Memorandum advocating for a reasonable response to the “Million Air” applications
MEMORANDUM

From: Port City Air, Inc.
To: Pease Development Authority Board of Directors
Date: March 9, 2021
RE: Justification for a reasonable response to the “Million Air” applications

Introduction.

The Pease Development Authority (“PDA”) must act “in a manner which is consistent with the public good . . . .” RSA 12-G:7, II. Million Air is pressuring the PDA to do otherwise. Million Air seeks to capture a military fuel contract administered by the Defense Logistics Agency (“DLA”). To capture that contract, Million Air seeks the PDA’s grant of FBO status long before Million Air is ready to service customers, regardless of the potential impacts on the local community. Million Air proposes a much smaller operation than Port City Air’s—too small to service KPSM’s large volume of military traffic. Million Air does not guarantee its promises to the PDA; it applies via a shell company established just for this location.

This Board must now weigh the public good against Million Air’s potential recourse if the PDA denies its applications as presented. That potential recourse consists of an equal protection suit and a FAA Part 16 complaint based on the FAA’s Grant Assurances. As detailed below, the law and Grant Assurances support the PDA acting in the airport and the public’s best interest and, should Million Air file a Part 16 complaint, and should PDA find merit to that complaint, the PDA is still entitled to correct its decision without jeopardizing the Airport Improvement Program (“AIP”) funding.

Million Air’s application endangers the public good.

Million Air’s application poses environmental concerns, requires the PDA to deviate from its Master Plan, and threatens the business and complex customer relationships that the airport and Port City Air have carefully cultivated over many years. Selling fuel is only one aspect of servicing the heavy lift military and commercial aircraft that frequent KPSM. Million Air has not claimed or demonstrated that it provides such breadth or volume of service at its other locations. Granting Million Air’s application would also mean granting Million Air concessions that Million Air has not earned and that the PDA previously denied Port City Air.

Environmental and planning concerns.

Million Air proposes to build its facility on or near wetlands; the Board is already aware that Million Air’s proposed fuel farm would sit on or near an aquafer. PDA’s Maria Stockwell acknowledged that fact, commenting that Million Air estimates that its proposed driveway would impact 7,150 square feet in wetlands and 17,200 square feet in wetland buffers. Memo Maria Stockwell to Paul Brean (Nov. 12, 2020) at 1. Ms. Stockwell also noted that “it is not assured that these [parking and driveway] areas can be constructed, or that snow storage and stormwater treatment can be provided, as conceived without further buffer disturbances.” Id. at 2.

Million Air proposes to temporarily operate a commercial FBO from Executive Hangar’s private general aviation hangar. That proposal conflicts with the Airport’s Master Plan, which does not authorize Executive Hangar’s facility for commercial aeronautical activity. As such, Million Air asks the PDA to grant a change of use for the building. Such a change of use is no
small ask, as the Master Plan is, by definition, a carefully crafted “blueprint for long-term development” that addresses all airport issues, complies with federal, state, and local regulations, and establishes “a framework for a continuous planning process.” See Airport Improvement Program (“AIP”) Sponsor Guide (https://www.faa.gov/airports/central/aip/sponsor_guide/media/0500.pdf).

There has not been any public consideration of the impact that such a change of use would have on KPSM, its current operations, or the PDA’s plans for future development at KPSM. It makes little sense to approve a plan that would require a significant change-of-use process without considering the impacts.

Minimum standards concerns.

The change-of-use issue aside, the temporary space would not satisfy the minimum standards. Neither Million Air nor Executive Hangar have stated that 12,000 square feet of hangar space (the minimum required under the Minimum Standards) will be available for FBO use. The hangar is currently filled with resident aircraft. The PDA required Port City Air to have at least 12,000 square feet of space available for FBO use, and would not allow Port City Air to count hangar space already leased for other purposes (a Part 145 repair station) towards that 12,000 requirement. That is one of many examples of preferential treatment that Million Air seeks but Port City Air did not receive. Those issues have been briefed already and are not repeated here.

Economic concerns.

The greatest immediate risk is economic. Military business accounts for over 76% of the fuel need at KPSM. In 2019—the last full year before the runway’s temporary closure—the military purchased 6,233,909 gallons of fuel, and the related CRAF Program customers purchased 2,615,443 gallons. It takes more than 100 Port City Air employees at the airport to cater to the military needs and ensure that the airport’s other customer needs are met. The CRAF flights generate significant airport income, and account for a significant share of the minimum 10,000 enplanements needed for KPSM to remain a Primary Airport with the FAA.

In 2019, the military business accounted for at least 5,348 hotel room nights in the Portsmouth Area, a figure that does not include rooms the military booked without Port City Air’s assistance. The overnight stays bring restaurant, entertainment, shopping, and other tourism-derived income to Portsmouth and its environs. That income supports businesses and jobs outside the airport in the Seacoast community.

That military business was earned, not given. In 2008, the military portion (DLA and CRAF) of KPSM’s fueling volume totaled about 590,000 gallons, or 16% of KPSM’s total gallons pumped. Because of PCA’s efforts, by 2019, the military fueling volume grew to more than nine million gallons, or nearly 80% of KPSM’s total gallons pumped. That represents an impressive compounded annual growth rate of 26% over that 12-year period. The DLA contract selects a single vendor at the airport and sets a price for fuel, but a mix of schedulers, dispatchers, planners, and flight crews in the various military branches choose where aircraft land. Port City Air earned the military business through exceptional, concierge-level service that
requires diversified capability (catering, specialized cargo, dangerous goods handling, specialized ground handling) and a deep bench of cross-trained employees.

Selling fuel is only one part of heavy lift military and commercial aircrafts’ needs. Those customers require a combination of complex services that frequently requires the full force of Port City Air’s 100+ employee staff. If Million Air wins the military contract, its 21-person operation and small facility could not sufficiently support the breadth of KPSM’s customers. Should there be a gap or dip in customer service, the hard-won military business can easily leave Portsmouth, just as it left Bangor and the Canadian Maritimes for Portsmouth to take advantage of Port City Air’s superior service offering.

The next DLA bid cycle has begun. On February 24, 2021, the DLA issued its bid solicitation. The bid follows the “lowest price technically acceptable source” methodology. That means the DLA bases its decision on fuel price, not customer service or qualitative factors. See https://www.acquisition.gov/far/15.101-2 (describing “lowest price technically acceptable source” methodology). That bid methodology means the DLA will not ensure that Million Air can provide the level of service necessary to keep this airport’s military business. The FBO that wins the DLA contract will either keep or lose the military business depending on that FBO’s quality of service.

The military fuel need (DOD and CRAF) represents over 76% of the fuel need at the airport, and only one FBO can provide it. The remaining fuel need cannot sustain a second full-service FBO. If Million Air wins the DLA contract, Port City Air will have a massive fuel farm sitting empty, and approximately $7 million in specialized ground service and fueling equipment rendered redundant. If Port City Air stays open at all, it would need to reduce staff by 80+ employees. Million Air proposes to employ 21 people, which means a net loss of 59 or more jobs at the airport. And even if Million air were to win the contract, it would not have the facilities, offices, parking spaces, and ground handling equipment to service the volume of traffic that Port City Air and the PDA have attracted to KPSM.

If Million Air does not meet or exceed Port City Air’s customer service levels, military business will likely choose to land elsewhere. That would hurt KPSM via lost revenue from fuel flowage fees, fewer enplanements, and fewer jobs for the Seacoast community. The PDA would never know the scale of its loss, as the PDA would not be able to identify missions that previously used KPSM but now fly elsewhere. The decrease at KPSM would not hurt Million Air, as Million Air could scale down the military business to suit its 21-person operation and persuade defense officials to divert excess traffic to other airports where Million Air has a DLA contract. Servicing less military traffic may be more profitable for Million Air because it could reduce Million Air’s marginal costs, yielding a greater profit on a smaller operation. Winning the DLA contract would also lock Port City Air out from earning additional military business at KPSM that might otherwise visit airports serviced by Million Air.

**Performance concerns.**

To protect the public good while awarding Million Air its shortcuts and concessions, the PDA should confirm that Million Air will perform its promises. Given the stakes, that confirmation demands a financial and operational due-diligence review. That review should include researching at least the following questions:
1. What is the strength of Million Air’s promise? Million Air’s application provides that only Pease Aviation Partners, LLC, a limited liability, single-purpose entity, with no disclosed operating assets, shall be obligated to the PDA. There are no cross-corporate or personal guaranties. Those features of Million Air’s proposal essentially assign all financial risk to the PDA.

2. Even if Million Air were to offer guaranties, is the Million Air group of businesses financially capable of performing?

3. Has Million Air kept its promises to other airports?

**The PDA can protect the public good.**

Neither the equal protection laws nor the FAA Grant Assurances compel the PDA to violate its statutory duty of always acting “in a manner which is consistent with the public good . . .” RSA 12-G:7, II. To be sure, the PDA cannot act arbitrarily. But it can and should protect the airport and the public by enforcing its environmental protection mandate, and protecting the airport’s revenue, jobs, growth, and Master Plan.

**Equal protection law supports the PDA acting in a manner consistent with the public good.**

Rejecting Million Air’s proposal for legitimate reasons complies with the equal protection laws. For equal-protection reasons and to ensure fair competition, the law directs that the PDA should treat all FBO applicants the same. The State and Federal Constitutions require equal protection under the laws. N.H. Const. Pt. 1, art. II; U.S. Const. amend. XIV. By enforcing the Minimum Standards, the environmental protection mandate, the Master Plan, and by only permitting Million Air to fuel once it has mostly completed its permanent facility, the PDA would treat Million Air the same as it treated Port City Air.

Courts will uphold the PDA’s decision based on economics because it is “rationally related to a legitimate governmental interest.” Marasco & Nesselbush, LLP v. Collins, 327 F. Supp. 3d 388, 394 (D.R.I. 2018) (quoting Cook v. Gates, 528 F.3d 42, 48 n.3 (1st Cir. 2008)) (“Government action has a rational basis where it is ‘rationally related to a legitimate governmental interest.’”). By statute, the PDA has an interest in acting in a manner consistent with the public good. RSA 12-G:7, II. By necessity, the PDA must have an interest in managing the airport, protecting the environment, and enforcing its Master Plan. The equal protection laws therefore permit the PDA to act in the best interests of the airport.

**FAA Grant Assurances permit the PDA to act reasonably.**

Similarly, the FAA’s Grant Assurances permit the PDA to act in the airport’s best interests. Grant assurance issues are typically raised via a “Part 16” complaint, where a party seeking to build a facility at an AIP-grantee airport was denied permission, or a current airport tenant who is harmed by an airport authority’s grant of permission to another entrant, alleges that the airport violated its AIP funding Grant Assurances.
Grant Assurances 22 and 23 are the closest calls, and both permit the PDA to deny applications or demand reasonable modifications to a pending application. Grant Assurance 22 provides, in relevant part:

- The PDA, as the “sponsor,” “will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.” Grant Assurance 22(a).

- “The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.” Grant Assurance 22(h).

The bolded language proves that Grant Assurance 22 permits the PDA to act reasonably. The PDA may impose “reasonable terms” and it may treat applicants differently, so long as that different treatment is not unjustly discriminatory. The FAA has interpreted Grant Assurance 22 that way. For example, in Monaco Coach Corp. v. Eugene Airport et al., the FAA upheld an airport authority’s rejection of an applicant’s request to build a fuel farm near its hangar. Monaco Coach Corp. v. Eugene Airport et al., FAA Docket No. 16-03-17 (July 27, 2004) at 2-3. That airport authority had designated a central area where all fuel storage tanks must be built, and the FAA ruled that the airport authority was able to restrict fuel-farm construction to that central area. Id. The FAA noted that the airport authority had previous soil and groundwater contamination issues related to fuel spills, which prompted it to enforce its master plan, rules, and lease restrictions to keep fuel farms at a central location. Id. at 6-7.

Grant Assurance 23 is much the same, in that it prohibits unreasonable requirements and unjust discrimination. That assurance, provides that the PDA

…will permit no exclusive right for the use of the airport by any persons providing, or intending to provide, aeronautical services to the public . . . and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under the Airport and the Airway Improvement Act of 1982.

The FAA has clarified that “the application of any unreasonable requirement or standard that is applied in an unjustly discriminatory manner may constitute a constructive grant of an exclusive right.” Monaco Coach Corp, at 15. Federal courts have found the grant of an exclusive right “where a significant burden has been placed on one competitor that is not placed on another.” Id. (citing Pompano Beach v. FAA, 774 F.2d 1529 (11th Cir. 1985)).

The terms “reasonable” and “not unjustly discriminatory” must be interpreted as exceptions available to the PDA. The law gives meaning to every word in contracts and statutes. OrbisNeich Med. Co., BVI v. Bos. Sci. Corp., 694 F. Supp. 2d 106, 114 (D. Mass. 2010) (quoting Clark v. State Street Trust Co., 270 Mass. 140, 155, 169 N.E. 897 (1930)) (“It is a canon in the interpretation of contracts that every word and phrase must be presumed to have been employed with a purpose, and must be given a meaning and effect whenever reasonably possible.”); Moskal v. United States, 498 U.S. 103, 109, 111 S. Ct. 461, 466 (1990) (quoting United States v. Menasche, 348 U.S. 528, 538–539, 75 S.Ct. 513, 519–520 (1955)) (it is an “established principle that a court should ‘give effect, if possible, to every clause and word of a
statute.’”). The only interpretation that gives meaning to those words is one that establishes a rule of reasonability for the PDA to regulate its airport.

As discussed above, the PDA has ample reason to conduct due diligence, require Million Air to follow the same sequence of approvals as imposed on Port City Air, and protect the local environment. Any one of those reasons would permit the PDA to deny the application as presented.

Denying Million Air’s application as presented, or conducting meaningful due diligence before voting on the application, does not amount to a grant of exclusive rights to Port City Air. Rather, it is a measured response to an application that poses various risks to the airport, and Million Air would be free to resubmit a proposal that does not create the same risks. In contrast, the PDA’s acceptance of such a problematic proposal from Million Air would require Port City Air to consider its options to address the potentially devastating effects of such a discriminatory treatment or action, in the form of an equal protection claim or Part 16 complaint.

**FAA Part 16 procedures include a savings provision for PDA.**

Should Million Air file a Part 16 complaint, and should PDA second guess its decision, the PDA is still entitled to correct its decision without penalty. The FAA considers the successful action by an airport to cure any alleged or potential past violation of applicable federal obligation to be grounds for dismissal of such allegations. See, e.g., Wilson Air Center v. Memphis and Shelby County Airport Authority, FAA Docket No. 16-99-10 (Aug. 30, 2001) (Final Decision and Order).

**Conclusion.**

The law does not divest the PDA of its powers to act in a manner consistent with the public good. Million Air seeks preferential treatment so it can capture a military contract that, based on its current plans, it likely cannot handle without significant customer dislocation, which places the airport, workers, and the local economy at risk. Million Air’s application poses environmental, planning, and economic risks to the PDA—all without any performance guaranties or a due diligence review. Equal protection laws and the FAA Grant Assurances do not make the PDA beholden to any FBO applicant. Rather, the laws and assurances support reasonable action by the PDA.

Port City Air does not fear competition—it just seeks a level playing field and a decision that considers the risks to the PDA and beyond. It is reasonable for the PDA to conduct due diligence, enforce the Master Plan, protect the environment, and guard the airport’s service capabilities and jobs. The Board should exercise its lawful authority and deny Million Air’s application as presented, with an invitation to submit a corrected application to be considered upon completion of a due-diligence review.
Application for multi-phase development
Exeter Street, Portsmouth International Airport
MEMORANDUM

From: Port City Air, Inc.
To: Pease Development Authority Board of Directors
Date: March 9, 2021
RE: Application for multi-phase development
    Exeter Street, Portsmouth International Airport

Introduction.

Port City Air proposes a three-phase growth and development plan at KPSM which includes the construction of 90,000 square-feet of facilities, to include: 1.) a dedicated Department of Defense / CRAF Program Operations Terminal; 2.) a flex-use cargo and ground service equipment (“GSE”) facility; and 3.) a world-class Jetport and hangar facility. The proposed facilities make correct use of the Security Identification Display Areas (“SIDA”) on KPSM, unlike a new General Aviation facility, which would not.

KPSM’s need for these facilities, and Port City Air’s conceptual development plans for these facilities, are well known to the PDA. The plans have evolved over the past three years, during which time members of Port City Air’s staff and the PDA’s Executive Team have participated in multiple meetings and discussions, including as recently as January 2020, just before the onset of COVID-19.

Port City Air’s concept addresses KPSM’s most pressing growth needs, which are:

1.) Fostering continued growth with KPSM’s most significant customers, the DOD (military) and CRAF Program charter flights, and expanding to accommodate that business growth.
2.) Alleviating the potential for congestion conflicts between CRAF Program charter flights and increased scheduled airline passenger service at KPSM’s airline passenger terminal.
3.) Preparing to meet future increases in the volume of cargo / freight associated with increased airline traffic at KPSM’s terminal.
4.) Meeting the increased demand for high-tail hangar space for General Aviation aircraft, which has resulted from the repeal of NH’s former registration fee tax structure—something that Port City Air championed with the legislature.
5.) Creating a dedicated GSE maintenance and storage facility for the extensive fleet of GSE that supports ongoing and expanded operations at KPSM, which has been displaced from existing hangars to accommodate the demand for high-tail hangar space.

Port City Air’s proposal provides concrete solutions to address each of those important growth objectives without the need to build a second major fuel farm at KPSM in an environmentally sensitive area. By contrast, the competing proposal does not meaningfully address any of KPSM’s infrastructure or growth objectives but does require a new fuel farm.
Port City Air’s construction would be in three stages:

1) Construction of a 30,000 square-foot facility on the Exeter Street parcel consisting of a 10,000-sf terminal dedicated to DOD / CRAF’s particular needs.
2) Construction of a 20,000 sf of flex-use GSE / Cargo facility.
3) Construction of a 43,200 square-foot Jet Center facility (not on the Exeter St. parcel), consisting of a 31,200-sf hangar, and a 12,000-sf office and lobby. This facility is already needed because all of Port City Air’s hangars have reached capacity.

**Phase I: DOD / CRAF Program Services Terminal, to be completed during FY 2021, secured by a nonrefundable $1.0 million construction escrow.**

This 10,000-sf facility will service KPSM’s DOD and CRAF program flights, which are currently serviced in KPSM’s terminal or on the 139 Commercial Overflow Ramp. The attributes and advantages of this facility include:

1.) A custom design that allows US military personnel arriving on DOD and CRAF program flights (both outbound and CBP-approved inbound flights) to deplane while their aircraft is serviced with fuel, lavatory, water, maintenance, etc. Indoor and outdoor spaces will allow troops to mingle, stretch their legs, enjoy food and soft drinks, and access entertainment and game rooms to relax in comfort. At present, these troops flood KPSM’s terminal, which will conflict with any significant airline growth at KPSM.

2.) If conflicts arise as KPSM successfully attracts new airlines, CRAF Program flights may be diverted to other airports in the Northeast, which already have dedicated facilities for handling terminal overflow. This dedicated facility would avoid such conflicts and permit the significant expansion of airline and CRAF Program flights into KPSM.

3.) A 3,000-4,000-sf Federal Inspection Services facility would further alleviate pressure at the main terminal. As PDA Staff knows, Port City Air has discussed this possibility with Customs and Border Patrol (“CBP”). To date, CBP has not been in favor of a secondary FIS facility at KPSM. However, future growth at KPSM’s terminal will eventually pressure all stakeholders to open a FIS facility. This facility will also provide the CBP with increased operational flexibility to handle over-flow clearances related to GA International “Tech-Stop” at a secondary facility when the KPSM terminal is at capacity. If CBP does not immediately agree to utilize the facility, Port City Air will still reserve the necessary space to eventually incorporate a Federal Inspection Services station.

4.) Six to eight dedicated sleep rooms will meet DOD specifications, which will accommodate the needs of flight crews on “ready-alert” status for multi-day Coronet (mid-air refueling) missions operating over the North Atlantic. This unique and
unmatched capability will grow KPSM’s business and distinguish KPSM from all competing airports in the eyes of mission planners who coordinate these Coronet missions.

5.) KPSM’s Pease Greeters could resume a more direct role in supporting and thanking our troops, given the facility’s security infrastructure and the development of an appropriate security protocols with TSA and PDA Airport Security staff.

6.) This unique facility would increase KPSM’s competitive advantage and help attract new business to KPSM, generating additional flowage fee revenue for the PDA.

7.) In addition to maximizing revenue, the PDA’s operating costs would decrease because Port City Air would be responsible for perimeter security and cleaning staff.

8.) Unlike alternative proposals, this facility would not require additional fuel farms or fuelers, as Port City Air’s existing 300,000+ gallons of fuel storage capacity would meet all of this increased demand.

9.) Should the CRAF Program cease operations due to developments overseas, the facility could be easily repurposed for use as aviation and ground support facilities and offices.

Phase II: Ground Service Equipment ("GSE")/ Cargo Mixed Use facility, to be completed during FY 2022, secured by a nonrefundable $1.0 million construction escrow.

This 20,000 square-foot mixed-use facility is highly versatile: it is easily adaptable from a GSE maintenance and storage purpose to a cross-dock cargo handling facility on an as-needed basis. This facility will provide non-hangar space for GSE maintenance and storage, and allow KPSM and Port City Air to meet KPSM’s near-term need to handle “belly cargo” as KPSM increases its scheduled airline traffic.

GSE Maintenance and Storage:

As a result of increased demand for hangar space at KPSM, Port City Air has no more space to store its GSE equipment. Industry “best practices” advise against storing GSE in hangars because it increases the frequency of hangar door openings and movement of equipment within the hangar, which encourages accidents and damage to GSE and aircraft. Regulations prohibit Port City Air from servicing and maintaining its large fleet of refuelers inside its existing facilities. Currently, no facility at KPSM is approved for fuel-truck maintenance. That presents a significant and often time-sensitive challenge to Port City Air’s mechanics during inclement weather, as all maintenance must be performed outdoors. Outdoor storage also greatly reduces the dependability and lifespan of these vehicles.

This facility will support Port City Air’s growing need to support and maintain its modern and legacy fleet of GSE. This space will allow Port City Air’s GSE maintenance team to
effectively maintain, troubleshoot and repair the airport’s most critical pieces of support equipment. The enclosed storage for Port City Air’s large GSE fleet will increase its usable life.

The facility’s proximity to the 139 Commercial Overflow and Airline Passenger Terminal ramp areas where this equipment is used most frequently provides for faster response times and reduced wear and tear.

**Air Cargo:**

As and when needed, this facility could be quickly and seamlessly converted into a cross-dock facility capable of storing, sorting and handling any airline “belly cargo.” Port City Air operated a vibrant belly cargo operation when it serviced Skybus Airlines and still has the requisite personnel, training protocols, and equipment to handle it. The only piece missing is a facility.

Currently, there are no facilities within the SIDA where cargo shipments can be stored and processed. Port City Air regularly receives ad-hoc requests from both freight forwarders and cargo carriers expressing a desire for this capability, and this need will certainly increase with the arrival of any new airlines at KPSM. Allegiant is one of only a few US carriers that do not permit the shipment of belly cargo; most other airlines do. There is a significant chance that any carriers considering KPSM will expect the airport to meet this need. This facility would meet those carriers’ demands. Having such a facility would benefit KPSM, as the belly-cargo capability would draw airlines and generate significant revenue for PDA in the form of dollar-per-kilo fees.

Operating within the SIDA would also provide a cost savings to the PDA by reducing the workload on PDA operations staff for vehicle inspections, as Port City Air personnel will be able to operate inside of the SIDA without the need for repeat inspections.

This facility would enhance, not replace, existing capabilities. Seacoast Aviation Air Cargo’s existing ad-hoc cargo facilities in Gigunda’s building would continue serving general aviation and ad-hoc cargo charters. If the Gigunda facility is ever re-purposed and re-activated for cross-dock cargo handling, Port City Air would continue using this proposed facility for GSE maintenance and storage, and to support the terminal.

Unlike the competing proposal, this facility would not require the support of additional fuel farms or fuelers. It would not impact any of KPSM’s wetlands. Similarly, this proposal would not require the rezoning of the Exeter Street location. Million Air’s proposal would hamper future operations because future cargo and GSE support facilities would need to be built further from the designated commercial ramps, perhaps even encroaching into the general aviation sectors of the field. Such a move would result in reduced efficiency and higher operating costs for both the PDA and KPSM’s service providers.
Phase III: Port City Air Jetport Center, to be completed during FY 2022/23, secured by a nonrefundable $1.0 million construction escrow.

This 43,200 square-foot, world-class jetport facility would hangar a mix of some of Port City Air’s existing aircraft tenants, provide expansion opportunities for new high-tail hangar customers, while also servicing KPSM’s transient general aviation customers. Other attributes and advantages include:

1.) Port City Air’s aircraft hangar space is approaching maximum capacity, which limits the available room to support future growth of its existing 145 Repair Station operations (i.e., Port City Air’s fixed wing, avionics, helicopter, aircraft-on-ground, and jet maintenance operations) at 104 Grafton Drive. As has been discussed with the PDA on numerous occasions, Port City Air would like to convert the existing 104 Grafton Hangar Facility into a dedicated general aviation maintenance facility.

2.) The 104 Grafton lobby and downstairs office area would be converted into a small aircraft general aviation facility, primarily servicing single- and twin-engine piston aircraft. That space would also serve as the launch and recover center for Port City Air’s hangar tenants located in KPSM’s general-aviation area.

3.) The current, daily day comingling of Port City Air’s maintenance, jet and piston operations creates operational inefficiencies and potential safety concerns. Building a dedicated jet center would greatly improve Port City Air’s current ramp congestion issues and enhance its safety protocols.

4.) This expansion would not require additional fuel farms or fuelers, as Port City Air’s existing 300,000+ gallons of fuel storage capacity can meet increased demand, without any potential impact or risk to wetlands and aquifers.

Port City Air’s proposal would not require repurposing the Exeter Street Location for use as general aviation facility.

The Exeter Street location should not be used for general aviation because:

1.) KPSM’s “139 Ramp” adjacent to the Exeter Street Location is and always has been a dedicated ramp for heavy-lift DOD aircraft and an overflow area for large commercial aircraft. Redesignating it and the areas adjacent to and directly surrounding the Ground Run-Up Enclosure for general aviation activities would create an ongoing conflict where incompatible aircraft are vying for ramp and taxi space.

2.) Longstanding airport best practices advise against mixing general aviation traffic with or adjacent to commercial sized aircraft.

3.) The standard jet-blast setback requirements and the breakaway thrust requirements of the commercial and DOD aircraft which frequent the 139 Ramp suggest negative or catastrophic consequences if those aircraft park near general aviation traffic. Port City Air has studied the government and industry documented jet-blast setback requirements
and determined that parking general aviation aircraft near the large aircraft that typically frequent the 139 Ramp would pose significant safety risks to airport personnel, customers, and aircraft. This is one of the primary reasons that Port City Air elected not to pursue the December 2019 proposal designed by Port One Architects to construct a Jetport facility on the Exeter Street Location.

4.) Locating a fuel farm and fuel-truck parking adjacent to a wetlands area (which feeds directly into wetlands and similarly protected land trust and natural habitat areas) poses environmental risks.

5.) The Exeter Street parcel is located within KPSM’s SIDA security area. General aviation customers would not be able to access their aircraft alone. A credentialed person would need to drive customers, crews, and passengers to and from their aircraft, creating ongoing SIDA and TSA security issues.

6.) Currently, KPSM has no GSE storage, maintenance or repair facilities to handle the GSE required to service KPSM’s customers. The Exeter Street Location is the best place to locate such a facility without the need for either an access road or bridge through existing wetlands.

7.) Developing the Exeter Street site into a general aviation facility does not make practical sense and conflicts with the PDA’s Master Plan.

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KPSM is a dynamic, growing airport. It needs to expand its facilities to anticipate future growth. This proposal is forward looking, mutually beneficial for Port City Air and the PDA, and makes proper use of the Exeter Street location. It mitigates environmental risks, it creates an efficient SIDA environment, and it caters to KPSM’s most significant aviation customers. It is also backed by construction escrow funds, to further demonstrate Port City Air’s long-term commitment to KPSM. The attached comparison sheet highlights the advantages of Port City Air’s proposal.
<table>
<thead>
<tr>
<th>Common Attributes of All PCA Proposed Facilities:</th>
<th>Port City Air</th>
<th>Million Air</th>
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<tbody>
<tr>
<td>Meets KPSM's own Master Plan recommendations to develop the 139 ramp area for Commercial rather than General Aviation development</td>
<td>YES</td>
<td>NO</td>
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<tr>
<td>PCA's planned road access will cause little or No disruption to KPSM Wetlands</td>
<td>YES</td>
<td>NO</td>
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<tr>
<td>PCA's plan eliminates the need for a bridge to span existing KPSM Wetlands</td>
<td>YES</td>
<td>NO</td>
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<tr>
<td>Would not require the construction of any new or redundant massive fuel farm facilities, and would eliminate potential conflict with wetlands</td>
<td>YES</td>
<td>NO</td>
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<tr>
<td>Dedicated DOD / Craf Program Services facility:</td>
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<tr>
<td>Alleviates KPSM Airport Terminal congestion concerns, which unless addressed will hamper KPSM's ability to retain the Craf Program flights at KPSM</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Unique special purpose DOD/Craf facility would provide KPSM with a unique &amp; differentiated competitive advantage vis-a-vis other regional Airports</td>
<td>YES</td>
<td>NO</td>
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<tr>
<td>Inclusion of an FIS facility which would also provide KPSM with competitive advantage versus other regional Airports</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Provides a dedicated gateway facility to serve and honor US Military Service Personnel as they depart or arrive for overseas missions</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Assuming acceptable safety and security protocols can be established, this facility may enable the re-introduction of Pease Greeter activity</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Inclusion of dedicated Sleep rooms &amp; flight planning facilities would increase likelihood of DOD &amp; NATO Mission Planners to utilize KPSM for North Atlantic fueling Ops</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Result in increased marketing opportunities to attract DOD, Craf Program and other heavy lift passenger and cargo &quot;Tech-Stop&quot; activity to KPSM</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Result in increased flowage fee and revenue opportunities for KPSM</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Result in reduced operating costs for the PDA (i.e. reduced need for PDA security and cleaning activities)</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>CARGO ATTRIBUTES of Multi-Purpose Cross-dock facility to support KPSM Airline Growth and Activity:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provides KPSM with a clear and mission ready growth plan for future KPSM Airline &quot;Belly Cargo&quot;</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Provides a clear growth plan for the continued growth and servicing of KPSM's &quot;Ad-Hoc Cargo needs&quot; by Seacoast Aviation Cargo at Gigunda's facility</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Depending on future cargo demand this facility can quickly and seamlessly be converted into high functioning cross-dock facility on an ads needed basis</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>PCA and SAC already has on-hand, all of the requisite Cargo handling personnel, training protocols, and equipment to handle this activity</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>This KPSM Belly cargo facility would NOT compete with any future Amazon Prime facility which stay focused on servicing Amazon Prime Freighter activity</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Result in reduced operating costs for the PDA (i.e. reduced need for PDA security and vehicle screening)</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Belly cargo would provide a significant new revenue source for KPSM</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>GSE MAINTENANCE FACILITY ATTRIBUTES of GSE Maintenance Storage facility:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>GSE facility would provide dedicated facility for GSE Maintenance and Repair</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Would provide the only place at KPSM that Fuelers can be serviced inside</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Relocation of PCA's existing GSE storage &amp; support facilities out of PCA's existing Hi-tail Hangars, creates more opportunity for Hi-Tail hangar space and Airport Revenue</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Positions GSE support and Maintenance facility within the SIDA perimeter, and closest to KPSM's Airport terminal &amp; 139 Commercial Ramp where it is needed most</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>PCA Jet-Port facility:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>30,000 sf Hi-tail hangar provides a clear growth plan for accommodating multiple High-Tail Aircraft at KPSM (Hi-Tail aircraft hangars are the most in demand in the NE)</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>Relocation of PCA's transient Jet activity to PCA Jetport, will enable 104 Grafton hangar to be converted into KPSM's only dedicated aircraft maintenance support facility</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>Opening of the PCA Jetport, would enable PCA's 104 Grafton FBO offices and lobby to be repurposed into a dedicated Low-lead General Aviation terminal</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>The seperation of PCA's Jetport, smaller GA and maintenance facilities would significantly increase ramp safety and industry &quot;best practices.&quot;</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>PCA can support all of this growth with its existing fuel farm facilities and fuelers</td>
<td>YES</td>
<td>N/A</td>
</tr>
<tr>
<td>Ensures KPSM is attracting the highest potential revenue generating customers for KPSM and PDA</td>
<td>YES</td>
<td>NO</td>
</tr>
<tr>
<td>Provides the space in offices and hangars for additional limited service specialty providers (air charter, aircraft sales, flight schools)</td>
<td>YES</td>
<td>NO</td>
</tr>
</tbody>
</table>
Building Design: Port City Air’s
Proposed DOD / CRAF Facility
(Phase 1 of development)
&
Proposed Flex-Use GSE/Cargo Facility
(Phase 2 of development)
PORT CITY AIR
MULTI-USE AVIATION FACILITY

CONCEPT PRESENTATION
3.9.21

Designed with:
PORT CITY AIR

PORT ONE ARCHITECTS
portonearchitects.com
MULTI-USE AVIATION FACILITY

BUILDING PLAN

* note: site context shown for illustrative purposes only. refer to civil drawings for detail site information
MULTI-USE AVIATION FACILITY

EXTERIOR PERSPECTIVE
MULTI-USE AVIATION FACILITY

EXTERIOR PERSPECTIVE
MULTI-USE AVIATION FACILITY
INTERIOR PERSPECTIVE
Site Plan: Port City Air’s
Proposed DOD / CRAF Facility
(Phase 1 of development)
&
Proposed Flex-Use GSE/Cargo Facility
(Phase 2 of development)
Building Design: Port City Air’s Proposed Jet Center (Phase 3 of development)
BUILDING DESIGN
PORT CITY AIR | JET CENTER

CONCEPT PRESENTATION 3.9.21
Designed with: PORT CITY AIR

PORT ONE ARCHITECTS
PORT CITY AIR JET CENTER
EXTERIOR PERSPECTIVE (NO NORTH)
PORT CITY AIR JET CENTER
EXTERIOR PERSPECTIVE (SOUTHEAST)
Site Plan: Port City Air’s Proposed Jet Center
(Phase 3 of development)