



KNOX COUNTY REGIONAL AIRPORT

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April 21, 2020

Town of Owls Head Board of Selectmen
224 Ash Point Drive
Owls Head, ME 04854

Re: Interlocal Agreement

Dear Chairman Von Malder and Board Members:

I am writing as Airport Manager for the Knox County Regional Airport (the "Airport") regarding the Interlocal Agreement between Knox County (the "County") and the Town of Owls Head (the "Town"). That Interlocal Agreement was signed by the County and Town in 2001 and is due to be extended in April, 2021 for another 20 years, unless sooner terminated or amended.

To help address that approaching deadline, the County and the Airport have developed an amended Interlocal Agreement, a copy of which is included for your review, comments and thoughts. The Airport Public Advisory Committee also is copied.

In preparing this amended Interlocal Agreement to use as the basis of discussions with the Town, we have attempted to balance the safety of Airport operations, Federal Aviation Administration (FAA) regulations and grant requirements, regional economic benefits, and impacts on the Town and its residents. As Airport Manager, one of my most important goals in overseeing the development and operation of the Airport is to increase its value to the community -- not just based on revenue, but also in community participation and benefit.

The economic benefit of the Airport to the Knox County region is often unacknowledged. With 75 employees, and nearly \$8 million dollars in revenue generated annually by Airport businesses, Town taxpayers see a significant portion of Airport revenue invested into our community. The Airport is now an economic center for the Town. The facility now boasts a world class transportation museum, a national rental car agency, a thriving Fixed Base Operator (FBO), a niche restaurant, a cooperative gift shop of local artisans, a community-minded Part 135 air operation that services the Island communities, and a non-profit flying club.

In addition, the Airport provides the community and its residents and businesses with many opportunities to participate in a variety of flying opportunities, both recreational and commercial. Future growth of the Airport, as identified in the most current Airport Master Plan, features improvements that focus on development that will provide additional tax revenue for both the Airport and the Town. For example, with the planned hangar growth, the Town of Owls Head should see a doubling of revenue that the Airport provides to the Town on an annual basis.

In addition to annual revenue generated by the Airport, the projects we have undertaken during the term of the existing Interlocal Agreement have provided an additional \$25.5 million dollars of investment in infrastructure for the Town. Some of the projects include: expanding the aircraft apron, reconstructing both runways, developing a parallel taxiway, investing in an environmentally friendly terminal building, constructed an 11,000 sq./ft. maintenance facility, installed a nearly 5-mile perimeter fence, and spared no expense purchasing equipment to maintain it all.

With the dynamic operating environment that is found at most airports, though, Airport activities also can have adverse impacts on the surrounding community. I am constantly seeking ways to minimize or offset adverse community impacts, while also fulfilling our federal grant assurances and meeting FAA regulations. However, those two considerations -- the community well-being, and the Airport's responsibilities to the FAA -- on occasion will conflict.

The County believes that the best way to address that potential for conflict is an agreement through which both parties, equally represented, can have constructive input into the future development of the Airport and can resolve any conflict or disagreement over that future development. Originally created in 2000, the current Interlocal Agreement was intended to establish such a framework within which the Town and the County could communicate. We believe though, that an important partner was omitted from the 2000 Interlocal Agreement process -- the FAA. As a result, several items within the current Interlocal Agreement conflict with FAA regulations and guidance, and with grant assurances the Airport must comply with as a condition of federal funding. Those federal grant assurances that the County must agree to with each grant, include among others the following:

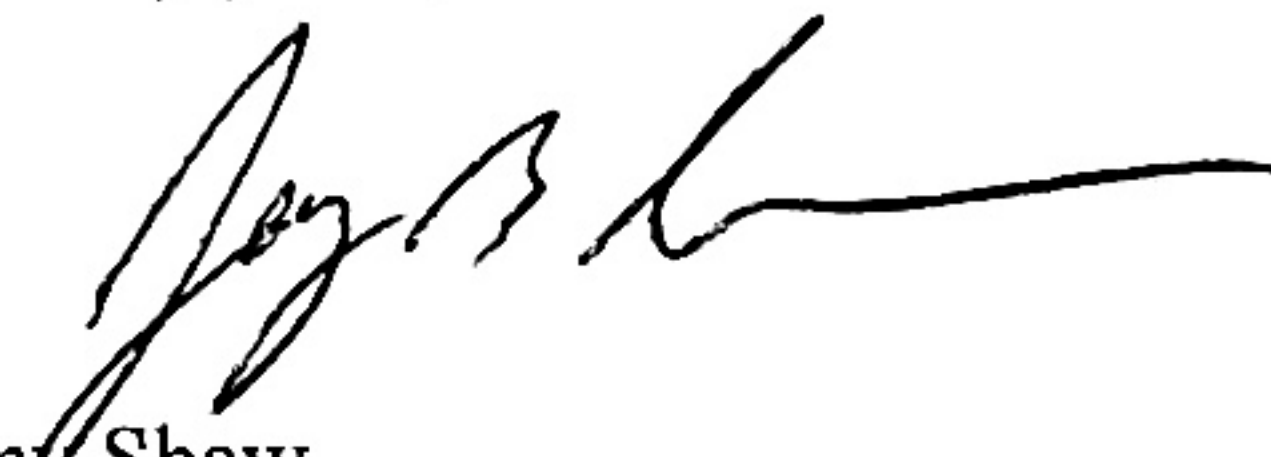
- The airport will make a good faith effort to be self-sufficient;
- The airport will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in a grant agreement;
- The airport shall be operated at all times in a safe and serviceable condition;
- surrounding property will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards; and
- it will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft.

There are 39 such grant assurances the County is obligated to comply with throughout the duration of any improvement the Airport makes utilizing the Airport Improvement Program.

As the Airport Manager, I hope to see that the Town of Owls Head and the citizens of Knox County continue to benefit from our efforts in improving the Airport and its operations. Therefore, I am pleased to provide you with this amended Interlocal Agreement which we propose as a replacement for our current Interlocal Agreement in order to allow us to collaborate on growth and to provide increased benefit to the Town and region, while complying with our regulatory and grant assurance obligations. If the Town and the County begin the process of reviewing the amended Interlocal Agreement now, then the Agreement could be brought to the town meeting and to the County Commissioners this year, so that we will have an agreement in place for the next twenty years.

Thank you for your consideration of this amended Interlocal Agreement. I welcome your questions and comments and look forward to the opportunity to meet with you and with the Airport Public Advisory Committee to discuss this document.

Very truly yours,



Jeremy Shaw
Airport Manager

cc: Andrew Hart, Knox County Administrator
Knox County Commissioners
Airport Public Advisory Committee