

**SPECIAL AIRPORT BOARD
CITY HALL COUNCIL CHAMBERS
JULY 21, 2022
5:00 P.M.**

AGENDA

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - A. Minutes (page 1)
- III. NEW BUSINESS
 - A. 2022 Airshow/Fly In
- V. OLD BUSINESS
 - A. Airport Infrastructure Renewal Program (AIR)
 - B. Airport CIP – Federal Funds (page 5)
 - C. Hangar Rental Rate Increase (page 7)
- VI. INFORMATIONAL
- VI. ADJOURN

Please contact Ron Mergen at 320-243-3714 ext. 230 or at ron@paynesvillemn.com if you can't attend the meeting.

**Members: Phil Bailey, Paul Thielen, Tom Fread, John Bayer, and Harlan Leusink.
Advisory Members: Ron Mergen, Tariq Al-Rifai and Chuck DeWolf.**

This agenda has been prepared to provide information regarding an upcoming meeting of the Paynesville Airport Board. This document does not claim to be complete and is subject to change.

BARRIER FREE: All Paynesville Airport Board meetings are accessible to the handicapped. Attempts will be made to accommodate any other individual need for special services. Please contact City Hall 320-243-3714 early so that necessary arrangements can be made.

REQUEST FOR BOARD/COUNCIL ACTION

BOARD/COUNCIL NAME: Airport Board

Committee/Council Meeting Date: July 21, 2022

Agenda Section: Consent

Originating Department:

Item Number: II - A

ITEM DESCRIPTION: Minutes

Prepared by: Staff

COMMENTS:

Please review the minutes from the April 28, 2022 Airport Board meeting.

ADMINISTRATOR COMMENTS:

BOARD/COUNCIL ACTION:

Motion to approve minutes from April 28, 2022 Airport Board meeting.

**MINUTES
SPECIAL AIRPORT BOARD MEETING**

APRIL 28, 2022

The meeting was called to order by Chairperson, Tom Fread at 5:00 p.m. Board members present were Harlan Leusink, Phil Bailey, John Bayer and Paul Thielen. Advisory members present were Ron Mergen, Public Works Director; Chuck DeWolf, Bolton & Menk, Inc. and Tariq Al-Rifai, City Administrator.

Motion was made by Bailey to approve the minutes of the July 26, 2021 Airport Board meeting. Seconded by Bayer and unanimously carried.

ELECTION OF OFFICERS

Motion was made by Bailey to elect Fread as Chairperson, Bayer as Vice Chair and Mergen as secretary. Seconded by Leusink and unanimously carried.

MEETING SCHEDULE

Motion was made by Bailey to set the Airport Board meetings on an as needed basis on the fourth Monday at 5:00 p.m. in the City Hall Council Chambers. Seconded by Bayer and unanimously carried.

AIRPORT INFRASTRUCTURE RENEWAL PROGRAM (AIR)

DeWolf reported on the general details of the program:

- It is for public entities, counties, cities, etc.
- It is a 50% matching grant program
- The general use of the program has been hangars or FBO buildings

Members had a discussion on the need for a hangar to house an FBO in the future (mechanic). Members questioned if the City can use the grant for building a new hangar for this purpose. The discussion was then on hangar size, how to attract a mechanic, thoughts on who can help pay for the 50% grant match and what the next steps should be. Leusink will investigate the size of hangar and estimated cost. DeWolf can put together estimated costs once he has details on the hangar from Leusink. Also discussed was contacting Silver Bay about used structures. Once this information is ready to present, the Board can better determine if this grant program would work for this.

AIRPORT CIP – FEDERAL FUNDS

Members reviewed the CIP and noted the next project is the total rehab of the runway and pavement at a cost of \$2.4 million with the local share at \$270,000.00. The City does not have this amount available; therefore, the City is going to only rehab the runway and taxi lane, which will bring the local share down to \$95,000.00.

Members discussed the cracks in the runway. It was suggested that something should be done about it this year since repaving is not scheduled until 2024. Al-Rifai asked how much it

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would cost to seal the cracks. DeWolf said approximately \$50,000.00. Also discussed was the length of time the runway will be closed during construction, which will likely be 6-8 weeks.

HANGAR RENTAL RATES AND FUEL UPCHARGE

The rate structure was reviewed:

- Fuel upcharge is 46 cents, which was last changed in 2016
- Rent for North facing hangars is \$100.00 per month, last changed in 2004
- Rent for South facing hangars is \$120.00, last changed in 2012
- Private hangar land lease is set at 10 cents per sq. ft. or \$300.00

Al-Rifai reported that over the past three years, the City paid over \$100,000.00 to cover the cost of the airport not covered by the revenues coming in, or roughly \$33,000.00 per year. Ideally, the airport should be able to cover all of its expenses without the need for annual support from the City. However, given that the main source of revenue comes from hangar fees, and also noting that rates have not increased over the years, Al-Rifai is suggesting that rates need to come up slowly to be able to eventually cover the cost. Members asked by how much. Al-Rifai stated that rates would need to go up by \$60.00 per month per hangar for the airport to cover its budget. Members believed that raising rates this high would push pilots to store their planes elsewhere.

Mergen presented a survey of other airport hangar costs:

- Benson \$90.00 per month
- Long Prairie \$80.00 per month
- Sauk Centre \$120.00 per month
- Hector \$65.00 per month
- Maple Lake \$.40 per sq. ft.
- Oliva \$100.00 per month
- Hawley \$115.00 per month
- Willmar \$140.00 - \$160.00
- Winona \$160.00
- Owatonna \$210.00
- Park Rapids \$485.00 - \$215.00
- Windom \$85.00
- New Ulm \$116.00 to \$138.00

Al-Rifai said that the airport currently has a waiting list of pilots looking to rent hangars and as far as we know, most other airports have waiting lists too. Based on this, he believes that raising rates will not have a big impact on hangar rentals.

After some discussion, it was suggested to increase rates by \$10.00 per month and look into increasing the fuel upcharge from 46 cents to 56 cents per gallon (a 10-cent increase). It was suggested to give one month off if the tenant pays the entire year at one time, which would reduce administrative costs. After some discussion, it was noted that increasing by \$10.00 will not go a long way in reducing the budget gap. It was also noted that giving one month free rent for those who pay the full year upfront would end up bringing their rates back down again.

It was then suggested to increase the rates more, add a surcharge for paying monthly and only increase the fuel upcharge to non-residents. Staff will look into how to program this into the fuel station. Fread also suggested turning off the lights at night to save money. Pilots have the ability to turn on the lights remotely so there is no need to keep them on at night. In addition, the lights are scheduled to be upgraded to LED during the runway rehab in 2024.

Members then discussed ways to attract an FBO (i.e. mechanic), which would also generate revenues from the airport and be an added value. Eventually, the FBO can act as the airport manager, but first we need to have a building.

It was noted that this Board could not make a recommendation on rate increases since they have conflicts of interest in this matter. Therefore, they made the following suggestion to the City Council:

1. Change the fuel up charge to 56 cents for transient pilots and keep it at 46 cents for local pilots.
2. Raise the hangar rent and private land lease by 25% with a 4-5% increase every contract period afterwards, which would translate into:
 - South facing hangars \$150.00 per month
 - North facing hangars \$125.00 per month
 - 12.5 cents per square foot for private hangars
3. Add a \$10.00 service fee to any tenant that pays monthly

FBO

Discussion was held on adding an FBO operator; this person could take over all the airport operations and maintenance including airport manager, financial activity etc. The timing would be when Mergen retires.

NEXT MEETING

The next meeting was set for Monday, July 25, 2022 at 5:00 p.m.

There being no further business, the meeting was adjourned at 6:25 p.m.



Real People. Real Solutions.

Prepared by Bolton & Menk, Inc.											10/19/2021
ACIP, PAYNESVILLE (PEX)						FY 2022 - FY 2026 CIP					DRAFT
State FY	Fed FY	Description	Funding % Rates			Project Cost	Federal Entitlement Funding	Federal Discretionary Funding	State Funding	Local Funding	Federal Entitlement Balance
			FAA %	State %	Local %						
FY 2022											FY 2022 ENTITLEMENT BALANCE \$ 294,680.00
2023	2022	PAY BACK ENTITLEMENTS TO LITCHFIELD	0%	0%	0%	\$ -	\$ 100,000.00	\$ -	\$ -	\$ -	\$ 194,680.00
FY 2022 TOTALS \$						-	\$ 100,000.00	\$ -	\$ -	\$ -	
FY 2023											FY 2023 ENTITLEMENT BALANCE \$ 344,680.00
2022	2023	PAY BACK ENTITLEMENTS TO AITKIN	0%	0%	0%	\$ -	\$ 150,000.00	\$ -	\$ -	\$ -	\$ 194,680.00
FY 2023 TOTALS \$						-	\$ 150,000.00	\$ -	\$ -	\$ -	
FY 2024											FY 2024 ENTITLEMENT BALANCE \$ 344,680.00
2025	2024	RECONSTRUCT RUNWAY 11/29 AND TAXIWAY PAVEMENT (FDR); LIGHTING UPDATE (EDGE LIGHTS, REILS, PAPIS)	90%	0%	10%	\$ 1,500,000.00	\$ 344,680.00	\$ 1,005,320.00	\$ -	\$ 150,000.00	\$ -
2025	2024	RECONSTRUCT APRON PAVEMENT (FDR)	90%	0%	10%	\$ 390,000.00	\$ -	\$ 351,000.00	\$ -	\$ 39,000.00	\$ -
2025	2024	RECONSTRUCT TAXILANE PAVEMENT - ELIGIBLE	90%	0%	10%	\$ 306,000.00	\$ -	\$ 275,400.00	\$ -	\$ 30,600.00	\$ -
2025	2024	RECONSTRUCT TAXILANE PAVEMENT - INELIGIBLE	0%	75%	25%	\$ 204,000.00	\$ -	\$ -	\$ 153,000.00	\$ 51,000.00	\$ -
FY 2024 TOTALS \$						2,400,000.00	\$ 344,680.00	\$ 1,631,720.00	\$ 153,000.00	\$ 270,600.00	
FY 2025											FY 2025 ENTITLEMENT BALANCE \$ 150,000.00
2026	2025	PARTIAL ALP UPDATE INCLUDING RUNWAY LENGTH, CROSSWIND RUNWAY, (GIS SURVEY & EXHIBIT A NOT INCLUDED IF APPROVED BY FAA AND MNDOT)	90%	0%	10%	\$ 150,000.00	\$ 135,000.00	\$ -	\$ -	\$ 15,000.00	\$ 15,000.00
FY 2025 TOTALS \$						150,000.00	\$ 135,000.00	\$ -	\$ -	\$ 15,000.00	
FY 2026											FY 2026 ENTITLEMENT BALANCE \$ 165,000.00
2027	2026	ENVIRONMENTAL ASSESSMENT FOR PARALLEL TAXIWAY & T-HANGAR	90%	0%	10%	\$ 165,000.00	\$ 148,500.00	\$ -	\$ -	\$ 16,500.00	\$ 16,500.00
FY 2026 TOTALS \$						165,000.00	\$ 148,500.00	\$ -	\$ -	\$ 16,500.00	
Summary for Paynesville Municipal Airport						FY 2022 - FY 2026 TOTAL: \$	2,715,000.00	\$ 878,180.00	\$ 1,631,720.00	\$ 153,000.00	\$ 302,100.00

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MEMORANDUM

Date: July 1, 2022
To: Ron Mergen, Public Works Director
City of Paynesville
From: Chuck DeWolf, P.E.
City Engineer
Subject: Airport Pavement Rehabilitation
City of Paynesville, Minnesota

The pavement rehabilitation project for the airport is currently scheduled for 2024. The proposed project is planned to include all of the pavement at the airport, including the runway, apron and taxi lane areas. The total estimated cost of the project is \$2.4M with the local share projected to be \$160,800 as long as the State provides their typical 5% match.

We could also consider phasing the pavement project by reducing the scope for 2024 to include just the pavement on the runway and apron area. This option would reduce the project cost for 2024 to \$1.89M with the local share been approximately \$94,500. In this case the pavement rehabilitation in the taxi lane area would be delayed to a future year.

In addition to the pavement rehabilitation, there has also been discussion about addressing some of the large cracks on the runway. If we were to just address the large wider cracks as a fix until the pavement rehabilitation project is completed, the estimated cost would be \$50,000. The City's portion of the project would depend on whether we pursued a State grant (30% local match) or a Federal grant (5% local match).

Another option would be to delay the overall pavement rehabilitation project and complete a more extensive crack sealing project. However, the extent and magnitude of the cracking continues to increase and it will be difficult to delay the rehabilitation too long.

Please feel free to contact me at any time if you have any questions.

cc: Tariq Al-Rifai, City Administrator

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Budget & Finance Board Recommendation

South facing & new hangars from \$120.00 to \$175.00

North facing hangars from \$100.00 to \$150.00

Storage units \$50.00 & \$75.00 to \$125.00

Eliminate the \$2,000.00 donation from the 2023 budget

Private hangars from .10 cents to .40 cents per sq. ft

5% annual increase

\$10.00 annual service charge for monthly billing



Commercial Activity at PEX

1. Instructional training, 4 new pilot has certified last year, 2 so far this year.
 2. Bork Lumber hangar 16
 3. Bayer Built, hangar 99
 4. Kraemer Trucking, hangar 18
 5. Paynesville sand & Gravel, hangar 8
 6. Plane cents Aviation
 7. Willmar Crane Service, hangar 13
 8. Truck Sales Company, Starbuck MN
 9. Buys & Sells Air craft, Hangar 37
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- Hospital, no longer uses it
 - Ambulance service, lifelink , listed as an alternate or emergency landing site
 - NuCara had a corporate plane, no longer does. It may or may not come back.
 - Stang Precision, almost never.
 - Louis Industry, very little.

PAYNESVILLE MUNICIPAL AIRPORT

ECONOMIC & COMMUNITY BENEFITS

TOTAL ANNUAL ECONOMIC IMPACTS FOR PAYNESVILLE MUNICIPAL AIRPORT

In 2019, the Minnesota Department of Transportation's Office of Aeronautics conducted a study of the annual economic impacts generated by Minnesota's public airports.* These annual economic impacts are related to activities associated with management of the airport, business tenants at the airport, average annual capital investment in the airport, and spending by visitors who arrive via the airport.



VISITORS 458



SPENDING \$344,320



AREA EMPLOYMENT 5



ECONOMIC ACTIVITY \$554,460



PAYROLL \$210,140



STATE & LOCAL TAX REVENUES \$19,040

Note: Annual Economic Activity is the sum of the Annual Payroll and Annual Spending.

ANNUAL ECONOMIC IMPACT FOR PAYNESVILLE MUNICIPAL AIRPORT

	AREA EMPLOYMENT	PAYROLL	SPENDING	ECONOMIC ACTIVITY
Airport Management and Business Tenants	2	\$116,880	\$163,770	\$280,650
Capital Investment	1	\$38,260	\$106,550	\$144,810
General Aviation Visitor Spending	2	\$55,000	\$74,000	\$129,000
TOTAL	5	\$210,140	\$344,320	\$554,460

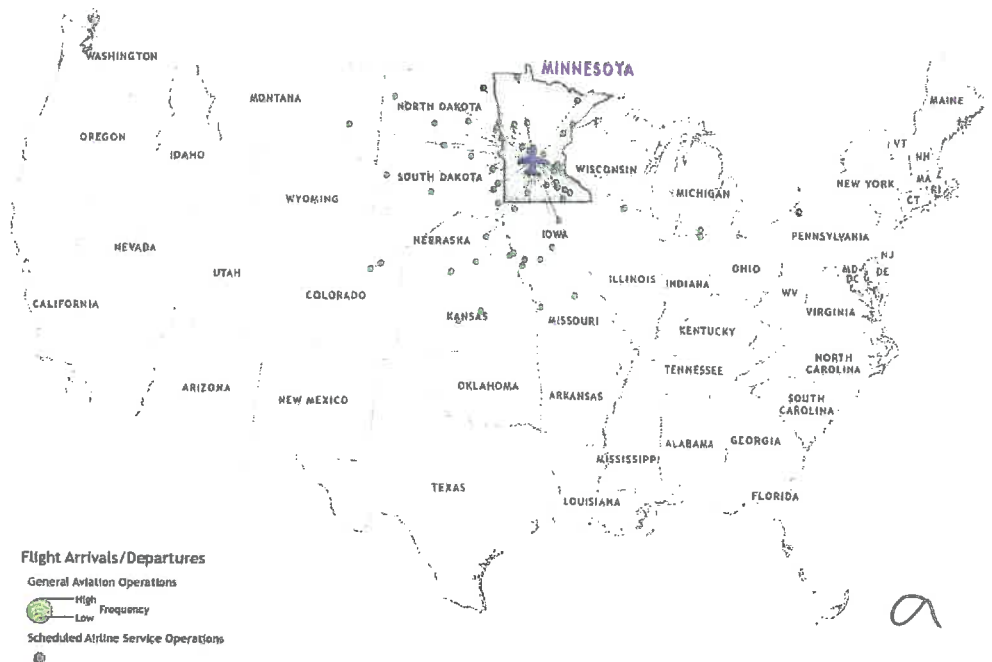
Note: More detail on the airport's economic impact estimates can be found in the Technical Report at: MnDOT.gov/aero.



PAYNESVILLE MUNICIPAL AIRPORT SUPPORTS NON-STOP DAILY CONNECTIVITY TO MANY DESTINATIONS THROUGHOUT THE LOWER 48 STATES.

A flight from this airport can take you almost anywhere. This connectivity is particularly important for the many businesses that rely on Minnesota's airports to deliver and receive products, reach their customers, and remain competitive.

Flight data from the FAA shown on this map displays just some of the destinations flown to and from this airport.



EXAMPLES OF HOW PAYNESVILLE MUNICIPAL AIRPORT SUPPORTS THE COMMUNITY

The airport supports many uses and users that help sustain vital services and business needs.



Recreation

Resorts and recreational areas near the airport rely on and benefit from visitors who arrive by air. Lake Koronis and Rice Lake both attract visitors who sometimes arrive by air. Bug-Bee Hive Resort Lodge & Event Center is an example of a local resort that relies on the airport to bring some of its customers to the area. When visitors come to the area to take advantage of the numerous recreational activities that the state offers, they typically have spending for lodging, food, ground transportation, recreational activities, and retail purchases. These purchases help support local businesses, which in turn benefit the local economy.



Agriculture

Agriculture is a \$17-billion business in Minnesota. Over 51% of acreage in Minnesota is classified as farmland. Aerial applicators help efficiently apply fertilizers and treatments. Crops treated by aerial applicators have higher yields on a per acre basis. The airport supports visiting or transient aerial applicators that operate within area for weeks at a time. While visiting, they often have expenditures for lodging, food, and various retail purchases. Transient aerial applicators are important to supporting area farmers, and they also often help support the communities they are visiting through various local expenditures, which support local jobs and associated payroll.



Aerial Inspections

Airports play an essential role in supporting many types of aerial inspections. One agency that reportedly uses airports for aerial inspections is the Department of Natural Resources (DNR). The DNR is responsible for monitoring wildlife, parks, forests, fishing, and water resources. Aviation is an essential tool for the DNR to carry out its activities and missions over an area of almost 8,750 square miles. The Minnesota State Highway Patrol also relies on the airport to support their law enforcement activities, as does the Minnesota Air National Guard to support their training activities.

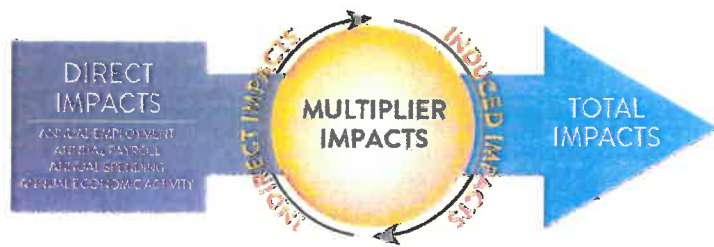


Healthcare/Medical Support

CentraCare Health-Paynesville is a local healthcare provider that is designated a Level IV trauma center. In emergencies, patients can be airlifted to the airport and taken to the hospital, or Life Link III provides both emergency and routine airlift as needed. Local pharmacies also rely on the airport to maintain the supply of certain prescription drugs that have a limited shelf life in stock. Prescriptions can be shipped overnight for just-in-time delivery via the airport. By supporting these activities, the airport helps to improve the quality of life for all residents.

STUDY PROCESS

First, direct economic impacts were collected. Direct impacts are the start of the economic impact cycle. Next, an econometric input/output model was used to estimate **indirect/induced** impacts, also sometimes referred to as multiplier impacts. Combined, direct and indirect/induced impacts equal **total impacts**. For this study, direct, indirect/induced, and total impacts were estimated for **annual employment, payroll, annual spending, and annual economic activity**.



ECONOMIC IMPACT CATEGORIES

Direct, indirect/induced, and total impacts were measured for each category shown below. These impacts were estimated for each airport.

CATEGORY	DESCRIPTION
AIRPORT MANAGEMENT	Activities associated with the daily operation of each airport
BUSINESS TENANTS	On-airport aviation-related businesses that generate revenue and have employment
CAPITAL INVESTMENT	Five-year average annual state, federal, airport, and private investment for airport improvements
COMMERCIAL VISITOR SPENDING	Spending by visitors to Minnesota who arrive on a scheduled commercial airline flight
GENERAL AVIATION VISITOR SPENDING	Spending by visitors to Minnesota who arrive on general aviation airplanes
STATE & LOCAL TAX REVENUES	Airport-supported sales and state income taxes

TOTAL ANNUAL STATEWIDE ECONOMIC IMPACTS FOR ALL MINNESOTA PUBLIC AIRPORTS

Airport visits, interviews, surveys, and research supported development of the total annual statewide economic impact estimate for all Minnesota public airports.*

94,037 STATEWIDE EMPLOYMENT	\$4.4 Billion STATEWIDE PAYROLL	\$13.8 Billion STATEWIDE SPENDING	\$18.2 Billion STATEWIDE ANNUAL ECONOMIC ACTIVITY	\$66.3 Million STATEWIDE & LOCAL TAX REVENUES FOR 126 STUDY AIRPORTS	\$557.1 Million STATEWIDE & LOCAL TAX REVENUES FOR THE SEVEN MAC AIRPORTS
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*Note: Total Annual Statewide Economic Impacts reflect those associated with all 133 Minnesota system airports. Economic impacts for the seven airports operated by the Metropolitan Airports Commission (MAC) were obtained from separate economic impact studies conducted by the MAC. For more information on the MAC studies, visit msoairport.com or metroairports.org.