

**CITY OF PARK RAPIDS
AIRPORT COMMISSION
REGULAR MEETING
JULY 2, 2014, 9:00 A.M.
Airport Conference Room
Park Rapids, Minnesota**

1. CALL TO ORDER: The July 2, 2014, Regular Airport Commission Meeting was called to order at 9:00 a.m. by Chair Don Douglas.

2. ROLL CALL: Present: Commissioners Donald Douglas, Dan Dyre, Dave Konshok, Thom Peterson (arrived at 9:04), and Councilmember David W. Konshok. Staff present: Scott Burlingame, and Carmen L. Lockhart. Absent: Noel Allard, John McKinney and Dan Walker. Others Present: John DeCoster and Tom Hass (arrived at 9:03) and Tom Whiteside of Congressman Nolan's Office.

3. ADOPT AGENDA: A motion was made by Dyre, seconded by Konshok, and unanimously carried to adopt the Agenda as presented.

4. APPROVE MINUTES OF APRIL 2, 2014 REGULAR MEETING: A motion was made by Konshok, seconded by Peterson, and unanimously carried to approve the minutes of the April 2, 2014 Regular Meeting as presented.

5. FINANCIAL REPORT: No Comments.

6. GENERAL BUSINESS:

A. CROSSWIND RUNWAY PROJECT UPDATE AND POSSIBLE RIBBON CUTTING:

Burlingame advised the pavement is done and they will be starting Monday on the installation of the electrical and the lighting, given that part of that is already in the ground, but they need to finish that up and then they will get the landscaping done, so it won't be too long and it will be open for business. Burlingame said for the tail draggers, they are going to redo a large portion of that grass portion to get the ruts smoothed out and redo some seeding and then they are going to roll it when they are done so it will be as flat as it can be. It hasn't grown very well even with all the rain we've had.

Konshok said the State Director has said she loves to go to ribbon cutting ceremonies. Konshok said it is a very nice way to say thanks to the state who have stretched on this project for us. Konshok explained the federal funding wouldn't cover everything at first and they took money from other funds to make our project what we wanted to do. DeCoster said what typically happens is when people turn money back because they can't get local matches for grants it goes back into the pool and as Konshok suggested they used some of that surplus money to beef up our project a little bit and to fund it beyond what they would typically do.

Konshok explained the big thing that happened money wise is that for years and years because many years ago Congress switched from 95%/5% to 90%/10% but then each year they would extend the 95%/5% which they did for several years which we got used to but then a couple of years ago they stayed at the 90%/10%. Konshok said Park Rapids was one among several that was caught in that thing and the difference between 90%/10% on a \$3 million project for us was approximately \$175,000 and what that did for several airports was some couldn't afford to do projects and declined the funding. Konshok said McKinney was really good about this and said Park Rapids could go ahead with the project and there was discussion with legislators to help us with the funding but we didn't get it. Konshok said things got a little brighter last month they came up with some new funding using part of the \$15 million that was taken from aviation and now returned to aviation and came up with a formula of what to do with that over a five year period. One thing they decided to do was for the airports that went ahead with projects and were on the hook for this, they said they would furnish that 5% so now with state and federal participation it will be done at 95%/5% funding which is a big boost for the city, approximately \$175,000. Konshok stated we got a terrific project and we owe people thanks.

DeCoster commented that the \$15 million that we talked about a number of meetings ago and it was finally put through the legislature in June, this is a recovery of \$15 million which was taken from the aviation fund a number of years ago in order to balance the budget and what you're seeing is until the \$15 million runs out. DeCoster stated to the extent that there are projects in queue of which we could get out local share pretty much funded it would behoove us to try and get those projects while we have access to this because once this money is gone, then it's back to the old percentages. There are also various things like a hangar project and you can do the earth work and the pavement which was a 50%/50% match, it's now 80%/20% also. So in talking to Voigt and such, if there are things we need to do from an improvement standpoint. Konshok added there are about five things they changed. DeCoster said there will be a flat percentage increase in your operating fund reimbursement from the state from your maintenance and operation that you get from them but the 80%/20% on projects is across the board and it used to be like 50%/50% or 70%/30% and they just went to consistency to try and use this money up as quickly as they can, so again, if there is anything that the airport is contemplating it would really be smart to get that going and in the queue.

Konshok said the state has been very good about working it out and it very well may be the possibility of going ahead with a hangar project where we couldn't have before last month's meeting. Konshok explained he inquired if Park Rapids was eligible for any more FBO building money and was informed we already got that once so we can't get it again. DeCoster stated there are ways to reclassify or re-categorize things that you could probably get some money for. There was discussion on asphalt, concrete, aprons, etc.

Konshok stated a ribbon cutting ceremony is a nice way of saying thanks, both at the state and federal level, we would like invitations sent to Congressman Nolan and the state people and it is sort of fun for them.

DeCoster suggested thinking about hosting a MCOA Meeting in Park Rapids which would guarantee different officials like Cathy, Cassandra and Andy Peek could be here and then have the ribbon cutting at the same time. There was discussion about dates of August 8th or September 12th. DeCoster said it would be good if you offered to host the MCOA Meeting here as they try to go out state now every so often and you have a perfect meeting room here to use. Konshok will check with the Board and the state officials. DeCoster said you would be able to get Andy Peek here and give him some kudos. Konshok said he is the FAA's top official in this region and that connection would be the best. DeCoster said Board Members are from Detroit Lakes, Thief River Falls, Bemidji, Duluth who are all people that can drive here.

Tom Whiteside of Congressman Nolan's office said anything closer to election season gets tougher with his schedule but he will talk to the scheduler and see if September 12th will work and get back to you. Whiteside said August 8th might work better for him but will check on the dates. Konshok said we will find out what works for the state and federal officials also.

David R. Konshok said it should be called a ribbon cutting and an open house.

7. INFORMATIONAL/DISCUSSION:

A. TRILLION AVIATION CONTRACT EXTENSION: DeCoster said he has been working with McKinney and is trying to get the FBO Lease done first of all because that one is expired. DeCoster advised Hass's would be done after that. DeCoster said he drafted an agreement and sent it to Voigt and his attorney reviewed it but I have not received those comments yet. DeCoster said when he met with McKinney a few weeks ago, he suggested that in the agreement Voigt also manages the airport on behalf of the Commission and it's not really defined in the agreement and McKinney's thought was to actually have the management of the airport as a separate agreement which is net/net for Voigt as far as his costs to the city would not change but to have actually a management agreement that outlined duties and just have his FBO Lease as a separate lease. DeCoster said he redrafted that and sent it off to Voigt concurrently with McKinney and Burlingame. DeCoster advised Voigt responded last week that he wasn't interested in doing that. DeCoster said he doesn't know how passionate McKinney about having the management of it and the thought being, and this is five years from now, let's say Voigt goes to three or for more cities and he doesn't have the time or the resources to manage the airport in addition to his FBO business. DeCoster further explained so the idea was instead of having those things combined as part of one agreement in the event that, it was really thinking about him more than the city, and in the event he didn't want to do that anymore you wouldn't have to blow up the agreement and redo it and that way his FBO lease would stay in place and that agreement could be terminated at his desire if you would, so it was not meant to be negative towards Voigt in his management of the airport, it really was to say that you've got a business at the airport and then you've been providing a service for us so let's define what those are in the event that the service went away, either you didn't want to do it or for whatever reason the city didn't want him to do it, that you would have the ability to separate those two and not void his FBO lease. DeCoster advised that Voigt responded back that he is not interested in that and Burlingame called

literally within hours of me getting that comment back from him, so I thought I would bounce that off of you folks to get some guidance. David W. Konshok stated we separated those duties I mean Burlingame is the Airport Manager and what you're saying is that we never adjusted the agreement, so this is just cleaning up the agreement. DeCoster said exactly. DeCoster said he literally took the old expired agreement and took excerpts out of there about things that were kind of associated with management verses the FBO lease and didn't embellish or anything like that, it was just a case of trying to get it defined. DeCoster stated one of the big issues that I see with the FBO is that, by law you have to charge a fair market rent for land, there is nothing in there referencing that so I actually put some structure in there to protect us by identifying a metric or a land value so if anyone were to ask and that's obviously offset with the compensation he would get for providing the day to day management services, so net/net, no change to Voigt whatsoever, but as you said try to clean things up a little and get some things in there that should be in there. Konshok said it protects Hass. DeCoster said exactly, there will be no crossover and Hass has an agreement that is still active and we will renegotiate that one as soon as I get this one done but I thought this was the one I had to get a stake in the sand on first before we start doing anything else. DeCoster asked for some guidance from the Airport Commission and stated he hadn't had a chance to speak to McKinney to see how passionate he was about trying to separate the agreements. DeCoster said he thinks it is good business practice from his perspective. David W. Konshok stated from the Council's standpoint we assumed that was already done because that is essentially what we went to whether or not we did the correct paperwork on it. Burlingame said it was like ten or twelve years ago. David W. Konshok recommended DeCoster work with Voigt on it. Burlingame said there were some things Voigt wasn't comfortable with, like cleaning, etc. so it just needs to straightened some of the minor stuff out and we have a cleaning service that does the cleaning.

David W. Konshok stated the only issue might be if you're talking what to charge for rent for fair market value but if he is not doing management duties then how are you going to make that a wash? DeCoster said it wouldn't be at that point, the rent would be set up in the lease and if the management agreement would give him an offsetting credit so his net/net is the same. David W. Konshok said well if Burlingame is doing the management? Burlingame said Voigt is not doing it now, he is paying rent. DeCoster said what he was told is his compensation for providing the day to day stuff it was factored into his rent. Burlingame said that is how it used to be, it's not now. David W. Konshok asked what the rent is on the FBO? DeCoster said it's a flat amount, it's not defined, it doesn't say what it is for. David W. Konshok said there is a rent cost for the new building. DeCoster said it's not in the agreement. There was further discussion concerning fair market rent for the facility and the land, and defining the agreement to identify the buildings and reference them by square footage and what's included which ultimately comes out to a net rent. There was further discussion concerning the tradeoff of management services verses rent.

Everyone agreed the lease agreement has to be cleaned up. DeCoster said he is not trying to hurt the relationship he is just trying to paper over, in a better form, how we are doing business without being overly bureaucratic.

B. AIRPORT WILDLIFE WORKSHOP UPDATE: Konshok explained he attended an Airport Wildlife Control Seminar at the Minneapolis-St. Paul International Airport. Konshok advised that if we were like Bemidji and other air carrier services, we would be required to attend this course which is put on by the wildlife people and they operate a separate department and do the training and all airports are invited. Konshok reported they have it right on the field and do everything with any collision, bird, animal or whatever strikes on an airport as they want to hear about it. They pick up carcasses and freeze them to be analyzed for species identification purposes. They have remote vehicles that chase deer and animals off the runway, aerial rockets, as well as shotguns. Konshok said it was very interesting. Burlingame explained the biggest problem we've had in the past has been the seagulls and we have killed thousands of them. Burlingame said the last time we put in for a permit, because they are a federally protected bird, they wouldn't give us a permit so we cannot shoot them now. Burlingame said he went to RDO and said you need to clean up their mess as that is why the birds are here, so that has been the biggest improvement. There was discussion concerning the hazard of bird strikes. Konshok stated if there is an unusual strike they want it reported to them and there are plastic bags and gloves to use to send it in. There was discussion concerning deer fences and their effectiveness and the enormous expense.

C. OTHER DISCUSSION:

Tom Whiteside of Congressman Nolan's office asked if there are any concerns with legislation as Congressman Nolan is on the Aviation Committee and I'm trying to keep my ear to the ground. DeCoster said it is pilot training and the 1500 hours, it is going to kill this industry. Whiteside said he is writing up something to get to his district manager now about the 1500 hours. Whiteside said he thinks Klobuchar back 2010 was a co-sponsor on that bill and I think it was a knee-jerk reaction to a crash that happened and the co-pilot already had over 1500 hours of training so it didn't really matter to that crash but that is something we are looking at. DeCoster said just for educational purposes, they raised from 400 to 1500 hours for commercial pilots and part of our consulting service we also have an air service development component and our guy just did a report for Duluth and you're looking at cancellations and delays that are absolutely phenomenal. DeCoster stated I mean we have talked to the airlines and they are not sending anybody out if there is any chance of somebody getting delayed someplace with cancelled flights because they have no additional pilots to be able to backstop in the event that person gets stranded in Moline, Illinois, so it's going to have a devastating effect on small airports, it is absolutely going to. David W. Konshok commented right at the time they have a big retirement wave going on. DeCoster further explained there are 18,000 pilots retiring in the next five years so there is a total of 18,000 pilots serving all of the regional carriers. Konshok said from Thief River they actually had some something sitting on the ground up there waiting. DeCoster said they can't get pilots but they had Great Lakes and they went from 200 some pilots down to 89 pilots and the main airlines are snatching them up because they got so heavy on the age with 65 being mandatory retirement.

There was further discussion concerning the effect on the regional carriers and no one back feeding the regional carriers because they only pay \$20,000 per year and the difficulty with the service. DeCoster said it is going to impact aviation, fuel tax and the

cascading effect is going to be devastating to the aviation industry. DeCoster stated there is concern with the lack of the military feeding the pipeline of pilots anymore with the downgrading of the service and the residual impact on smaller communities on air service and even funding of general aviation airports and what they can do because of the aviation fuel tax, it's going to be Armageddon, it really is and I'm not over exaggerating, it's going to be Armageddon. Whiteside said I believe you guys and this is definitely one thing that, like I talked to Jeff Wig out of the Brainerd office and I'm going to make sure that Congressman Nolan knows about this and I do think it is something that we can reduce the number of hours those co-pilots have to do in training because it is years of training and thousands of dollars that go into the training and for these rural areas, it is tough. DeCoster said antidotally, to fly an F16 all you have to do is pass a competency test there are no hours required to fly a multimillion dollar F16 going however many miles per hour verses for a prop airplane that goes 260 miles per hour you have to have 1500 hours, it makes no sense. DeCoster said there was an overreaction and I don't think anybody can statistically prove in any way, shape or form that 400 is going to be a safer situation than 1500 hours. Whiteside asked what kind of hour range do you think might help? DeCoster said seriously, how long did 400 hours work? Peterson said it isn't the 400, it is a reaction to a problem. There was further discussion concerning hours and the cost of the additional training and the years it would add to the training process and young pilots being told how long it will take to achieve the 1500 hours and them finding an alternative choice and the deterrent it causes to recruiting. DeCoster said he works with airports around the country and is actually seeing a lot of momentum for the promotion of aviation again as there has been a gap but there are a lot of young people getting into it to the extent that you've got some of these mandated barriers to keeping that excitement going which is unfortunate because I think it could dry up. David W. Konshok said the military went from a seven year commitment for pilots after extra pilot training up to ten years and it had the desired effect, it really cut into their recruitment and then about eight years after that they had to drop the level back down again because they weren't getting enough interest.

Peterson said maybe a better thought out solution to the safety aspect of it is not the 400 to 1500 hours, it's the \$20,000 per year that requires someone that's trying to become a pilot to have another job, if they had a survivable salary and didn't have to work something else too, which would have a bigger effect on safety. There was further discussion concerning the system, mainlines beating down the regionals on costs and going out of business, the pay scale for pilots and the residual effect on fuel tax which funds the improvements for all general aviation airports which is devastating. DeCoster said he sees how significantly it is going to impact this industry tremendously. Whiteside said it is something that something can be done about it.

Hass inquired what the plan for future t-hangars is and what the deal is and what is set in place? Konshok asked are you talking about t-hangars? Hass said anything. Burlingame said the FAA is not going to fund us until this tarmac is overlaid and that is next year and once that is done, we can probably work on another set of hangars which is on our CIP. There was discussion concerning the private hangar development and land lease, which DeCoster said he will provide the information and criteria to Hass.

There was discussion concerning people being frustrated because of the lack of hangars, 2015 CIP for t-hangars, funding, possible economic development loans, location options for private hangars. Burlingame advised the storm drain and site preparation will be done this fall and is eligible for funding.

Whiteside asked if TIGER Grants are being used and Congressman Nolan wanted me to push those and what it stands for is Transportation Investment Generating Economic Recovery and apparently they have a lot of money and Congressman Nolan is on the transportation board too so that might be something that can help out. Burlingame asked what is it? DeCoster requested details and guidelines be emailed to him. Whiteside said they used it for a harbor dredging project in Duluth and a lot has been used for airports as well. Burlingame asked what the funding terms are? Whiteside said he will investigate the terms and send information.

8. ADJOURNMENT: A motion was made by David W. Konshok, seconded by Konshok and unanimously carried to adjourn the meeting at 10:01a.m.

Don Douglas, Chairperson

Carmen L. Lockhart
Recording Clerk