

February 13, 2025

Via Electronic Mail

Katie R. Servis
Airport Manager
Cape Cod Gateway Airport
480 Barnstable Road
Hyannis, Massachusetts 02601
kservis@flyhya.com

Re: Cape Cod Gateway Airport COVID-19 Grant Funding Review

Dear Ms. Servis:

The Massachusetts Office of the Inspector General's (OIG) mission is to prevent and detect the fraud, waste and abuse of public funds and property. Within the OIG, the Internal Special Audit Unit (ISAU or Unit) was created by the Legislature in 2009 to monitor transportation and transit programs and spending.

As part of its proactive approach, and in accordance with the ISAU's Chapter 6C mandate, the Unit reviewed Cape Cod Gateway Airport's (Cape Cod) use of certain federal grant funds. This included reviewing grants received under the Coronavirus Aid, Relief, and Economic Security Act (CARES Act), the Airport Coronavirus Response Grant Program - Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the Airport Rescue Grant - American Rescue Plan Act of 2021 (ARPA) (collectively referred to as "COVID-19 grant funding").

Cape Cod received a total of \$19,597,399 in COVID-19 grant funding. The ISAU's review involved an in-depth analysis of Cape Cod's reimbursement requests under each of the COVID-19 grants for \$10,436,051 in operation and maintenance expenses, and a limited review of the airport's use of \$9,161,348 in airport development projects.

The ISAU reviewed relevant COVID-19 grant funding guidance from the Federal Aviation Administration (FAA) and conducted multiple meetings with staff from MassDOT's Aeronautics Division, the FAA, and Cape Cod Gateway Airport. The ISAU also reviewed grant documents and reimbursement requests that Cape Cod provided, as well as grant documents and expenditure data that MassDOT's Aeronautics Division provided.

Operation and Maintenance Expenses

COVID-19 grant funding was distributed to airports to prevent, prepare for, and respond to the impacts of the COVID-19 public health emergency. The ISAU found that airport

management expended the grant funding it received for airport operations and maintenance in accordance with FAA's criteria. The ISAU determined that Cape Cod's requests for grant funding were reasonable and in compliance with FAA expense guidelines. Additionally, the ISAU found that Cape Cod's costs were incurred during the permissible period of grant performance.

Development Addendums

In addition to operational and maintenance expenses, the FAA allowed airports to request an amendment to their CARES Act grant, called a Development Addendum, to use previously allocated COVID-19 grant funds for airport development projects such as construction projects for the airfield, aprons, terminals, parking, or access roads. Development Addendums included additional requirements and a separate review and monitoring process by the FAA. Because these funds are already subject to this stricter federal oversight, the ISAU conducted a limited review of Cape Cod's use of airport development funds for general project reasonableness. The ISAU did not validate each project's construction spending or the project documentation that the FAA required.

In October 2022, Cape Cod submitted two Development Addendum applications to amend its CARES Act grant agreement to reallocate funds to three eligible airport development projects. Cape Cod applied to (1) reconstruct and extend Mary Dunn Way; (2) rehabilitate the operations building; and (3) remove and replace the existing airport-owned T-hangar. The FAA approved both of Cape Cod's Development Addendums for the three airport development projects in January 2023.

The ISAU reviewed the Development Addendum applications and supporting documents for the projects listed above. The ISAU found Cape Cod provided the proper supporting documents for each project. The ISAU also found that the projects were completed within the permissible period of performance.

Proposed MassDevelopment Study

We understand that the Barnstable Town Council recently voted to ask MassDevelopment to study the feasibility of relocating your airport's operations to Joint Base Cape Cod. Cape Cod Gateway Airport management should examine whether FAA COVID-19 grant rules would require the airport to use local funding sources to reimburse the federal government for the millions of dollars it received and spent in federal grants in the event of a relocation.

Conclusion

On behalf of the OIG team, I want to thank you and the other professionals at Cape Cod who fully cooperated with this review. I encourage you to reach out to us in the future if you encounter any issues of suspected fraud, waste, or abuse by your vendors or within Cape Cod's

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operations. Please do not hesitate to contact our transportation fraud hotline at 855-963-2580 or the Director of the ISAU, Emily Pedersen, at 857-368-8773 or at Emily.Pedersen@mass.gov.

Sincerely,



Jeffrey S. Shapiro, Esq., CIG
Inspector General

cc (by email):

Monica Tibbits-Nutt, Secretary and Chief Executive Officer, MassDOT
Denise Garcia, Acting Administrator, MassDOT Aeronautics Division
Rodolfo Giannandrea, Chief of Strategy, Innovation and Finance, MassDOT Aeronautics Division
Jason Thibault, Chief Compliance and Audit Officer, MassDOT
Craig A. Tamash, President, Barnstable Town Council
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Susanne M. O'Neil, Deputy Inspector General, OIG
Emily Pedersen, Director, Internal Special Audit Unit, OIG
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