

**CITY OF PARK RAPIDS
AIRPORT COMMISSION
REGULAR MEETING
July 1, 2015, 9:00 A.M.
Airport Conference Room
Park Rapids, Minnesota**

1. CALL TO ORDER: The July 1, 2015, Regular Airport Commission Meeting was called to order at 9:01 a.m. by Don Douglas.

2. ROLL CALL: Present: Commissioners Donald Douglas, Dan Dyre, Scott Johnson, Thom Peterson, and Councilmember David W. Konshok (arrived at 9:04). Staff present: John McKinney, Scott Burlingame, Ryan Mathisrud, Chris Fieldsend and Carmen L. Lockhart. Absent: David R. Konshok. Others Present: John DeCoster, Jeff Voigt and Tom Hass.

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

4. APPROVE MINUTES OF APRIL 1, 2015 REGULAR MEETING: A motion was made by Dyre, seconded by Peterson, and unanimously carried to approve the minutes of the April 1, 2015 Regular Meeting as presented.

5. FINANCIAL REPORT: No report provided.

6. GENERAL BUSINESS:

A. Establish Technical Advisory Committee and Nominate Members:

Mathisrud advised that at the previous meeting Mr. Douglas and I were tasked with putting together a Technical Advisory Committee so we have provided in the packet a list of all of the proposed members. We had discussed having a few people, the County Engineer, Hubbard County Economic Development and from the Chamber of Commerce, those types of people on this board so I have a list and have spoken with everyone on the list and all have agreed to participate in this process on the assumption that they might be asked to join. Mathisrud asked if anyone should be added or anyone that you think would be a good fit? Voigt asked if anyone talked to Lance Bagstad, the superintendent at the school? Mathisrud said he did not. Voigt said he talked to him and thinks he would be good to have on the board and is interested as his wife is a commercial pilot and he has actually done some flight training and wants to get his pilot's license so he is in touch with aviation and pretty involved in the community, so I think he would be good. Mathisrud said he will invite him. McKinney said he thinks he is a good addition. McKinney said we need to get this list agreed to and submit to TKDA but doesn't expect anything to happen until August or September so we aren't expecting a lot of activity by the committee in their official capacity till later fall or early winter, but the main thing was to get them identified so maybe the commission needs to agree to the list and that will be your committee and meet when John Peterson tells us to meet. Lockhart asked if this has to be approved by the City

Council as well? McKinney said no, but we need a motion to appoint the submitted list as the Technical Advisory Committee in connection with the long range planning process and Airport Layout Master Plan and report that to TKDA.

A motion was made by Peterson, seconded by Dyre and unanimously carried to approve the proposed list of 2015 Airport Master Plan Update Technical Advisory Committee Members with the addition of Lance Bagstad.

B. Report on Administrative Reorganization: McKinney & DeCoster:

McKinney said some of this is not so much reorganization as identifying the organization that you have had and provided a Flowchart. McKinney gave a historical background that in the late 1940 there was an ordinance adopted creating an Airport Advisory Committee of a different name but that was their function and was very generic in duties, and then in the 1950's the commission and the council adopted Bylaws for the Airport and that had some duties. When the city created the Park Rapids City Code they codified that material and it's part of the City Code. If you look at the Airport Advisory Commission it defines the role and function of this commission and that's on page 2 of the handout. There are functions for you to take on behalf of the city and as the name implies you are advisory and your recommendations are advisory opinions to be acted on by the council. If you look at the first page now, what we really need to focus on here and the intent of the language of reorganization has to do with this part, not with you, but you are advisory but we still have to administer the functions both for the airport in terms of your role and the airport in terms of the City Council. So this is a way we structure how that administration takes place and where the rubber meets the road on getting something done or coming up with recommendations for you to act on or to react to some of your recommendations if you make them. We have the four department heads and the only thing that is new in a sense is the Business Services Division which we have been working with Trillion Aviation in a little different capacity but doing some of the same things which started out with very limited work and then we have gradually increased that. I am going to the City Council with a proposal to be effective in August, 2015 to create what in a sense is very much like the relationship that we have with TKDA or with Apex Engineering and I am also a contractor. What we are trying to do is provide the function without having a full time slot and an employee because we don't have full employee work and because the expertise that we are expecting to get out of this arrangement would not be available at a cost that would be justified in our situation. John DeCoster has submitted a proposal which I will present to the City Council that in essence he agrees to do the things as listed under Business Services Section of this flowchart. As you can see what we have done in the past will still be done but we are going to have a specific person accountable to the City Council and through me to administer the Business Services part of it, the leasing, the rate changes, contracts, all that stuff that over the last year or so we have been talking about, and where do we go from here with hangars and other operational issues. McKinney added the one thing that I sense that we lacked and certainly I lacked was an expertise in that area to begin with and specifically in regard to this area of the world, so that's what Trillion brings to the table and assuming the City Council approves this approach we will then have these four departments that will be providing these functions for the airport. You will still remain advisory and nothing really changes in the definitions that we have for you and most anything of particular significance you will know about and

we will run it by you in most cases I would think but still, we need to run this airport with a little different approach from a business standpoint. McKinney said let's talk reality for a moment, this airport does not pay for itself. The airport is subsidized and that's the dirty "s" word by the budget of the City of Park Rapids and principally that source has been discretionary money that's available to the city. We don't have a tax levy specifically for the airport, it's whatever money we come up with. We've been using proceeds from the liquor store for example but that world could come to an end in a hurry if the legislature changes the rules. We already have a new competitor that we didn't have in the past so we may never get in the black, but would like to get pink and I think the best way to do that is to get this organized like a business and bring somebody into our team effort that can help us in the direction so that's what I am proposing to the council and I would be glad to answer any questions and John DeCoster is here as well as the other department heads so I will open it up for comment.

Voigt commented on the benefit of the airport and the equipment that has been obtained through airport funding. McKinney said no one denies that we very much appreciate the airport but we have to organize it a little differently in the way we run it.

There was discussion regarding the airport functions, county and regional involvement, salaries and jobs that the airport provides, and the cost of hiring a consultant to run the airport as that's another burden on funding.

David W. Konshok stated another factor going on with this is it is not just about the money which always seems to pop up first in the conversation and it is a concern and it's always been a concern and there are a couple of members on the council who question why we have the airport and we always go through the same discussions as to the advantages of equipment but the fact remains for the City of Park Rapids the airport is really a fairly unique function because we don't really have any other department like it so to speak and I would argue it's an essential service but others would argue it's not the same as public safety or public works which we certainly don't make any money off public works but then there is no expectation that you're going to make any money off public works. With the regard to the financial discussion the idea behind Business Services is really more about an opportunity if you look at some of the areas that are listed under there and some of them we have done okay with over the years but a lot of them we really have done marginal as far as results. Konshok commented on hiring a contractor being the same as other contractors such as TKDA and Flaherty & Hood. Konshok stated he hopes that if we can grow on the Business Services side that the financing concern goes down if there is activity and growth at the airport so then the council can recognize it as economic development.

Voigt commented with the hangars being paid off and rental income we should be running in the black for general operation excluding any runway expansions and that type of projects. There was further discussion concerning the funding aspect of the airport and clarification of costs verses benefits of the airport and not just the expenses and the perception of the airport to the council and the community as well as doing marketing to promote the airport.

McKinney commented it is great to get state and federal funding for projects and regardless of the local share percentage it is a lot of money for the city to pick up those differences sometimes and that gets noted. McKinney stated this is presented as a positive move forward and not a chastisement for what has happened in the past.

There was further comments and discussion concerning focusing on planning for the airport, responsibilities of the consultant and working with the FBO and other businesses concerning budget concerns and financial reports being handled and discussed appropriately.

Dyre inquired as to the cost of the consultant contract? McKinney stated approximately \$28,000 and DeCoster clarified that it is approximately \$10,000 more than the existing contract which is \$18,000. The new contract would be effective August 1, 2015.

Lockhart inquired if the Airport Commission recommends approval to the City Council? McKinney said he is not asking for approval but to let the Airport Commission know what we are doing.

There were comments on how things are carried out administratively and making recommendations and giving advice.

Hass inquired what has gotten done with what has been paid to Trillion so far? McKinney stated we have revised all the templates. DeCoster advised that his original assignment was to write minimum standards between and SASO agreements, to negotiate the extension of the FBO agreement and to deal with some of the opportunities that presented themselves as well as lease agreements and looking into comparisons and meeting with you one on one.

There was discussions concerning apples to apples comparisons or if it is even possible, the FBO and SASO offers on the table through the City's Finance Committee and negotiations, personal property and county tax consequences, state law and possible levy of taxes, and the cost of installation of natural gas main at \$15,000 and it's funding.

There were comments on the policies, procedures, influences and personalities of previous Airport Commissioners, City Administrators and City Council Members and everyone's professionalism, responsibilities, expertise and roles moving forward.

David W. Konshok commented on the current lease negotiations that are on the table and that the existing lease for the buildings are an anomaly and a weird out there situation as the way we built that building with 50% state money and the other by the city, we've already been told by the state that is not possible in the future and was a very unique situation and likewise the lease we built was entirely attached to that unique situation and it was just designed to pay off the building which is done so now we have to consider future negotiations for leases which can be very complex for a city to be involved with and the funding and future legislature outcomes.

There was discussion as to economic development and the use of taxpayer's dollars for projects and the various political standpoints on funding various aspects of operations concerning city facilities.

DeCoster commented he looks at his role as the point person and working with city staff and leaseholders on their specific responsibilities. DeCoster also advised he will provide a template for providing financial information to the commission and staff.

7. INFORMATIONAL/DISCUSSION:

A. Apron/Taxiway Reconstruction Project Update: Burlingame said nothing has changed and they are doing the engineering on it this year which was budgeted for and construction will be next year. DeCoster added one issue that has surfaced through this and I have reached out to TKDA on, is we still have to deal with what's going to happen to tenants over here when we move because obviously the facility is going to be replaced with new construction which is not going to be \$95.00-\$100.00 per month for rent payments so just so you don't feel persecuted on rent, it is going to be another tough discussion we are going to have to have as we need to look at that from a macro standpoint and figure out how that works. There was discussion as to whether the existing structure would be moved which has not been decided as of yet and will require a lot of work to decide what direction to take and there will be tough decisions to make as to what the payments on new construction would be.

Voigt inquired if a grant is possible for the ramp changes? There was discussion as to grants and the specific aspects of the project and the involvement of TKDA on the long term planning.

8. ADJOURNMENT: A motion was made by Dyre, seconded by Peterson and unanimously carried to adjourn the meeting at 10:22 a.m.

Don Douglas, Chairperson

Carmen L. Lockhart
Recording Clerk