

MOORHEAD AIRPORT COMMITTEE

Meeting Minutes Wednesday August 15, 2007 Moorhead Airport

Members Present: Randy Harms, Dale Niemi, Konrad Olson, Jon Riewer, and Swede Stelzer.

Members Absent: Steve Bono

Staff Present: Peter Doll, Business and Development Services Manager; Kristie Leshovsky, Community Services Planner; Jackie Engel, Office Specialist

Others Present: Kal Skadberg, Airport Manager; Brian Martin, MFS; John Shockley, City Attorney; Aaron Murray, Niemi Aviation

1. Call to Order

Chair Harms called the meeting to order at 4:00.

2. Agenda Amendments

Leshovsky asked that Item #9 be moved to follow Item # 6.

3. Meeting Minutes

Action taken: Niemi moved, seconded by Olson to approve the minutes of June 20 and June 27, 2007. Motion carried by unanimous voice vote.

4. Citizens Addressing Committee

No citizens asked to be heard.

5. Report of Airport Manager

Fuel Sales: Skadberg informed the committee that the fuel sales for July 2007 were down over the same period last year. Martin explained that July 2006 was an exceptional month for gas sales.

He reported total June 2007 fuel sales as follows:

100LL	3,392 Gallons
Jet A	28.2 Gallons

Fly-In: Skadberg stated that everything is on tract for the September Fly-In. Skadberg added that the post cards will hopefully go out next week and an aircraft dealer will be coming in with a brand new aircraft for people to see.

Miscellaneous: Skadberg stated that recently an 8-foot sprayer was purchased for the airport to take care of weeds, etc.

Niemi asked if there has been any discussion about MFS taking over the mowing at the airport. Niemi stated that the City worker that comes out to mow the grass quite frequently gets in the way of the aircrafts. Niemi stated that on at least 3 occasions, he has almost hit him. Martin indicated that the airport has a procedure requiring a mower to carry a radio. Doll stated that staff would have a discussion with Chad Martin about that.

6. Future Meeting Schedule and Informational Handouts

All committee members were agreeable with the future meeting date schedule brought forward by staff.

7. Agreements

A. Non-Commercial Hangar Land Lease

Shockley reviewed the changes that were made to the Agreement after the last meeting: lease rate of 10¢ per square foot, adjustable by the consumer price index (CPI) based on input from the committee; leased area will be a single rectangle 5 feet around imprint of the building; soil testing and soils correction costs over and above normal construction will be reimbursed up to \$5,000 over a period of six years by a lease reduction.

Olson stated that the lease does not deal with environmental issues being amended in the future. He feels that should be added to the lease agreement.

Niemi stated that Section 4, Part A should read that the 10-foot private drive should be concrete only and not "concrete or asphalt". In Section 4, Part C, Niemi asked if the lease should stipulate how much rock can be put around the hangar to make it consistent with the rest. Shockley suggested adding a sentence that says "as approved by the City". In Section 4, Part D, Niemi thought that 18 inches tall for address numbers were a too big. The committee decided on 8 inches.

Niemi stated he thought that the renew term was 25 years instead of 10 years. Niemi added that he would like to see the extension be 20 or 25 years. Doll stated that he thought Scott Hutchins had an opinion on why it should be 10 years instead of 25, but he was unsure of the reasoning behind it. Olson asked if the committee could get clarification on that at the next meeting.

Niemi asked if the lease payment would be prorated if a lease is not signed at the first of the year. Doll stated that it is not prorated. Niemi stated that he did not feel that was fair. Harms agreed that the payment should be prorated if not done January 1.

Niemi thought the lease price increase was supposed to be every 5 years instead of annually. Shockley stated that it was easier to calculate a yearly rate and with a yearly increase the lessee is dealing with a minimal increase verses a possible large increase in five years. Stelzer agreed that most people in the rental market are used to paying an annual increase.

Section 10, Part B, talks about providing the City with documentation on the cost of soil testing and correction in order to receive the reduction in lease payment. Niemi asked if the language could be cleanup because there are so many unknowns with the groundwork. Doll stated that language could be added about accepting a change order that identifies costs directly related to soil correction.

Section 24 deals with the issue of hangar financing. Niemi stated that he did not feel that it was any of the City's business who is financing it. Shockley explained that the idea is in the event of a default; the City has the information and can contact them. Olson stated that is quite typical.

There was discussion by committee members about having a set lease rate versus leasing by square foot and having a number of lease rates. Committee members sounded more interested in having a set rate.

B. Operator Agreement

Shockley stated that he has made changes to this Agreement and is waiting for information on the insurance section. Olson asked if members could be presented with a reline copy so they can see the changes. Shockley added that the idea is to come up with a boiler plate agreement.

C. Managers Agreement and Preferred FBO Agreement

Shockley stated that staff is working with Martin on the terms of the agreement.

8. Project Recommendation

Doll stated that staff is asking the committee to make some recommendations for updating the fuel system/capacity. Doll added that MN/DOT has extra grant money this year and the City is looking at two possible options. Doll stated that the first option is to put a 10,000 gallon tank 100 feet to the west of the existing tank. The second option Doll stated is to move the existing tank 100 feet to the west of the existing and adding a 5,000 tank next to that. Doll stated they are waiting to see what the Fire Marshall says is more feasible. Doll added that the City has received verbal approval for a 50% match.

Martin stated that he would not like to see two fuel tanks on the tarmac. Stelzer stated he felt that we can't really afford right now to go with a bigger tank until there is more traffic, because of the fluctuating prices.

9. Project Updates

A. Snow Removal and Maintenance Equipment Storage Building – Update

Leshovsky wanted to inform the committee that bids were received on the snow removal building. Leshovsky stated that two bids were received and the lowest bid was from Eagle Construction. The bid was \$291, 920 and was approved and accepted by Moorhead City Council at their last meeting. Leshovsky stated that this project is anticipated to be completed by years end.

Leshovsky stated that there was a request for striping the runway and taxiway. Leshovsky stated that project will be done next year and that it is 100% MN/DOT funded.

10. Policy Considerations

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

Doll stated that airports are advised to have a policy related to infrastructure improvements. This will prioritize improvements and maximize the ability to get grants Doll said. Doll stated that this policy is consistent with other infrastructure in the city and will encourage a well planned out and economical airport.

Niemi asked if other airports do this. Doll stated that the Wilmar was contacted and they recently added 10-15 t-hangars and had leases and

money for infrastructure before a building permit was issued. The City Attorney advised that the City could not do special assessments but could duplicate the process in some way.

Niemi felt that if we put this process in place no one will build because it will be too expensive. Niemi added that maybe some other airports should be looked at.

B. General Business Plan for the Moorhead Municipal Airport

Doll started with an update on the budget. Doll explained that the City Manager prepared the budget and took the airport funding out of the general levy and put it in the EDA levy. Doll added that the City is looking at a 10% increase in taxes with this budget and the City Manager was trying to find ways to come up with sources of revenue. Doll stated that the EDA Committee discussed in great detail whether to take over the airport funding and have decided against it. Doll explained that currently there is about \$100,000 of operating loss in the budget that could face getting cut by the Council. Doll stated that currently there is a budget crunch and that funding the airport is the hottest topic in the bunch. Doll added that if the airport funding goes into the general levy, it competes with fire and police departments.

Doll stated that the City has proposed to take over fuel sales and has talked about building a large commercial hangar in hopes that it will attract some business and corporate clients.

Stelzer stated that a city staff person is not a cheap asset. Stelzer feels that the private sector can do it cheaper. Stelzer added that the City needs to look at the net effect of a staff person taking over some of what Moorhead Flight Support does.

The Committee discussed at length different ways to create revenue or reduce expenditures to reduce the budget.

11. Adjournment

The meeting was adjourned at 6:07.