republic has contracted with two different private firms to manage the Airport: Lockheed Airport Terminal of New York, Inc., for the period of April 1, 1983 through October 31, 1993; and Johnson Controls for the period of November 1, 1993 through September 30, 1998. (During the contract period, on July 1, 1997, Johnson Controls became American Port Services.) DOT pays the contractor an annual management fee of $200,000 and reimburses the company for all of the costs it incurs in operating and maintaining the airport, including the salaries of its airport staff of 23. For the fiscal year ended March 31, 1997, American Port Services was reimbursed $1.7 million. In addition, two full-time DOT employees work at the Airport, in conjunction with DOT management in Albany, providing the contractor with policy guidance and oversight. Since the early 1980s, the New York State Police have also had a headquarters on Republic property. For the fiscal year ended in March 1997, the imputed rent for this space was valued at $176,807. No part of this State Police allocation was paid to DOT.

STATE POLICE FACILITIES

Since 1969, the Airport has received about $27.3 million from the Federal Aviation Administration (FAA) for capital improvements. New York State's share is 10 percent of the total cost of these improvements; for the 1995-96 and 1996-97 fiscal years, this has amounted to $439,000. The FAA has issued the Airport a limited operating certificate for aircraft with a 30-seat capacity, restricting Republic to general-aviation purpose and prohibiting its use for commercial air service.

Recently, 488 aircraft, primarily single- and twin-engine airplanes, have been based at the Airport, where more than 74,000 takeoffs and landings took place in fiscal year 1997. For the fiscal year ended March 31, 1997, DOT reported Airport revenues of $1,851,733 and operating expenses and New York State overhead of $2,254,507, including fees and reimbursements to Johnson Controls (now American Port Services), realizing a loss of $402,774. In fact, DOT has incurred such deficits for 11 of the past 15 years.

AIRCRAFT PARKING

Study Scope, Objectives and Methodology

We reviewed DOT's management of Republic Airport, in terms of economic and airport development, for the period of January 1990 to August 1997. Our objectives were to determine whether DOT should continue to operate the Airport as a general-aviation facility; whether DOT's management of Republic has stimulated expansion of air transportation and related economic development on Long Island; and whether DOT has marketed the Airport successfully for the purpose of economic development on Long Island. We focused on the economics of the Airport, including the fees the aircraft are charged for operations (landings), aircraft parking spaces (known as "tie-downs"), practice landings and takeoffs by student pilots (referred to as "touch and gos"), and fuel usage.

We also examined activity statistics, monthly financial reports, transient flights, and physical characteristics of the Airport. We reviewed Airport records and industry publications to determine the extent to which DOT had made efforts to market the facility and to determine the number and type of real estate development proposals that had been received; and contacted local political officials, entrepreneurs, and community representatives to determine why various proposals had not materialized. In addition, we reviewed DOT's marketing effort including contacts with public relations firms and advertising placements in trade magazines.

We also collected data relevant to the revenue, expenses, FAA funding, operations, and development of the ten other airports on Long Island. We gathered information about the airports' ownership, size, and number of runways; their hours of operation; their aircraft parking capacity; and the actual number of aircraft based at each facility. In addition, we determined how much the ten airports charge users for landings, aircraft parking, and fuel usage.

We compared the data we collected with similar data for Republic Airport. For example, we compared the parking capacity with the actual number of aircraft based at each of the airports to determine whether the other locations would be able to accept the overflow of aircraft and air traffic if the Airport were to close. In addition, to determine whether its fees were competitive, we also compared the fee amounts charged at Republic Airport with those charged at the other sites.

Response of DOT Officials to Study

We provided draft copies of this report to DOT officials for their review and comment. Their comments have been considered in preparing this report and are included as Appendix B.

In their response, DOT officials indicated their commitment to keep Republic as a general-aviation airport. DOT officials believe that their efforts to expand air transportation at Republic and increase economic development have achieved significant results. They added that airport management is developing a comprehensive marketing program to properly position Republic in its target market.

Within 90 days after final release of this report, we request the Commissioner of the Department of Transportation to report to the Governor, the State Comptroller, and leaders of the Legislature and fiscal committees, advising what actions were taken to respond to the study conclusions and issues raised in this report.

Comparison of Area Airports

Republic has the largest capacity of any New York State-operated airport in the New York City metropolitan area that is classified as a "general-aviation" facility. This classification encompasses a diverse range of aviation activities, and covers all segments of the aviation industry except commercial air carriers (including commuter/regional aircraft) and military aircraft. It includes pilot training, aerial sightseeing services, helicopter freight services, and charter flight services that transport customers for corporate or personal business. Aircraft based at Republic range from a one-seat single-engine piston airplane to a long-range corporate jet.

The Airport's location is an advantageous one, with access to a highly-concentrated population within close proximity to Manhattan. Nassau County has no airports at all and New York City has no general-aviation facilities; the nearest is in Teterboro, NJ. Of the 11 airports in Suffolk County, Republic is the closest to New York City. The others are farther east from Republic — from 20 to 90 miles. Republic also has several operating advantages over most of the other Suffolk County airports: 1) It has the largest capacity -- 600 aircraft can be parked or "tied down" on its property. 2) It has a modern passenger terminal. 3) Its safety features include an FAA tower and aircraft navigation lights. Its facilities are generally superior to those of its Long Island counterparts, with the possible exception of MacArthur, which serves the commercial-aviation market.

FAA TOWER

Some of the physical characteristics of Long Island's airports are compared in the following table:

Comparison of Airport Characteristics

Airport	Takeoffs/ Landings	Number of Acres	Number of Runways	Control Tower	Hours of Operation
Bayport	10,250	50	1	No	D-D
Brookhaven	100,000	800	2	Yes	24 HRS
East Hampton	33,178	570	3	Yes	8AM-5PM
Elizabeth Field	900	55	2	No	D-D
Gabrieski	76,326	1,480	3	Yes	24 HRS
Lufker	3,000	30	1	No	D-D
MacArthur	195,841	1,350	4	Yes	24 HRS
Mattituck	3,500	55	1	No	D-D
Montauk	3,500	41	2	No	D-D
Republic	232,200	530	2	Yes	24 HRS
Spadaro	10,204	29	1	No	D-D

Legend: *D-D = Dawn to Dusk*
D-M = Dawn to Midnight

During our study, we compared the fees being charged at Republic for landings, aircraft parking, and fuel usage with those being charged at the other Long Island airports. We found that Republic generally charges higher fees in each category. These differences are apparent in the following table:

Types of Fees

Airport	Landings	Aircraft Parking Monthly	Fuel
Republic	**$2.50 Minimum $.40 per 1000 lbs.**	**ES $105 ET $130 DS $ 90 DT $115**	**$.08/gal**
Bayport	No Charge	$40	No Fuel
Brookhaven	$2.00	$70	$.03/gal
East Hampton	$2.00 (se) $3/$5 (te)	$65	$.15/gal
Elizabeth	$3.50 (se)	$45/$65	No Fuel
Gabrieski	$2/$3	$55/$65	$02/$.03/gal
Lufker	$0/$2	$40/$55	No Fuel
MacArthur	No Charge	$75/$95	$.05/gal
Mattituck	$2.00	$50/$65	10-12% of Sale
Montauk	$15/$20	$54	No Fuel
Spadaro	No Charge	$40	No Fuel

Legend: ES - Echo Area Single-Engine Aircraft, ET - Echo Area Twin Engine Aircraft
DS - Delta Area Single-Engine Aircraft, DT- Delta Area Twin Engine Aircraft
se - single-engine aircraft, te - twin-engine aircraft.

Financial Condition

Despite its operating advantages and high fee structure, Republic continues to incur large annual deficits. For 15 years, from 1983 through 1997, the Airport has been averaging an annual deficit of $250,000. (In 1996, the deficit was over $660,000 -- more than two and one-half times the average.) For 7 of those 15 years, the Airport had deficits greater than $300,000; and revenues never exceeded expenses by more than $37,000 in a single year during that period. The Airport showed a profit in just 4 of the 15 years. Operations at Republic Airport have had the following financial results for the past five years:

Republic Airport Operations: 5-Year Financial Results

Fiscal Year	Revenue	Expenses	(Deficit)
1992-93	$1,658,495	$2,033,544	($375,049)
1993-94	$1,910,046	$2,231,122	($321,076)
1994-95	$1,768,427	$2,360,360	($591,933)
1995-96	$1,595,134	$2,255,370	($660,236)
1996-97	$1,851,733	$2,254,507	($402,774)

Republic's income is derived from aviation operations, rentals, utilities, and other miscellaneous sources, as indicated in the following table showing 1995, 1996, and 1997 revenues:

Republic Airport -- Sources of Revenue (Cash Basis)

Fiscal Year	Total Revenue	Aviation Operations	Utilities/ Miscellaneous	Rentals
1994-95	$1,768,427	$837,708	$72,853	$ 857,866
1995-96	$1,595,134	$833,634	$66,148	$ 695,352
1996-97	$1,851,733	$787,476	$44,514	$1,019,743

Note: In 1996, neither SUNY nor Nassau BOCES paid rent to Republic. In 1997, SUNY paid $218,638 and Nassau BOCES paid $134,400 for rental space for both years.

An analysis of Republic's expenses, totaling $2,255,370 and $2,254,507 in 1996 and 1997, indicates that they have been incurred primarily for aviation operations; not for the negotiating, collecting, and accounting of rental income. Expenses incurred to generate and collect Republic's rental income are minimal; they do not require the operation and maintenance expenses that normal daily airport activities do. Therefore, most of the deficits are incurred due to the vast majority of airport expenses related to operations.

Republic's accounting system provides basic financial reports, but does not enable DOT aviation management to analyze cost centers and determine the areas of Airport operations that need more focus. Expenses are categorized according to general functions, e.g., labor, employee expense, office equipment, janitorial supplies, etc. Revenues are categorized by source such as landings, licenses, fuel, rentals, parking, etc. Since expense data is not related to each revenue-based function, management cannot determine the extent of losses incurred by Airport operations in contrast to the level of profits generated by Republic's real estate activities. Thus, they have limited information that would enable them to take corrective action.

The absence of a cost accounting system also reduces management's ability to justify setting higher fees that would increase revenues. Since Republic provides a good operating environment, higher fees might be justified. The following table shows that more than half of the aircraft based at Republic are operated for business reasons, not for private recreation, a further indication that a fee increase might be implemented successfully. While some relocation of aircraft is possible as a result of higher fees, the limited capacity at other Long Island airports, coupled with the established operating advantages of Republic, may tend to minimize any such relocation.

Aircraft Based at Republic Airport
<u>Types of Ownership</u>

	Business		**Personal**			
Types of Aircraft	**Number of Aircraft**	**Percentage**	**Number of Aircraft**	**Percentage**	**Total Number of Aircraft**	**Total Percentage**
Single-Engine Propeller	174	49.6	177	50.4%	351	71.9
Twin-Engine Propeller	51	60.0	34	40.0%	85	17.4
Twin-Engine Turbo	9	90.0	1	10.0%	10	2.1
Twin-Engine Jet	19	100.0	0	0.0%	19	3.9
Helicopter	23	100.0	0	0.0%	23	4.7

Total	276	56.6%	212	43.4%	488	100%

Revenues would also increase if the present rate structure remained constant, but the Airport operated at full capacity. Most of the 488 aircraft based at Republic are single- and twin-engine propeller planes. With a capacity of 600, its current rate of usage is 81.3 percent, which can mean a correspondingly low level of other revenue-generating activities at the Airport. Since fewer planes mean fewer operations that can generate additional income, management might focus on increasing revenues by achieving "full occupancy" instead of raising its fees.

CORPORATE JETS AT REPUBLIC

The Airport Director, who works for DOT, had conducted an analysis that focused on ways to increase Republic's revenue-generating potential to cover the 1995 budgeted deficit. As illustrated in the following table, the Director found that basing as few as 30 or as many as 192 additional general-aviation aircraft at the Airport could generate enough income to eliminate the deficit.

Revenue-Generating Activities -- General Aviation

	Type of Aircraft		
Types of Estimated Annual Revenue*	**Single-Engine**	**Single-Instructor Training Plane**	**Business Jet**
Fuel	$ 48	$ 672	$3,200
Landings	120	900	1,600
Parking	1,500	1,500	6,000
Total Estimated Revenues	$1,668	$3,072	$10,800
Additional Aircraft Needed To Fund Deficit	192	104	30

*All revenues based on current fees and usage assumptions by DOT staff.

In contrast, adding a much smaller number of commercial aircraft to Republic's population - as few as 3 or as many as 11 -- could generate sufficient revenue to fund the deficit.

Revenue-Generating Activity — Commercial Aviation

Type of Aircraft

Types of Estimated Annual Revenues*	**B-1900**	**B-737**
Fuel	$ 2,800	$56,000
Landings	1,825	21,900
Aircraft Parking	6,000	0
Ticket Counter	17,800	54,300
Total Estimated Revenues	$28,425	$132,200
Additional Commercial Aircraft Needed To Fund Deficit	11	3

*All revenues based on current fees and usage assumptions by DOT staff, assuming one round trip per day.

However, the usage assumptions in the analysis may be unrealistic. For example, the additional 192 single-engine planes recommended in the first table would exceed by 80 the number of aircraft parking spaces available as of August 1997. This expectation could be too high, anyway; the aviation market on Long Island has been stagnant for several years.

The level of increased commercial activity is also unrealistic. In the mid-90's Northwest Airlink operated a 19-passenger turbo-prop daily commuter service out of Republic, just 4 flights a day were scheduled, and that was abandoned after a few months for lack of customers. Furthermore, a regularly-scheduled commercial jet service has not operated routinely from the Airport since it was taken over by the State. Thus, it seems unlikely that there will be sufficient increases in either general-aviation or commercial-aviation activity to fund Republic’s deficit; the imposition of higher fees may present the only realistic option.

The Airport could also increase its revenues by changing the way it operates. For example, American Port Services, the current managing agent, has no incentive to produce a profit. It simply receives an annual management fee of $200,000, as well as State reimbursement for all operating costs associated with Republic. The company collects its fee, regardless of the level of activity at the Airport or the amount of revenue it is able to generate through that activity. Furthermore, the contractor has no investment in Republic that would provide an incentive for increasing revenues. DOT should consider introducing a profit incentive into the contract with the Airport's management firm.

Finally, we noted the management arrangement for another small airport located on the fringe of the New York City aviation market — Teterboro Airport, which is located in northern New Jersey. The Teterboro facility is owned by the Port Authority of New York and New Jersey, which has engaged a private firm to provide operational services under a 30-year lease, providing the firm with considerable latitude, as well as accountability. The long-term nature of the lease, encourages development by the lessee of the airport.

Issues To Be Considered

1. How can DOT eliminate the continuous deficits at Republic and make the Airport financially self-sustaining?

2. Should the State engage a private firm to manage the Airport, entering into a long-term (e.g., 30-year) lease similar to the one used by the Port Authority at the Teterboro, NJ, airport?

Long Island Aviation Environment

To evaluate an airport's ability to develop both aviation and non-aviation facilities on its property, one must take into account who owns the airport and the relationship of that owner with local municipalities. Since several municipalities have jurisdiction over Republic's property, the Airport has a limited degree of autonomy. It is owned by DOT but is subject to the concerns of local communities, and it must operate within the broader context of budgetary constraints and the public's perception of county-wide needs. Consequently, Airport expenditures and policy decisions must be made in the broader context of community-wide public needs, which may result in financial and political obstacles to development.

Local attitudes are an important component in the Airport's prospects for development. For example, jet service in and out of Republic is infrequent because nearby residents complain about the loud noises associated with jet aircraft. It is the responsibility of the Republic Airport Commission to advise DOT on local community issues affecting the Airport. So far, RAC's efforts have focused on noise abatement issues. We reviewed RAC meeting minutes for the period of February 1995 to November 1996. We also attended RAC meetings from January 1997 to September 1997. We observed that members deal with routine matters, such as operating activity reports, noise complaints, and complaints about removing property from the county's real estate tax rolls. For the two and one-half years of activity that we reviewed or observed, we noted that minimal progress was made toward development of the Airport. In fact, no vacant land that is available for non-aviation activity has been developed since DOT acquired the facility in 1983.

In addition, we found no comments by RAC members about the Airport operating at a deficit; nor did we find that members had expressed concern about the situation or had recommended specific deficit-cutting measures to the DOT Commissioner, as the statute mandates.

At the RAC meetings we reviewed and observed, its community involvement seemed to focus on an attempt to increase activity fees, opposition to expansion and development, and various lawsuits. For example, in August 1994, Republic officials conducted a public meeting to introduce a new rate structure. As a result of this meeting, the entire discussion of rate changes came to a standstill because some members of the public maintained that the fee changes were intended to increase the number of flights into the Airport by large commercial jetliners. Despite denials by Republic officials, this opinion did not change; and at the subsequent RAC meeting in the following September, the entire issue of rate changes was postponed indefinitely.

Real estate development has been hindered by aggressive community resistance. DOT has been frustrated more than once in its attempts to bring development to the Airport, despite the receipt of at least 19 proposals between January 1990 and August 1997 suggesting 13 types of business uses for the property. The proposals we reviewed included those that were negotiated successfully with three entities: Northwest Airlink (Airlink), to base a charter airline at Republic; the Nassau County Board of Cooperative Educational Services (BOCES), to house a technical school in one of the Airport buildings; and Northeastern Air Management Group Corporation (Northeastern), for an airplane hanger to be managed by Northeastern. Two other proposals that did not materialize envisioned the building of two multiplex movie theaters and a shopping plaza/sports complex. Several others were not pursued by Republic because its management did not think the enterprise could provide a reasonable financial return. (The section in this report on "Economic Development" provides a more detailed synopsis of these proposals.)

Litigation has hampered some development efforts. R&H Financial Services gave up after its attempt to build a movie theater was delayed by a court action brought by the local pilots association. The association had contended that the theater's primary customers would be teenagers and young adults who would damage exposed aircraft and thus endanger pilots, who might not discover a problem until they were airborne. The association's legal maneuvering was successful in delaying the project, but the courts decided the suit had no merit. However, the delay it precipitated allowed the group to achieve its primary goal -- to prevent development of Republic Airport. In the meantime, a competitor built a similar theater complex on private property next to the other end of the airport.

The Town of Babylon also sued DOT to prevent it from acquiring easements for avigation (the navigation of aircraft) that would facilitate safer airport operations and bring it into compliance with FAA operating standards. The Town refused to believe DOT's assertions that it did not have a plan to expand the Airport for commercial jet traffic. The Town lost its suit, but delayed the project, disrupting many of DOT's plans for Airport improvements.

The survival of Republic appears to be in the interest of Long Island businesses and residents. If it were to close, the other Long Island airports could not accommodate the aircraft that are currently based there. The following chart provides a comparison of parking capacity with the number of aircraft that are now based in the region:

Aircraft Parking Capacity at Long Island Airports (August 1997)

	Total Capacity	Number of Aircraft Currently Based at all Long Island Airports	Excess Capacity (Deficit)
All Long Island Airports	1,681	1,324	357
Long Island Airports excluding Republic	1,081	1,324	(243)

Currently, 836 aircraft are based at the other 10 airports in Long Island, while 488 are based at Republic. The total capacity for the 10 airports is 1,081, which means they can accommodate an increase of just 243 aircraft -- about 50 percent of the 488 currently based at Republic. Therefore, unless the other airports respond to the demand and expand their own facilities, closing Republic Airport would be a severe detriment to general aviation on Long Island and would inconvenience numerous businesses and individuals who currently use the Airport. This situation might be affected by activities at MacArthur, which is just about 20 miles further east from Republic, where the primary airline carrier has switched to commuter planes and is now introducing a new generation of small commercial passenger jets; as well as at other Long Island airports where other carriers have introduced commuter planes serving different hubs than the ones previously served.

We reviewed the status of Stewart International Airport (Stewart), a former Air Force landing strip located in Newburgh in Orange County.

Under a privatization program designed by the FAA[1], New York State has initiated a plan through the Empire State Development Corporation (ESDC) to privatize Stewart. The State selected the Orange County facility for privatization because of its substantial acreage of undeveloped land and its isolation from densely-populated areas. According to this plan, Stewart is to be available for a lease of up to 99 years, and 7,400 acres of its non-aviation property are to be sold for private development. ESDC has issued Requests for Proposals (RFPs) from bidders interested in either the leasing or selling portion of the plan, or both; as well as bidders who might want to lease the airport and purchase some of the undeveloped property.

Issues To Be Considered

3. If Republic Airport were to close, could the other Long Island Airports accommodate the aircraft based there? If not, how would the State maintain this service without an annual subsidy?

4. How can the Airport's community relationships be improved to support its efforts to achieve self-sustaining economic growth?

5. Should Republic Airport develop a comprehensive marketing effort?

6. Should DOT take a more active role in promoting economic growth at the Airport?

7. Should DOT work with the FAA to expand the pilot program at Stewart International Airport to include the development of Republic Airport?

[1] A Federal pilot program approved in 1996 that exempts the buyer or lessor from repaying Federal investments in airports.

Economic Development

Several plans have been prepared, usually at the urging of either the FAA or local officials or community groups, for utilization and development of Republic Airport and its surrounding property. However, the lengthy preparation of these plans has resulted in little action. DOT officials claimed that both litigation and community opposition had delayed improvements at the Airport.

The first of the plans, known as the Airport Layout Plan, was completed in May 1968 for the Metropolitan Transportation Authority by Howard, Needles, Ptomain and Bergendoff, consulting engineers. The Plan proposed to “maximize the attraction of the airport to the spectrum of general-aviation activity that presently contribute to the mounting congestion of the New York metropolitan area’s principal airline airports and to maximize the airport’s potential to return revenues at least adequate to meet its annual cost of operation and maintenance.”

The first phase recommended in the Airport Layout Plan included construction of a third 3,290-ft. runway to serve single/twin engine aircraft traffic. Phase 1 also included the construction of a perimeter road; a paved tie-down area; taxiways and holding aprons; installation of taxiway lighting, signing, and marking; and the installation of improved navigational aid systems.

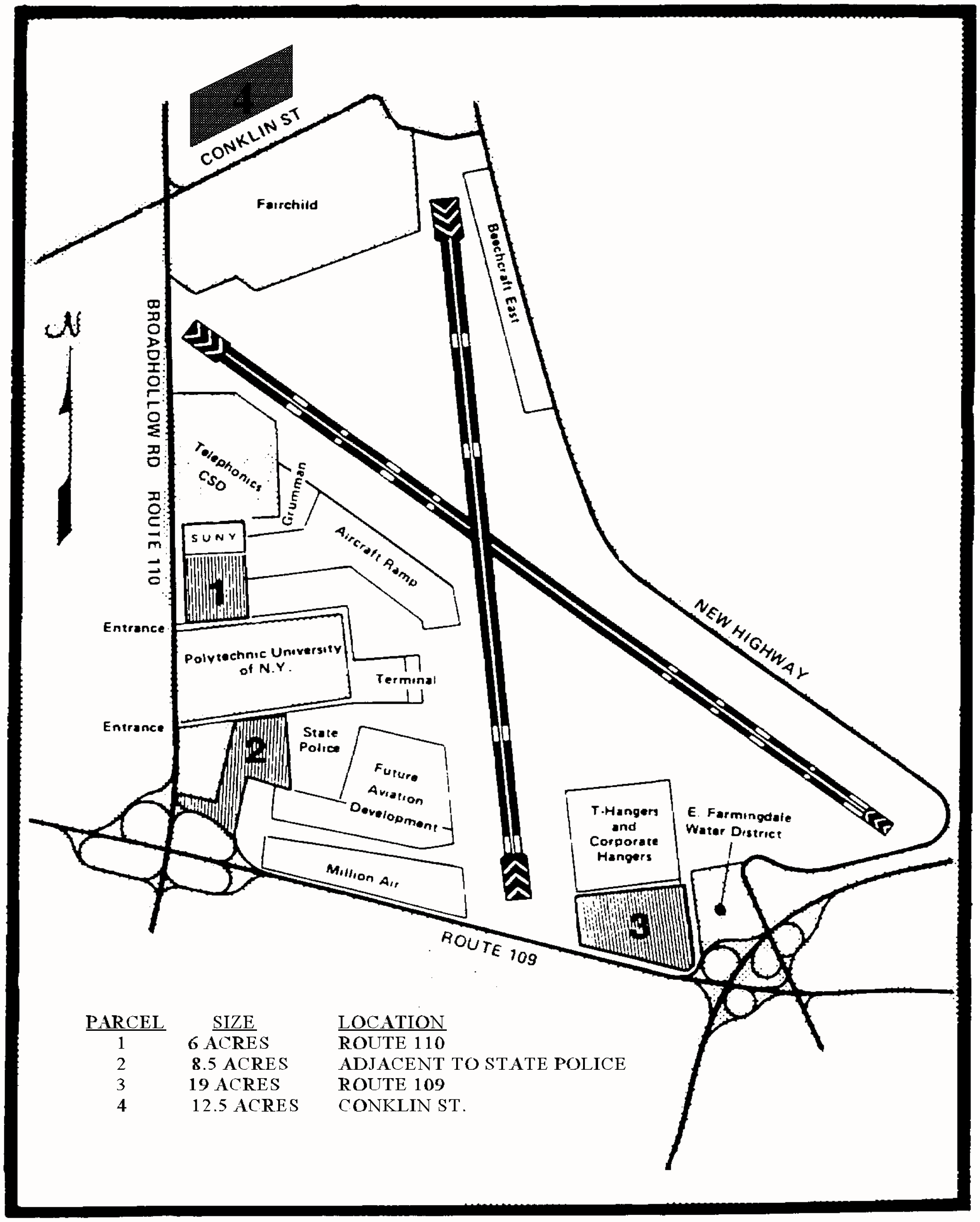
In January 1982, the same consultants presented a more comprehensive plan, known as the Airport Master Plan, which became a guide for the future development of the Airport. It was to facilitate approval of Federal and State funds for future Airport projects and to serve as a guide for development through the year 2000.

In the fall of 1985, DOT initiated the preparation of a Master Plan Update to determine the type and extent of facilities the Airport would need to accommodate the area’s aviation demands through 2005. DOT officials explained that this plan neither committed them to undertake each of the projects described in the plan nor committed the FAA to provide financial support for any specific project.

The objective of the Master Plan Update was to provide guidelines for future development at the Airport that would satisfy the area’s demand for aviation services and be compatible with the environment, community development, other modes of transportation, and the operation of other airports. It provided a graphic presentation of the projected development of the Airport and of anticipated uses of adjacent land. It also established a schedule of priorities and phasing for the various proposed improvements, including enhancement of the infrastructure, removal and replacement of the fuel farm, construction of T-hangars, demolition of abandoned hangars, installation of improved runway lighting, and expansion of automobile parking facilities for the terminal. This plan described airfield requirements, recommended improvements to navigational aids and visual aids, and specified the terminal facilities that were needed. It also commented on the use of land both on and off the Airport, and provided cost estimates for Airport development stages at the 10-year and 20-year marks.

A generic environmental impact statement was also completed to bring the Airport in compliance with the State Environmental Quality Review Act (SEQRA). It addressed the environmental impact of the projects in the Master Plan Update, including items such as taxiway and apron development, improved flightway clearances and instrumentation, abandoned sewage treatment ponds, replacement of fuel storage facilities, and the demolition of hangars.

In 1989, the Airport's Master Plan was updated again. It identified 4 areas of Airport property, totaling 46 acres, that would be developed for compatible non-aviation purposes, as indicated in the following map:



PARCEL	SIZE	LOCATION
1	6 ACRES	ROUTE 110
2	8.5 ACRES	ADJACENT TO STATE POLICE
3	19 ACRES	ROUTE 109
4	12.5 ACRES	CONKLIN ST.

The Master Plan included a timetable for developing these sites. The first (see Parcel 1 on map) consists of six acres that front on Route 110 north of the Polytechnic University campus and south of the SUNY-Farmingdale aviation campus. It was proposed that this area be developed by 1995; suggested uses included a hotel with a restaurant, office space, restaurants with catering, or multiplex (multiple-screen) movie theaters.

The second, 8.5-acre site (see Parcel 2 on map) is south of the terminal area access road and is known as the Lambert area. It is to be developed by the year 2000 with structures devoted to office space, light manufacturing, warehousing, or retail shopping.

The third, 19-acre site (see Parcel 3 on map) is located on Route 109 and is known as the Breslau area. The four alternatives being considered for Parcel 3 include office space; light manufacturing; warehousing; or a low-intensity aviation-related use, such as aircraft parking.

The fourth, 12.5-acre site (see Parcel 4 on map) has been designated for commercial development. Located north of Conklin Street across the street from the Fairchild Republic Company plant that abuts the Airport property, it is bounded by Route 110 on the West, Conklin Street (Route 24) on the south, the Long Island Rail Road (LIRR) on the north, and the Fairchild plant on the east. This property contains nine abandoned and dilapidated buildings and is designated for both aviation uses and compatible non-aviation uses such as business and professional offices, research and development laboratories, restaurants, hotels, etc. An environmental evaluation of the site has indicated the presence of asbestos on the roof of the buildings and possible sub-surface contamination.

CONKLIN STREET AREA

DOT has completed many aviation-related improvements to the Airport since 1984.

They are:

Improvements	Costs
Taxiway Improvements	$ 2,799,034
Navigation & Lights	3,158,383
Rehabilitation of Runways	2,468,919
Acquisition of Easements	596,813
Aircraft Parking Aprons	3,336,379
Planning Studies	247,500
Roadway Improvements	1,379,005
Project Acquisition	3,465,000
Total	$17,451,033

As a result of these improvements, between August 1984 and August 1997, the use of corporate aircraft has increased at Republic as shown in the following table:

Number of Aircraft Based at Republic Airport

Types of Aircraft	1984	1997
Single-Engine Propeller	414	351
Twin-Engine Propeller	92	85
Subtotal	506	436
Helicopters	2	23
Turboprops	13	10
Jets	7	19
Subtotal	22	52
Total	528	488

Helicopters, turboprops, and jets are generally owned by corporate users. In 1984, a total of just 22 units of these aircraft were based at Republic Airport; by 1997, the total had grown to 51. In addition, the use of jets for both regular landings and training activities increased substantially at the Airport, as did the activity of single-engine propeller planes, despite the decrease in the number of single-engine aircraft based there. This change is illustrated in the following table:

Number of Takeoffs/Landings at Republic Airport

Types of Aircraft	1985/1986	1996/1997	% Change
Single-Engine Propeller	56,508	57,745	2.2%
Twin-Engine Propeller	8,945	6,884	(23.0)
Subtotal	65,453	64,629	
Helicopters	2,731	3,926	43.8%
Turboprops	4,126	2,507	(39.2)
Jets	1,396	3,042	117.9
Subtotal	8,253	9,475	
Total	73,706	74,104	

The volume of corporate flight activity is also evident in the number of flights into the Airport by corporate aircraft that were not based there. Airport records show that General Electric, Sears Roebuck, NYNEX, AT&T, United Technologies, Gillette, and I.E. Dupont were among the 36 corporations whose aircraft landed at Republic during September 1997.

However, despite all of the aviation improvements, DOT has not been successful in developing the non-aviation properties at Republic Airport. A previous report (90-S-1) issued by our Office in June 1991 indicated that DOT had been unable to develop the Airport into an economic catalyst for the Long Island region or enhance its financial self-sufficiency. Specifically, little new development had occurred at the Airport since DOT's takeover in April 1983, and the airport was incurring deficits, which had to be funded by State appropriations. The report recommended that DOT improve its management of the facility and become more aggressive in developing available properties. Yet, since 1990, it has issued just two RFPs concerning the use of undeveloped land. In addition, DOT did not allocate funds in its budget for marketing the property until the 1997-98 fiscal year, when it allocated $50,000. This amount contrasted significantly with the amounts budgeted for DOT's promotion of Stewart Airport, where 1995/96 contracts for marketing, business development, and public affairs totaled $414,000. At the same time, private interests are developing areas adjoining the Airport: a theater complex across the street, and a shopping mall/sports complex on property adjacent to the runway. These projects indicate that it may be possible to attract prospective buyers or lessors to consider the undeveloped land at Republic, which is located along the busy Route 110 corridor.

In addition to responses from its own RFPs, Republic has received unsolicited requests from various companies to conduct business on Airport property. These companies have proposed plans to operate charter airlines, construct airplane hangars, operate a technical school, establish a Fixed-Base Operation (FBO)[2], construct a gymnasium, build a school bus parking depot, create a freight transportation terminal, house a flea market, erect an office building or warehouse, develop a shopping mall, or build a multiplex theater. To determine why these proposals did not materialize, we reviewed the 19 documented proposals

[2]Provides aviation services, including hangar rental and operations support.

to conduct business on Airport property that were received from January 1, 1990 through July 31, 1997.

The proposals encompassed 13 types of businesses. Republic Airport has negotiated three, including one for a commuter airline operated by Northwest Airlink; another for a technical vocational school run by the Nassau County Board of Cooperative Educational Services (BOCES); and a third for an airplane hangar to be managed by Northeastern Air Management Group Corporation (Northeastern). Besides the two unsuccessful proposals for two multiplex movie theaters and a shopping plaza/sports complex, Republic received others that were not pursued because its management did not think the enterprise could provide a reasonable financial return.

The following is a synopsis of the economic development proposals we reviewed:

1. Charter Airlines

In 1993, Capital Express Airlines (Capital) expressed interest in operating 6 daily round-trip flights from Republic Airport to Washington National Airport using a 45-seat turbo-prop aircraft. However, according to Republic's management, this plane would have exceeded the Airport's maximum aircraft seating capacity of 30 passengers for scheduled flights. When we contacted Capital, we confirmed that it had withdrawn its proposal voluntarily because it was unable to obtain necessary financing. In 1993, Northwest Airlink operated a pilot program, offering 4 daily round-trip nonstop flights on a 19-seat twin-engine turboprop from Republic to Boston's Logan Airport. However, according to Airport management, Airlink discontinued the service after just seven months, because the small number of passengers using the service did not allow it to be profitable.

2. Hangars

Republic Airport has received three requests to develop and construct airplane hangars and office space from Summit Aviation, Airframe Hangars, Inc., and Northeastern. Established in 1985, Summit Aviation is a full-service air and ground transportation company, currently operating a charter service as a sub-tenant at Republic. It leases space in a facility owned by the Airport's sole FBO, Million Air North. Based in Valhalla, NY, Summit Aviation submitted a proposal in May 1997 to lease three acres of land for the development and construction of a 25,000 square foot hangar and an office building. Airport management told us they had believed this proposal would become a reality, but Summit management indicated to us that, because of Million Air's monopoly, as well as the high fuel and rental costs at Republic, they had decided it was too expensive to operate there. In fact, they said the company might relocate to Westchester County Airport. (DOT officials responded that a lease with Summit Aviation for the construction of a 30,000 square foot hangar on a two-acre parcel at Republic is expected to be signed in the near future.)

MILLION AIR FACILITY

In 1995, Airframe Hangars, Inc., located in Wilmington, DE, proposed construction of condominium hangars in the Alpha section of the Airport. Republic's files contained only a one-page letter from the company referring to previous correspondence with Airport officials, including a 1993 introduction letter. According to Airport management, the current FBO already provides the same type of facility and service at Republic. They said there is no demand for additional hangars because aircraft owners are unwilling to pay approximately $300 a month to rent the space. Furthermore, they explained that action on such a construction proposal would require the preparation of an RFP, a time-consuming process.

When we contacted Airframe Hangars, Inc., to determine whether the company was still interested in the idea of building condominium hangars at Republic, we were told that company officials had not been able to reach the Airport Director by telephone or to get any feedback from him. They indicated that the company is still interested in developing the Airport.

In contrast, Republic responded positively to a Northeastern proposal to develop an aircraft hangar with offices in the Lambert area of the Airport. A lease agreement was negotiated for construction and operation of the 20,000 square foot facility, which has been completed and is currently occupied.

3. Technical School

In 1995, Nassau-BOCES proposed to lease the mini-terminal located next to the Airport's FAA tower. It negotiated and signed a lease agreement with Republic, and is currently conducting classes in that building.

4. Fixed-Base Operations

Republic has received proposals from SemiPro Corporation (SemiPro) and from East Hampton Air Service (East Hampton Air) to establish FBOs at the Airport. According to Airport management, SemiPro proposed in 1995 to establish an FBO in the mini-terminal located next to the FAA tower. However, our review of Airport files revealed only a copy of a SemiPro business card. Moreover, the building had already been leased to Nassau-BOCES. SemiPro officials told us that the partner responsible for the proposal is no longer with the company.

East Hampton Air proposed to establish its own FBO by leasing the Million Air North facilities after Million Air's lease expires in October 1998. (Million Air had acquired the former Beechcraft lease when Raytheon, Beechcraft's parent company, closed operations at Republic.) According to Airport management, Republic is preparing an RFP for the leasing of this property; and East Hampton Air will be included on the RFP.

5. Gymnasium

The Airport has received an unsolicited proposal from a potential developer to build a 10,000 square foot rock-climbing gymnasium. Our review of Airport files revealed only a telephone memo concerning this proposal. According to Airport management, the proposal was not appropriate; they said the FAA had previously disapproved of non-aviation-related projects such as shopping plazas, etc.; and they would not expect it to approve this project. When we contacted the developer to determine whether he was still interested in the property, he told us that he had decided it was not suitable for his needs.

6. School Bus Parking

Republic has received proposals from Baumann and Sons Buses, Inc. (Baumann) and Atlantic Express Transportation Group, Inc. for establishment of a school bus parking facility and construction of a maintenance/office building. Airport management met with Baumann officials to discuss their proposal for the Breslau site fronting on Route 109, requesting a business plan and a letter of intent from the company. Because this property has potential for generating high revenues, Republic wants to maximize the amount of revenue it would receive from any tenant. The parcel had been identified in the Airport Layout Plan as an area that was suitable for non-aviation development, but the proposal was not successful because DOT did not consider a school bus parking lot to be an appropriate use of the land and did not believe Baumann could provide the anticipated rental income.

The Atlantic Express Transportation Group, Inc.'s proposal would have located the school bus parking area on the Conklin Street property. Airport management provided the same reasons for rejection that they had given in response to the Baumann proposal.

7. Freight Transportation Terminal

Republic Airport sent an RFP to 54 firms concerning the development of its 12.5-acre Conklin Street property. The Long Island Rail Road (LIRR) was the only respondent, proposing a railroad freight transportation terminal for this site. According to the Airport Director, Republic rejected this proposal because LIRR wanted DOT to pay the cost of developing the property and to lease the property for $1 a year. LIRR officials told us they had not followed through on the property because they were told that the railroad, not DOT, would have to develop the land. They said the LIRR did not have the funds to finance such development.

8. Flea Market

Republic received a proposal from the Plain and Fancy Shows to operate a flea market on the Conklin Street site. According to Airport management, this proposal was rejected because the flea market could not afford either the cost of demolishing the existing buildings or the cost of cleaning or paving the site. We contacted the project developer, whose spokesman confirmed that the company would have had to incur the costs of demolition and an environmental cleanup, which it considered unaffordable.

9. Office Building

Republic received a proposal from Olympus America to relocate its world headquarters to the Airport. According to Airport management, the company had been referred by the Town of Babylon. However, after being shown several sites at Republic Airport as well as other sites on Long Island, Olympus America deemed Republic unsuitable for its new facility.

10. Warehouse

Montauk Rug and Carpet proposed to build a showroom and warehouse on the Conklin Street site. According to Airport officials, the company had responded to a Request For Intent, but never followed through.

11. Shopping Plaza

Phillips International made a proposal in response to an RFP for construction of an "Aviation Plaza." However, an internal DOT committee charged with evaluating the appropriateness of real estate proposals in terms of the Commissioner's stated purposes, decided not to recommend approval of this proposal because the FAA has been reluctant to sign a release for development that was not compatible with aviation. Instead, a new shopping center using the same name is being developed on the former Fairchild property abutting Airport property.

SHOPPING CENTER DEVELOPMENT

12. Movie Theater

Republic Airport has received proposals from both R&H Financial Services and G&S Investors to build multiplex movie theaters. G&S Investors proposed to construct its theater project, with United Artists as the operator, on six acres of land along Route 110. Airport officials responded to G&S that they were negotiating with R&H Financial Services (R&H) to use that property for the same purpose. Although Republic did reach such an agreement with R&H, the Republic Airport Pilots Association (RAPA) sued the State to stop the development, claiming that patrons attending the theater would vandalize planes parked near the theater. This lawsuit delayed the theater construction for so long that, in the meantime, a third party built its own multiple-screen theater on property adjoining the other end of the airport.

Yet another developer has joined with United Artists to build a second theater complex across the street from the Airport site where the R&F facility was to have been located.

We contacted this developer to determine whether it had been approached by Republic, American Port Services, or DOT about building on property at the Airport. He told us that no one from the Airport had contacted the firm about developing property at Republic, despite his interest in the idea.

MOVIE THEATER DEVELOPMENT ACROSS FROM REPUBLIC

13. One-Day-a-Week Operation

Republic received correspondence from a realty corporation that represented a client who wanted to develop one of the parcels of land at the Airport. The letter indicated that the client would construct a building with a parking lot designed to hold 1500 - 2000 automobiles for a one-day-a-week operation. Because Airport management believed that the proposal resembled a flea market or auto auction, they decided the proposal would neither provide a sufficient financial return for the use of the property nor receive FAA authorization.

Based on our review, it appears that DOT officials do not always follow up on possible opportunities for development of the Airport property and facilities. Telephone calls may not be returned, inquiries may not be treated seriously, and RFPs may not have been prepared because they are considered time-consuming. Finally, we found little documentation of the process DOT follows for evaluating and rejecting proposals. Moreover, DOT officials do not appear to be following any of the several plans developed for the Airport property. These plans are requested by community groups and paid for with FAA funds. Thus, the development of the Republic property is currently without meaningful direction.

MULTIPLEX THEATER ADJACENT TO END OF AIRPORT

DOT should be more creative in developing a range of development/privatization options that might succeed at Republic. For example, although in some cases the best solution might simply be to retain and improve the facility in its present form, DOT may want to consider joint ventures or partnerships, in which the Airport works hand-in-hand with businesses, sharing both the risks and the opportunities. A progressive build-own-operate-transfer project might be more successful in another undertaking (similar to what is being done at Stewart Airport), while long-term leasing (like the Teterboro Airport arrangement), might be the answer under certain circumstances. Privatization can also involve either franchising, in which the private sector obtains, for fair value, a responsibility to deliver specific services within a clear operating framework; or the outright sale of assets to the private sector or to a not-for-profit entity. In the case of a sale, the government can retain both a minority interest in the risks, as well as the benefits of ownership.

Consideration of these options would require the preparation of a comprehensive business plan that includes a competitive process for identifying prospective privatization candidates and partners, as well as involvement of the FAA, where required. And, to build accountability into any privatization plan, a process for monitoring of the new service-providing entity should be included.

Issues To Be Considered

8. Should DOT explore any of the development/privatization options described in this report?

9. How can DOT ensure that new service-providers will meet the State's standards?

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Re: Draft Study Report 96-D-26: *Department of Transportation - Study of Future Use: Republic Airport*

Dear Mr. Challice:

Attached is the Department of Transportation's response to the Office of the State Comptroller's Draft Report 96-D-26, "Study of Future Use: Republic Airport."

Sincerely,

LESLIE H MIKALSON
First Deputy Commissioner

Attachment

cc: Ron Rock, DOB
Deirdre A. Taylor, DOB
Aaron Fruchter, OSC

DEPARTMENT OF TRANSPORTATION RESPONSE TO OSC DRAFT REPORT 96-D-26
STUDY OF FUTURE USE: REPUBLIC AIRPORT

The vision for New York State's airports sees the State of New York served by a system of safe and quality aviation services and facilities that meet economic development needs, while adequately serving the demonstrated demand for air travel purposes at reasonable costs to the public. The Department of Transportation (Department) is a source of responsive and responsible leadership in addressing the State's aviation needs.

The Department has promoted Republic Airport's overall economic development and that of the surrounding area in close partnership with its many stakeholders to achieve a reasonable balance between economic development and quality of life issues. These stakeholders reflect a diverse group including individual residents of the surrounding communities, local governments, the Republic Airport Commission members, aircraft owners and users, and members of the business community. As a general aviation airport, Republic provides an important element of the State's air transportation system and the Department and its stakeholders have worked hard in achieving our vision.

General Comments

The report presents three themes related to the future use of Republic Airport. The first topic deals with whether the Department should continue to operate Republic as a general aviation facility. The Department has examined this issue and is committed to keeping Republic Airport as a general aviation airport, serving the local community. To help ensure that the Airport addresses the needs of its constituencies, the Republic Airport Commission was established as the local voice of the people of Long Island. In response to local concerns that Republic Airport remain a general aviation facility, the Department informally polled stakeholders as part of its commitment to public involvement. The feedback received has helped lead to the Department's continued commitment to operate Republic as a general aviation airport. In connection with an update of the Airport Master Plan, the Department has commissioned an engineering firm to prepare an Environmental Impact Statement to help guide future development at the airport. Once the master plan and environmental impact statement are finalized, the Department will proceed with establishing future policy for this issue.

Although the State of New York is privatizing Stewart International Airport in Newburgh under a long term lease, this transfer of responsibility has not yet progressed to the point where it can be used to dictate a future course of action at Republic Airport. Nonetheless, the Department expects that future policy will consider the Airport's local and regional impacts in terms of benefits to the community that can be balanced with promoting airport use.

The second theme explored in the OSC study deals with the Department's efforts to expand air transportation at Republic Airport and to increase economic development. The Department's efforts in this area have achieved significant results. Republic Airport will soon become the site of the tri-state region's first "living aviation" museum. The American Museum for the Preservation of Historic Aircraft (AMPHA) will have a 12,000 square foot hangar to house some of the collection of its vintage World War II aircraft. This development is expected to strengthen the surrounding community and be an excellent facility to attract tourist dollars. This museum is expected to have success similar to other like facilities in California and Texas, which are responsible for annually adding $1.5 million and $2.5 million to their local economies, respectively.

The Department has also recently issued a Request for Proposal (RFP) for a competitive Fixed Based Operator (FBO) for Republic Airport. Three firms responded to the RFP and the Department expects to make an award in the near future. This reintroduction of a competitive FBO is a noteworthy achievement which should beneficially affect both Airport operations and the economy of the surrounding community.

According to a survey conducted by Wilbur Smith Associates, Republic Airport accounted for $72 million or 36 percent of the total annual economic activity generated by the general aviation airports in New York State, making it the number one general aviation airport by this measure. Niagara Falls International Airport was next largest at $10 million. Other Long Island airports include Suffolk at $7.5 million and Brookhaven at $6.5 million. Republic Airport is also the number one general aviation airport in the State in terms of airport-related jobs. The total for all 366 general aviation airports was 2,628 related jobs. Of that total, Republic had 883, Niagara Falls 148, Suffolk 99 and Brookhaven 86 airport-related jobs.

Airport achievement and progress could also be measured by a number of other performance indicators. For example, annual activity (number of flights and passengers); the number of aircraft based at the airport; and the amount of aviation fuel sales. Flight activity at Republic Airport in 1988 ranked it as eighth in the State. Current flight activity at Republic ranks it as the third busiest airport in the State, trailing only LaGuardia and JFK airports. This improvement is most notable in light of drops of flight activity of 10 percent or more at other airports in the State. Republic dramatically increased from the 47th busiest general aviation airport in the United States in 1988 to 28th in 1994.

Although from 1987 to 1997 the number of single-engine and twin-engine aircraft based at Republic Airport declined slightly, this decline was offset by the marked increase in corporate aircraft based at the airport which almost doubled during this period. Sales of aviation fuel at Republic Airport for this same ten year period went from 1.6 million gallons in 1987 to 2.4 million gallons in 1997, a 50 percent increase.

DEPARTMENT OF TRANSPORTATION RESPONSE TO OSC DRAFT REPORT 96-D-26
STUDY OF FUTURE USE: REPUBLIC AIRPORT

The third focus of the OSC study deals with the Department's marketing efforts at Republic Airport. Airport management is already in the process of developing a comprehensive marketing program to properly position the Airport in its target market for corporate, sport, and limited commercial service aviation users. There are presently four proposals to build non-aviation projects on 38.5 acres of airport property which would generate approximately $1.3 million additional revenue. Republic will be offered as an alternative to other area facilities that would enhance the total trip by air for business and commercial customers.

Finally, we would emphasize that general aviation facilities in the State of New York including Republic Airport support business travel, relieve commercial service airports by providing additional capacity, provide alternative means of travel to remote areas, and meet the needs of private recreational pilots. These facilities also support emergency medical evacuation, law enforcement, pest control, fire fighting, traffic monitoring, and flight training. The Department will continue to work closely with Republic Airport's many stakeholders to build upon the significant performance improvements made in connection with Republic Airport since the Department assumed ownership in 1983.

Specific Comments to the Draft Report

1. There is an inconsistency in the data reported in the OSC study regarding take-offs and landings. The Executive Summary (Scope of Study - third paragraph) uses 1997 statistics while page 2 (last paragraph) of the report uses 1996 statistics. For the fiscal year ended 3/31/98, there were a total of 80,584 landings and 80,584 take-offs.

2. The reference to the $26.5 million received by Republic since 1969 on page 2 of the Introduction is not correct. According to the FAA, Republic has received a total of $27.3 million, $20.4 million during the fifteen years of the Department's ownership and $6.9 million during the prior fourteen years when Republic was owned by the Metropolitan Transportation Authority.

3. The table, *Comparison of Airport Characteristics,* on page 6 has several inaccuracies. The correct Take-off/Landing amount should be 232,200 for Republic Airport and 195,841 for MacArthur Airport. Additionally, Republic operates 24 hours per day.

4. The *Types of Fees* table on page 7 suggests that there are fees for take-offs and landings. This is incorrect as fees are for landings only.

5. The correct term for acquired easements, as noted in the third full paragraph of page 14, should be avigation.

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Specific Comments to the Draft Report - (cont.)

6. The reference to 46 acres in the last paragraph on page 18 relates to non-aviation development only.

7. Northwest Airlink is not a charter airline, as noted in the last paragraph of page 23, but rather provides scheduled commuter airline service as a wholly-owned subsidiary of Northwest Airlines.

8. We would like to offer a clarification to the reference regarding Summit Aviation (Summit) made in the last paragraph of page 24. Summit has submitted a site plan for a 30,000 square foot hangar on a two acre parcel and an environmental assessment of its proposed action. All necessary Department approvals have been given and a lease is expected to be signed shortly.