

**AIRPORT BOARD
CITY HALL COUNCIL CHAMBERS
NOVEMBER 18, 2024
4:30 P.M.**

AGENDA

- I. CALL TO ORDER
- II. CONSENT AGENDA
 - A. Minutes (page 1)
- III. OLD BUSINESS
 - A. FBO Hangar Lease (page 4)
 - B. Ground Land Lease – document will be distributed at the meeting
- IV. NEW BUSINESS
 - A.
- V. 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: November 18, 2024

Agenda Section: Consent

Originating Department: Airport

Item Number: II - A

ITEM DESCRIPTION: Minutes

Prepared by: Staff

COMMENTS:

Please review the minutes from the October 29, 2024 Airport Board meeting.

ADMINISTRATOR COMMENTS:

BOARD/COUNCIL ACTION:

Motion to approve minutes from October 29, 2024 Airport Board meeting.

**MINUTES
AIRPORT BOARD MEETING**

OCTOBER 29, 2024

The meeting was called to order by Chairperson Tom Fread at 4:30 p.m. Members present were John Bayer, Shawn Reinke and Harlen Leusink. Phil Bailey was absent. Advisory members present were Ron Mergen, Public Works Director, Chuck DeWolf, Bolton & Menk, Inc. and Tariq Al-Rifai, City Administrator. Also present were Robin Gray, Hudson Gray and Joe Klocker.

Motion was made by Reinke to approve the minutes from the April 3, 2024 Airport Board meeting. Seconded by Bayer and unanimously carried.

CAPITAL IMPROVEMENT PLAN

DeWolf reviewed the airport CIP 2025 – 2026 plans:

1. Taxi lane pavement rehab
2. Installation of security fence, members questioned this item noting they see gates on other airports and most of the time the gates are wide open.
3. 80 x 80 FBO Hangar

Members reviewed the 2026 Airport Master Plan, 2027 repayment to the City of Aitkin and the 2028 – 2029 plans:

1. Runway rehab design overlay
2. Taxiway and connector design overlay
3. Parallel taxiway design and construction
4. Runway lighting upgrade to LED

Motion was made by Reinke to approve the CIP Plan and recommend such to the City Council with the moving of the security gate to 2029. Second by Leusink and unanimously passed.

BIL FUNDS – FBO PROJECT

DeWolf reviewed the FBO proposal. The planned hangar is currently laid out as an 80 x 80 ft unit, which is fully insulated and heated. Total cost estimate is \$1,006,086.00. The cost share will be 95% Federal or \$955,782.00. Of this, the BIL funding is \$592,000.00 and Entitlement funding is \$363,000.00. The remaining 5% will be split equally between the City and State:

- State 2.5% or \$25,152.00
- Local 2.5% or \$25,152.00

FBO LEASE

Members are looking for potential maintenance and mechanic opportunities at the airport. Robin Gray introduced himself along with his partners Hudson Gray and Joe Klocker. Robin Gray noted their current business in the motor sports world and upholstery for such. So expanding into the aviation world is something they are looking into, especially since the nearest plane upholstery shop is in Grand Rapids. There was one in the Cities, but it closed

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down. This could be a great opportunity for the Paynesville Airport. Robin Gray noted they were looking into a piece of property to build on or buy, until this FBO option was presented to them. Robin Gray said they currently do not have a business model, but they are looking into avionics and aircraft; looking to lease the FBO building.

No one else is currently doing aviation upholstery that they are aware of and think it would be a good fit. Robin Gray asked members what the lease terms would be. The City will need to research this to see what others are charging and staff would get back to them with a price. Members discussed what other airports are charging for FBO buildings, and asked what the City is charging CentraCare for the Ambulance garage. A list will be compiled and brought back to the next meeting.

PRIVATE HANGAR LEASE WITH NO AIRCRAFT

There are currently two private hangars with no aircraft in them. The current ground lease was reviewed noting the verbiage needs to be updated and a penalty included. Members all agreed this is not a storage facility and any aircraft would need to be airworthy. Staff will have the City Attorney review and draft an updated version.

INFORMATIONAL

The next meeting will be on November 18, 2024 at 4:30 p.m.

There being no further business, the meeting was adjourned at 5:25 p.m.

REQUEST FOR BOARD/COUNCIL ACTION

BOARD/COUNCIL NAME: Airport Board

Committee/Council Meeting Date: November 18, 2024

Agenda Section: Old Business

Originating Department: Airport

Item Number: III - A

ITEM DESCRIPTION: FBO Hangar Lease

Prepared by: Staff

COMMENTS:

The following are some FBO hangar lease rates:

Waseca	Rent for services
Sauk Centre	\$600.00 per month
Fergus Falls	\$2,000.00 per month
Moorhead	\$1,500.00 per month
Willmar	\$3,664.50 or \$4.25/sq. ft.

ADMINISTRATOR COMMENTS:

BOARD/COUNCIL ACTION:

Waseca Municipal Airport Fixed Base Operator Agreement

Between City of Waseca and Maynard and Sara Stensrud DBA Stensrud Aviation

February 16, 2021

This is a Lease and Operating Agreement between the City of Waseca, Minnesota, a municipal corporation, and Stensrud Aviation, a sole proprietor. It is being entered into on this ___ day of January, 2018.

For convenience, the entire agreement between the parties shall be referred to hereinafter as the "Lease"; the City shall be referred to as the "Lessor"; and Stensrud Aviation, shall be referred to as the "Lessee." When the term "airport" is used in this Lease, it refers exclusively to the Waseca, Minnesota municipal airport, located at 34593 110th Street, Waseca, MN 56093.

RECITALS

WHEREAS, fixed base operation (FBO) services are essential to the proper accommodation of general aviation at the airport; and

WHEREAS, Lessor desires to allow for the provision of such services at the airport; and

WHEREAS, Lessee represents that it is qualified, ready, willing, and able to provide such services; and

WHEREAS, Lessee desires to lease space from Lessor to operate a business to provide FBO services;

NOW, THEREFORE, in consideration of the premises and the mutual covenants contained in this Lease, the parties hereby agree as follows:

AGREEMENT

Section 1. **TERM.**

The term of this Lease is for three (3) years commencing on January 1, 2018 and ending on December 31, 2020. Provided Lessee is not in default as to any of the terms or conditions of this Lease, Lessee may at its option renew this Lease on the same terms and conditions, except as provided below, for an additional term of two (2) years commencing on January 1, 2021 and ending on December 31, 2022.

To exercise the option to renew, the Lessee must give notice to the Lessor in writing of its desire to do so at least 180 days before the expiration of the first lease term.

The parties agree that they shall negotiate in good faith over the following terms after Lessee gives

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notification of its intent to renew this Lease and prior to a renewal becoming effective.

- A. Section 9 regarding payments.

Section 2. **LEASED PREMISES.**

The Leased Premises are current FBO Maintenance Hangar, Arrival/Departure Building, Storage Shed, one (1) T-Hangar and the planned future FBO Hangar, together with rights of ingress and egress for both vehicles and aircraft. Leased premises will not include any parking spaces or apron space.

Lessee agrees that it will use the leased premises only for the purposes of performing the duties and providing the services described in this Lease and for providing other aviation services as approved by the Lessor.

Lessor shall have the right, at any reasonable time without prior notice, to enter and inspect the leased premises.

Section 3. **LEASEHOLD IMPROVEMENTS.**

- A. Trade Fixtures. During the term of this Lease, Lessee shall have the right, at its expense, to place in or on the premises fixtures, furnishings, personal property, equipment and materials related to the aviation use of the premises and necessary to perform any services required or authorized under this lease and they shall remain the property of the Lessee.
- B. Other Improvements. Any work on improvements requiring a permit or inspection, including but not limited to additions, internal structural changes, rebuilding, repair, fencing, outdoor signs, electrical work or plumbing, must be approved in advance and in writing by the Lessor. All such improvements shall be the property of the Lessor. In connection with such improvements, Lessee shall pay in full the cost of all labor and materials and will not suffer or permit any mechanics' liens to be made against the Lessor's buildings, appurtenances, or the title of the real estate which shall at all times remain in the City of Waseca. If any lien is filed against the site, Lessee shall cause the satisfaction and release of such lien within thirty (30) days of such filing, or deliver to Lessor such security as Lessor may in its reasonable discretion require while Lessee commences promptly a contest of such lien.

Section 4. **UTILITIES AND GENERAL MAINTENANCE**

- A. Lessor shall provide water and sewer service running to the leased buildings as existing on the date of this lease and shall provide for the installation of a meter to measure Lessee's usage of water.
- B. Lessor shall provide electrical and gas service running to the leased buildings and shall provide for the installation of a meter to measure Lessee's usage of electricity and gas.
- C. Lessee shall pay the cost of water and sewer service and electricity and gas for the leased premises except for the Arrival/Departure Building.
- D. In the event Lessee fails to pay any utility bill when due, Lessor may, at its option, pay the

Fixed-Based Operator Airport Management Agreement

Formatted

Between

City of Fergus Falls

And

Sky Crew Services, LLC

THIS AGREEMENT made and entered into this ____ day of _____, 2021, by and between the City of Fergus Falls, a Minnesota municipal corporation (the "City"), and Sky Crew Services, LLC, a Minnesota limited liability company, whose address is _____, Fergus Falls, Minnesota (the "FBO").

Whereas, the City owns the Fergus Falls Municipal Airport (Einar Mickelson Field) located in the City of Fergus Falls, County of Otter Tail, State of Minnesota (the "Airport"); and, whereas, the FBO is engaged in the business of providing FBO airport management services, including, but not limited to, fuel storage and sales, hangar storage, aircraft apron marshalling and parking, equipment rental, charter air transportation, aircraft rental, flight instruction, and other related aviation services;

Whereas, the FBO represents to the City it possesses the skills and abilities necessary for the efficient and effective management, maintenance, and safe operation of the Airport to meet the public and customer needs.

Whereas, the FBO desires to provide FBO and airport management services, specifically through this Fixed-Base Operator Airport Management Agreement (the "Agreement") and to lease certain premises and facilities, and to provide services in connection with and on the Airport through this Agreement, and the City is willing to grant the same to the FBO upon the terms and conditions stated in this Agreement (including its attachments) as hereinafter stated:

Now, THEREFORE, in consideration of the provisions set forth herein, and the mutual agreements of the parties hereto, it is hereby agreed as follows:

Article 1: SPACES LEASED BY FBO

The City agrees to lease to FBO during the term of this Agreement the Arrival/Departure Building together with the Large Hangar and Storage Area attached to the Arrival/Departure Building, the T-Hangars and the Snow Removal Equipment Building as set forth in the Attachment A (collectively the "Airport" or "Airport Facilities"). During the term of this Agreement FBO will be charged monthly rent in the amount of Two Thousand Dollars (\$2,000.00) for use of these areas. Payments must be made on or before the first day of each month during all terms of this Agreement. Payment shall be made to:



Primary Fixed Base Operator Agreement

Between

City of Moorhead

And

Moorhead Aviation Services, LLC

THIS AGREEMENT made and entered into this 12th day of December 2016, by and between the City of Moorhead, (the "City"), and Moorhead Aviation Services, LLC, with an address of 3329 70th Street South, Glyndon, MN 56547 (Primary Fixed Base Operator, "PFBO").

WITNESSETH, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows;

Article 1. GENERAL DESCRIPTION OF WORK TO BE DONE.

The City agrees to and hereby does grant permission to the PFBO and PFBO agrees to perform PFBO services at the Moorhead Municipal Airport. The PFBO shall exercise the same degree of care, skill, and diligence in the performance of the services as is ordinarily possessed and exercised by members of the same profession, currently practicing, under similar circumstances. PFBO acknowledges and agrees that it shall provide the services set forth in Article Four of this Agreement.

The City and PFBO acknowledge that PFBO may desire to provide aeronautics services beyond those required within this Agreement. PFBO will comply with Federal, State and Local laws and regulations regarding any offered aeronautical business operations and obtain and maintain all applicable Federal, State and Local licenses to perform both PFBO duties and non-PFBO business activities. PFBO shall provide notice to the City fifteen (15) days prior to the commencement of any additional aircraft service/business and shall provide City confirmation of any required approvals from State or Federal agencies and, if applicable, related insurance coverage.

It is not the intent of this Agreement to grant PFBO the exclusive right to provide any or all of the services described, required, or permitted in this Agreement at any time during the term of this Agreement. The City reserves the right, at its sole discretion, to grant others rights and privileges upon the airport that may be identical in whole or in part to those granted to PFBO. PFBO acknowledges that no right or privilege has been granted to it which would prevent any person, firm or corporation operating aircraft on the airport from performing services on its own aircraft, with its own employees, including maintenance and repair services.

Article 2. COMPENSATION

The City will pay PFBO EIGHTEEN THOUSAND AND NO/100 DOLLARS (\$18,000.00) annually under the terms of the Airport Management Agreement, according to the terms set forth therein.

Article 3. TERM

The term of this Agreement is January 1, 2017 through December 31, 2021. Any violation of any part of this Agreement during the term of this Agreement will be cause for termination. The notice of termination must provide that the other party has 30 days in which to cure the violation of the Agreement. If the violation is not cured within the 30-day period, the contract will be terminated; provided, however, if the party in good faith is working to cure the violation of the contract and it cannot be done within 30 days, the termination will not become effective unless the defect is not cured within a reasonable time. Moorhead Aviation Services, LLC also provides Airport Management Services for the Moorhead Airport as outlined within the *Airport Management Agreement Between City of Moorhead and Moorhead Aviation Services, LLC*. If PFBO is in violation of this Agreement which results in termination of this contract, the Airport Management Services Agreement shall also be terminated.

The City and Moorhead Aviation Services, LLC, upon mutual agreement, may extend this Agreement for up to three (3) additional one-year periods upon either party's notice to the other party. In the event that the parties exercise this option, the parties may mutually agree to an adjustment in the amount of compensation.

Article 4: ASSURED PFBO SERVICES

Task 1 - Aircraft Engine/Accessory Repair and Maintenance:

PFBO acknowledges and agrees that a mechanic shall be available during normal business hours. PFBO acknowledges and agrees that it shall provide the above described services in strict conformance with the minimum standards set forth in Attachment A.

Task 2 – Unicom Radio Advisory Assistance and Issue NOTAMs (Notices to Airmen):

PFBO shall monitor and assist pilots calling into the Moorhead Municipal Airport. General information shall be disseminated to pilots requesting this service. The PFBO has the responsibility to observe airfield conditions and issue a NOTAM when applicable. The PFBO must notify the City of any conditions that may be a hazard to pilots.

Task 3 – Fuel and Oil Sales, fuel service records:

PFBO shall operate and maintain the city-owned fueling facilities. The PFBO acknowledges and agrees that it shall provide the above described services in strict conformance with the minimum standards set forth in Attachment A. Daily inspections of the fueling system and quality control are under direct responsibility of the PFBO. No fuel flowage fee will be required from PFBO during the initial term of this Agreement.

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term or renewal term then in effect, in which case this Agreement shall terminate upon the expiration of such initial term or renewal term.

ARTICLE 2. LEASE OF AIRPORT PROPERTY.

2.1 **Leased Premises.** The City agrees to lease to the FBO, who agrees to lease from the City, the following spaces at the Airport, which are depicted on Exhibit B, attached hereto (the "Leased Premises"):

FBO Hangar (86'8" x 100')	8,667 s.f.
Support Areas (18' x 86'8")	1,560 s.f.
Reception Desk	120 s.f.
<hr/>	
Total Area	10,347 s.f.

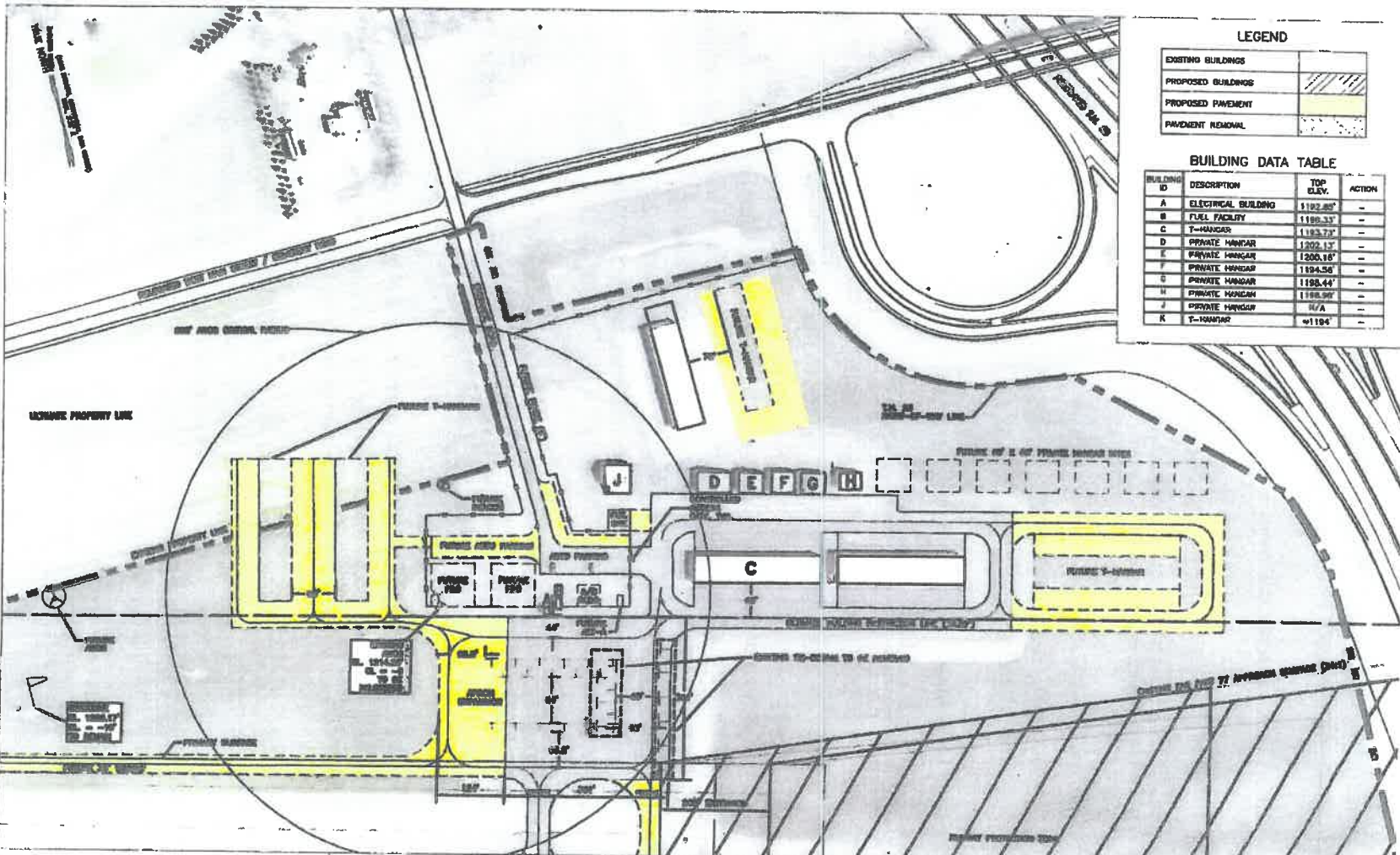
2.2 **Rent.**

2.2.1 Annual Rent. The FBO agrees to pay to the City for the use of the Leased Premises a yearly rental of \$4.25 per square foot for the balance of 2024 for an initial total annual charge of \$43,974.75 (\$4.25 x 10,347 s.f.), which yearly rental shall increase by \$0.05 each year thereafter beginning in calendar year 2025 and in each subsequent calendar year during the initial term of this agreement (i.e., the annual per square foot rental rate will be \$4.30 in 2025, \$4.35 in 2026, \$4.40 in 2027 and \$4.45 in 2028). For any renewal terms, the annual per-square-foot rental rate shall increase by \$ 0.05 each year (for example, the yearly rental would be \$4.50 in 2029, \$4.55 in 2030, \$4.60 in 2031, etc.).

2.2.2 Reimbursable Services. The annual rental fee specified in Section 2.2.1 above shall be reduced by the amount of reimbursements the FBO is entitled to for providing services as specified in Section 3.2 herein.

2.2.3 Payments. The FBO shall make payment of one-twelfth of the annual rent specified in Section 2.2.1, less the reimbursements as specified in Section 3.2, on or before the last day of the month for each month in which this Agreement is in effect.

2.2.4 Airport Closings. During any period when the Airport shall be closed by any lawful authority restricting the use of the Airport in such a manner as to interfere with the use of same by the FBO for its business operation, the rent shall abate, and the period of such closure shall be added to the term of this Agreement then in effect so as to extend and postpone the expiration thereof.



LEGEND

EXISTING BUILDINGS	[Solid grey fill]
PROPOSED BUILDINGS	[Yellow fill]
PROPOSED PAVEMENT	[Diagonal hatching]
PAVEMENT REMOVAL	[Dotted pattern]

BUILDING DATA TABLE

BUILDING ID	DESCRIPTION	TOP ELEV.	ACTION
A	ELECTRICAL BUILDING	1192.85'	-
B	FUEL FACILITY	1199.33'	-
C	T-HANGAR	1193.73'	-
D	PRIVATE HANGAR	1202.13'	-
E	PRIVATE HANGAR	1200.18'	-
F	PRIVATE HANGAR	1194.56'	-
G	PRIVATE HANGAR	1195.44'	-
H	PRIVATE HANGAR	1195.97'	-
J	PRIVATE HANGAR	N/A	-
K	T-HANGAR	1184'	-

REVISION 2:
AS BUILT HANGAR AP 13-19
PARCEL ACQUISITION AP 11-17

BOLTON & MENK, INC.
Consulting Engineers & Surveyors
1000 W. 10th Street, Suite 100
Paynesville, MN 56462

PAYNESVILLE MUNICIPAL AIRPORT
AIRPORT LAYOUT PLAN
TERMINAL AREA PLAN

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Project Cost Breakdown:

ITEM DESCRIPTION	CNST./LAND COST	ENGR./LAND INCIDENTAL	ADMIN. COST	TOTAL COST	FEDERAL SHARE	STATE SHARE	LOCAL SHARE
80'x80' FBO HANGAR - AIP/BIL (FFY 25)	\$799,869.12	\$201,217.28	\$5,000.00	\$1,006,086.40	95%	2.5%	2.5%
TOTALS	\$799,869.12	\$201,217.28	\$5,000.00	\$1,006,086.40	95%	3%	3%

ITEM DESCRIPTION	FEDERAL ENTITLEMENT FUNDING	FEDERAL BIL FUNDING	STATE APPT. FUNDING	FEDERAL DISC. FUNDING	STATE FUNDING	LOCAL FUNDING
80'x80' FBO HANGAR - AIP/BIL (FFY 25)	\$363,782.00	\$592,000.00	\$0.00	\$0.00	\$25,152.16	\$25,152.16
TOTALS	\$363,782.00	\$592,000.00	\$0.00	\$0.00	\$25,152.16	\$25,152.16

Funding Summary:

PEX will have an AIP fund balance of \$479,660 and BIL fund balance of \$592,000 assuming \$144,000 BIL fund appropriation for FFY 2025. PEX will have sufficient AIP and BIL funds for the estimated federal share of \$955,782.