

MOORHEAD AIRPORT COMMITTEE

Meeting Minutes Wednesday May 16, 2007 Moorhead Airport

Members Present: Dale Niemi, Konrad Olson, Steve Bono, and Swede Stelzer.

Members Absent: Randy Harms

Staff Present: Mark Hintermeyer, Moorhead City Council; Scott Hutchins, Director of Community Services; Peter Doll, Manager of Development Services; Jackie Engel, Office Specialist

Others Present: Kal Skadberg, Airport Manager; Brian Martin, MFS; John Shockley, Ohnstad Twitchell; Aaron Murray, Niemi Aviation; Chuck Krabbenhoft, Randy Stefanson, Stefanson Law Office; Bill Duke, Private Hangar Owner; Chuck Skatvold, Arden Niemi, Niemi Aviation;

1. Call to Order

Vice Chair Stelzer called the meeting to order at 4:05.

2. Agenda Amendments

There were no agenda amendments

3. Meeting Minutes

Action taken: Olson moved, seconded by Niemi to approve the minutes of March 21 and April 18, 2007. Motion carried by unanimous voice vote.

4. Citizens Addressing Committee

None

5. Report of Airport Manager

Fuel Sales: Skadberg informed the committee that the fuel sales for April 2007 were down 917 gallons over the same period as last year.

He reported total April 2007 fuel sales as follows:

| | |
|-------|---------------|
| 100LL | 3,250 Gallons |
| Jet A | 60 Gallons |

Skadberg also reported that Moorhead Flight Support has acquired a heavy duty tug and will get that online shortly.

6. Old Business

A. Hangar Moisture Problems

Doll stated that the subsoil preparation of the first four hangars was not undertaken to the extent it should have been due to high costs. To address the current problems in those hangars, Doll suggested resurfacing the floor by pouring a slab over the top, install gutters and/or ventilate the building. The consensus of the committee was to move forward with the staff recommendation, utilizing concrete if appropriate and focus first on the worst of the hangars. Staff will prepare an estimate of the work and financing plan.

B. Contract Update

Hutchins provided the committee a broad overview regarding the development of the airport and outlined the following:

- 3 Year Capital Improvement Plan
- Airport Layout Plan
- Mission Statement and Goals
- Elements of Transition

The presentation was followed by Committee discussion. Murray asked what was meant by reducing or eliminating the subsidy and if this was related to airport management fees? Hutchins stated that the question for the Committee and City Council is to decide what services receive subsidy and at what level.

Niemi asked for a clarification on what role the City wants the board to play. Hutchins stated that the Committee is advisory to the Mayor and Council. Council Member Hintermeyer stated that it is very important that citizens get involved in these types of committees to provide technical expertise and influence. Hintermeyer added that when the Council nominates people for these committees they look for people who want to be engaged and do what is right for the City. Niemi stated that he feels that this committee is not being listened to, and issues are not being

brought to the City Council. Hintermeyer stated that the Committee is given authority to advise the Council in matters related to the airport.

Olson stated that he had no idea that over ten million dollars had been invested in the airport with another five million proposed. Olson feels that there should be a business plan for the airport. Olson added that the committee is reactionary, which makes it hard when there is no framework to give them direction.

Stelzer expressed his concern that the FBO contract has taken so long to finish. Stelzer stated that it is unfair to Martin to be operating month to month without knowing what is going to happen and it is also unfair to his staff. Olson added that months back the committee was comfortable with working with only one FBO, but now that appears to be changing due to Niemi's interests. Bono stated that working with government is a process and does not get done overnight. Bono added that as a taxpayer of Moorhead he'd like to see what kind of return will come before moving ahead with a project.

Olson asked if the agreement for Martin can be signed before the agreement with Niemi. Hutchins stated that he thought it could. Stelzer stated that he did not understand why one contract is being held up when it has been in place for almost 4 years. Hutchins stated that there have been two issues that have come up with the Martin contract. One is contract term and the other is fuel. He noted that there are clear limitations on the matter of fuel and what opportunities private parties have to dispense fuel, what opportunities the airport operator has to regulate the dispensing of fuel and/or to charge a flowage fee. Hutchins stated that we get back to the basic principals of what is trying to be achieved at the airport.

Bono asked if the two FBO's will cross services at all in the future. Niemi stated that it could happen but in general it's pretty well separated at this point. Bono then stated what would happen to the City's subsidy if both FBO's could do the same job, would both FBO's be subsidized? Martin stated that it is in the best interest of the preferred FBO and the secondary FBO to make it work with the services that are provided because if they don't there will be no growth. Martin stated that he does not care who does fuel, only that they need a certain amount of money each month to survive. Martin stated that if they did not sell fuel; they would need an increase in the City's subsidy.

Hutchins stated that one of the issues in the Niemi contract is the issue of paying a fuel flowage fee to the City. Hutchins stated that Niemi is interested in bringing fuel onto the airport to service his aircraft, but has also expressed interest in providing fuel to transient aircraft. Niemi stated that he does not see where his contract conflicts with MFS (Moorhead

Flight Support) fueling contract. Doll informed the committee that MFS also gets free rent and utilities in addition to the cash subsidy, so there is a more substantial benefit than just the money subsidy. Olson asked what the practice was of other airports in the area of a flowage fee. Doll stated that the airports he has checked have had a 10¢ - 30¢ flowage fee per gallon. Olson asked Doll if he was aware of any airports that do not charge a flowage fee. Doll was not aware of any. Olson added that he spoke with someone who has significant airport management experience said it would be a mistake not to charge a flowage fee. Martin stated that MFS presently pays a flowage fee to which Doll added that the current fee does not even cover maintenance of the pump. Stelzer noted that maybe the flowage fee charge is not adequate. Skatvold asked why Niemi would need to pay a flowage fee if the tank, fuel, etc. were all paid for by Niemi. Doll stated that the money would be used as a return on the investment of the airport since there is not a lot of money coming in to make up for the money that has went into the airport.

Stelzer asked both Martin and Niemi if the flowage fee was a contentious issue. Martin said that it was not. Niemi said that it was not an issue but he did not want it to be used to pay for the City's equipment but would like to see it go to help pay for other things at the airport. Niemi added that he does not object to paying a flowage fee that matches MFS, but would like to call it a usage fee or something other than "flowage fee".

C. Lease Update

Martin stated that the land lease issue needs to be resolved quickly because there is a waiting list to get into the hangars. If the people who are interested build, that will free up room for the people on the waiting list to get a hangar and this will help getting more aircraft on the field.

Stelzer asked if there is a zoning issue with Niemi starting a for profit business in one of the private hangar sites. Hutchins stated the zoning question is the discussion that gets to the nature of what type of business is proposed. Such things as how much parking is required, what the ingress and egress is, and storage of fuel or other flammable liquids must be discussed. Doll added that the first two rows of hangars were designed in the ALP as storage hangars. Murray asked who designed the ALP. Doll stated SEH designed it and it was approved by the airport committee, MNDOT and the FAA.

Doll stated that they do have a draft copy of a land lease and it includes a lease rate of 12¢ per square foot. The tax exemption that was talked about at a previous meeting will not be able to happen, said Doll, because tax exemptions are only for commercial businesses.

The City is asking for a soil test along with a proper plan to correct soil problems Doll said. Doll added that there will be a 5 year free lease period for the private hangar owner to recoup some of their cost from repairing the soil problems. Niemi stated that he feels that 12¢ per square foot is too high for a lease rate when it is on the piece of and and feels there are not many airports that lease by the square foot. Niemi also stated that he felt the lease should be on the footprint of the building and not the lot.

7. New Business

A. None

8. Adjournment

The meeting was adjourned at 5:48 p.m.