

MOORHEAD AIRPORT COMMITTEE

Meeting Minutes Wednesday November 22, 2006 Moorhead Airport

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

Members Absent: Steve Bono and the open position.

Staff Present: Kal Skadberg, Airport Manager; Brian Martin, MFS; Peter Doll, Manager of Development Services; Scott Hutchins, Director of Community and Economic Development; Jackie Engel, Office Specialist

Others Present: Chuck Skatvold , Chuck Krabbenhoft and Aaron Murray

1. Call to Order

Chair Harms called the meeting to order.

2. Agenda Amendments

There were no amendments to the agenda.

3. Meeting Minutes

Action taken: Olsen moved, seconded by Stelzer to approve the minutes of October 18th, 2006. Motion carried by unanimous voice vote.

4. Report of Airport Manager

Fuel Sales: Skadberg informed the committee that the fuel sales for October were up from last year by 617 gallons.

He reported the fuel sales as follows:

	October 06
100LL	3,957.0
Jet A	00.0

Aircraft Rental: Skadberg reported that there has been 63 ½ hours of aircraft rental.

Miscellaneous: Skadberg stated that they are waiting to hear if Titan will be taking the dirt pile at the airport.

5. Old Business

A. Airport Update

Hutchins introduced himself to the board. Hutchins stated that Martin and his staff should be commended for the continued advancements at the airport. Hutchins affirmed that the contract with MFS is up at the end of the year. Doll and Hutchins have been meeting with Martin to discuss some ideas with and talk about moving into the next phase of enhancements, operations, and service levels. Hutchins stated that they have been talking with Martin about ways to continue in the partnership with him and phase into an airport manager. Hutchins assured the members of the board that there is no lack of commitment by the City to the continued growth of the airport. The objective of discussing the next level of services for the airport is not meant to be a negative towards MFS, Hutchins said, but there needs to be a progression of growth. Hutchins asked the board to let staff continue their discussions with Brian on future changes and come back with a proposal for them to look at.

Stelzer stated that the airport is growing--but slowly. Stelzer added that he does not see an operation that can cash flow.

Hutchins stated that the plan is to grow and enhance services and also have some segregation of duties. Doll stated some general concerns and question that he has heard from interested parties: 1) How much money from the General Fund goes into the airport? 2) Full service may be reduced. 3) The hours of the airport may be reduced. 4) Lack of full service fuel capabilities.

Martin voiced his concern with needing a resolution soon, so that he and his staff know what to expect come January 1.

Olsen asked if the discussed contract is going to be an interim contract. Hutchins stated that they have discussed a 2 year contract with an option year.

Olsen stated that he was interested in hearing Martins questions and concerns. Martin stated that there is not enough money in the budget to hire someone with a 4 year degree in aviation. What City staff and MFS are trying to work out is how to hire someone and take it out of their budget, Martin said. In the past, MFS took on fire contracts with the DNR which took them out of the area. In 2006, Martin said, MFS has chosen to quit doing fire patrol, and is 100% in the Moorhead area. Martin stated that some of the changes they have agreed to will be that MFS will take over all of the phone and fax lines, continue maintaining the snow removal, and taking over all of the mowing and upkeep with the City equipment. Martin added that the subsidy amount provided by the City has been discussed. Martin stated that his proposal included \$25,000 of improvements, which would include a new tug, etc.

On a personal note, Martin added that it has been hard for staff and their families to not know if they are going to have a job in 2007. Martin stated that has been weighing on his mind heavily.

Stelzer expressed his concern that the City may be making too big of a jump and too quickly. Harms agreed that it may be too early to make such changes. Hutchins stated that he feels it is healthy to have the discussions that we are having and added that Martin has not opposed making some modifications that help us down the right path.

Skatvold asked what benefit it would be to him to have a City hired manager. Hutchins stated that the manager would do all of the grant work and other activities that will provide significant sources of outside revenue to the support of the airport.

Murray stated that the places he knows that have an airport manager are ones with a different scope than what Moorhead has. Murray added that those airports have things like airline service, fire and rescue, multiple FBO's, Ag operations, etc. Murray questions that there is enough to do for a city employed manager without these additional services provided by other airports.

Murray stated that no one has been unhappy with the amount of service being provided by the airport and was wondering if the problem is a funding issue? Hutchins stated that a question is being asked about a growing and evolving airport and when during the growth is it appropriate to look at other management and administrative options. It may not be the right time to go in that direction, but would like the board to think about it.

Stelzer suggested that during the discussions to make benchmarks on when this concept makes sense. Martin stated that he would like to see someone brought in after the runway is extended, the cross wind runway is built, the A/D building is built and a new maintenance hangar is built.

B. Land Lease Draft

Doll stated that a draft lease has been written which includes the lease rate at 12¢ per square foot and includes a 5 year tax exemption for anyone who builds. The tax exemption part of the process takes 6-8 weeks to complete because a public notice has to be sent out and it needs to be approved by City Council.

Niemi stated that he did some research regarding lease rates and ground prep. Niemi asked if the City is locked in with the 5 year tax exemption or is there room for negotiations? Doll stated that the City is willing to listen to any suggestions. Niemi stated that the State average for lease rate is 12¢ per square foot, however, that includes the larger areas like the Twin Cities. Niemi found that the local average is much lower. Niemi also stated that he has found that the price is usually based on the footprint of the building, not including land surrounding the building. Niemi supplied a document that provided the information on surrounding area airports. Niemi suggested 9¢ - 10¢ per square foot on the footprint of the building. He felt that would be more appropriate for this area. Niemi added that he would also like to see a 7 year tax exemption instead of a 5 year.

The question was asked about how the lots are going to be chosen. Olsen suggested looking at what type of value the person/business will bring to the airport. Niemi stated that he would at least like to get people locked in as soon as possible. Olsen added that he would like to see all hanger renters given an equal opportunity to build a private hangar.

Stelzer asked how long it will be until the third row will be built. Doll stated that it is limited by funding at this time.

6. New Business

There was no "New Business".

7. Adjournment

The discussion ended at 5:45.