

## **MOORHEAD AIRPORT COMMITTEE**

### **Meeting Minutes Wednesday June 27, 2007 Moorhead Airport**

**Members Present:** Randy Harms, Dale Niemi, Steve Bono, and Jon Riewer.

**Members Absent:** Konrad Olson and Swede Stelzer

**Staff Present:** Scott Hutchins, Director of Community Services; Peter Doll, Manager of Development Services; Harlyn Ault, Finance Director; Kristie Leshovsky, Community Services Planner; Jackie Engel, Office Specialist

**Others Present:** Kal Skadberg, Airport Manager; Brian Martin, MFS; John Shockley, Ohnstad Twitchell; Randy Stefenson, Stefenson Law Office; Aaron Murray, Niemi Aviation; Marvin Fletcher, Private Hangar Lessee

#### **1. Call to Order**

Vice Chair Stelzer called the meeting to order at 4:05. Hutchins introduced the newest member of the Airport Committee, Jon Riewer. Riewer is the President of Eventide and also a member of the EDA board.

#### **2. Agenda Amendments**

Meeting Location Discussion

#### **3. Citizens to be Heard**

No Citizens asked to be heard

#### **4. Agreements**

##### **A. Update from John Shockley**

Shockley stated that he is working on finalizing the changes on the agreements.

Shockley asked what the committee's recommendation is for the price per square foot for the private hangar lease. Bono asked how much space there is between buildings. Martin stated that City Code is 20 feet from property line to edge of building. Bono asked if the Lessee can use the

land around the building for storage. Doll stated that there is not outside storage allowed.

Niemi stated that he submitted a proposal via e-mail to try to resolve the issue of lease price. Niemi asked if the main concern with having the lease cover the whole lot is to encompass the utilities. Doll answered that every building is required a set back and also that the City is trying to recover some of the cost of the new taxiway.

Niemi suggested the following proposal points:

- 10¢ per square foot on the foot print of the building plus 20 feet to depth of lot.
- Increasing the Consumer Price Index (CPI) but do it in 5 year increments. This would be 5 different adjustments over the time of the lease.
- 5-7 years lease free to recoup some of cost for fixing soil
- Soil sampling at discretion of the hangar owner

Niemi stated that he received a quote in November 2006 for fixing the soil at the airport and it was \$12,880. Niemi added that he would like to have a discussion with the committee because he feels that the airport should be comparable to the area.

Bono stated that Fargo leases by footprint of the building plus 5 feet around building. Doll stated that the area for the original 4 hangars is 30,260 square feet. Doll added that the average person would like to see 10% back on their original investment (taxiway) and with 12¢ a foot on 30,000 feet that is a return of only 2.8%, which is a very small portion. Doll asked the committee to look at the whole aggregate of the airport when making this decision.

Niemi stated that he felt it was unreasonable to think that the City can get to a point of zero subsidies. Harms stated that we need to look at it like a transportation infrastructure. Doll added that other infrastructures are paid off by special assessments.

Harms asked if the City has considered having a fixed lease. Doll stated that the board can make any recommendation they see as reasonable.

Hutchins asked if the committee wanted to put these recommendations into a lease and then vote on it. Martin asked if the committee would recommend a price per square foot or a base price. Bono stated that he liked the idea of increasing the rate every 5 years per the CPI and charging for 5 foot off the imprint of the building.

Harms asked the committee if they were more interested in having a lump sum payment or by the square foot. Doll stated that staff could come up with two lump sum prices for the different size lots if the committee made that recommendation. Doll added that Building Codes can require a soil sample if they feel the soil has a nature of instability.

## **5. Project Updates**

### **A. Capital Improvement Financing and 2007 Project Update**

Leshovsky gave an update on Capital Improvement projects. Leshovsky stated that they got word that Moorhead received financing for the following projects:

- Airport Layout Plan and Survey
- Payloader
- Environmental Assessment
- Snow removal equipment building

Leshovsky stated that the building has a different financing structure because the FAA will only pay for 1,800 square feet. Our project will require additional funding from the City and State.

Leshovsky stated that there are two funds from the FAA. Leshovsky explained that we are currently getting \$150,000 per year of entitlement funds and there is currently a bill before Congress that will decrease that amount to \$100,000 per year. Leshovsky added that we will need to get discretionary funding for the cross-wind runway. This includes a pot of money that all airports must lobby for. It is a very competitive process and listing the project on the CIP does not mean it will be approved Leshovsky said. Leshovsky said the City will be working with members of Congress, the FAA, and MN/DOT to try to get the funding for the 2009 cross-wind runway.

### **B. Hangars located on the North side of the FBO Hangar**

Doll stated that an SEH engineer has come up with a plan to fix the water problems in some hangars, which would receive a possible 50% State match. Doll stated that staff is anticipating getting this on the 2008-2009 CIP. The SEH engineer suggested resurfacing with concrete or adding asphalt to the back and feather it out to reduce the water problems.

*Action taken:* Niemi moved, seconded by Bono to amend the CIP to include hangar asphaltting as a 2008 or 2009 State project. Motion carried by unanimous voice vote.

**C. W. Scott Olsen Funding Proposal**

Hutchins told the committee about a Concordia College professor who will be writing a book related to flying and is asking for some financial assistance. The book would focus on the Moorhead Airport and, Hutchins wondered, if it may be used as a marketing tool for the airport. Bono felt it may be a good idea to get involved. Bono suggested having Mr. Olsen come to a future Fly-In for a book signing.

Niemi stated that he would be against it since the board is haggling over dollars in other areas. Harms stated that he liked the marketing part of it and possibly giving him a break on hangar rent. Hutchins asked if there was anything detrimental about the idea outside of the money issue. Harms stated that he does not feel that the concept itself is flawed.

**6. Policy Considerations**

**A. Privately Financed Projects at the Municipal Airport**

Doll stated that there were minimal changes made to the procedures section of this policy. Doll stated that there was some clarifications added to the section that talks about the plans needed. Doll added that the items under steps 2-4 are mandatory and can not be changed. Martin stated that under the “mechanical/plumbing” section it should be “electrical”. Martin added that a master plumber or master electrician could do that.

*Action taken:* Niemi moved, seconded by Bono to approve the Policy for Private Building Plan Review with the changes talked about at the meeting. Motion carried by unanimous voice vote.

**B. Privately Financed Projects and Related Infrastructure Improvements at the Moorhead Municipal Airport**

Doll stated that staff is asking the board to approve the policy for infrastructure related expansions and improvements related to private development to be the responsibility of the private developer. Doll stated that special assessments may not apply to these improvements; however, the cost of the improvements can be divided equally on all four lots.

Martin stated that he did not agree with the private developer being responsible for the access expansion, taxiway expansion and the parking because he feels that should be the responsibility of the City and may present liability issues for the private developer. Hutchins stated that the conflict is that these activities are the lowest priority when it comes to the FAA funding. Niemi stated that the City should still be trying to get

funding as a backup plan. Murray added that as soon as we can get 50 aircraft at the airport the funding will double if the proposed FAA funding structure is passed.

**7. Overview – Proposed 2008 City Budget Background and Airport Funding**

Hutchins explained to the board that staff has suggested moving the budget for the airport from the general fund to the Economic Development budget.

Martin asked why they are proposing the shift. Ault stated that \$700,000 is being cut from the LGA budget for 2008 and it made the most sense when analyzing what needed to be shifted around.

The board members were concerned about the power of the airport shifting to the Economic Development side. Riewer stated that the EDA board talked about this issue at their last meeting. Riewer said that it is really just a financial structuring issue and does not think that the EDA board is interested in taking over the airport. Hutchins added that this was not intended to eliminate the contribution to the airport by the City. Hutchins stated that over the last 4 to 5 years, the City's portion of the \_\_\_\_\_ has been reduced. Hutchins added that the tax rate has been low and the City has not met the threshold of \_\_\_\_\_.

**8. Miscellaneous**

Meeting Locations: Hutchins asked the board if they wanted to continue meeting at the airport. Martin stated that he liked to have the meetings at the airport at least during the summer. Other board members didn't really have a preference either way. Hutchins stated that they would put together a schedule for having some meetings at the airport and some at city hall.

**9. Adjournment**

The meeting was adjourned at 5:50.