

AIRPORT COMMITTEE

Tuesday, January 26, 2016
Immediately following the Finance and Improvements Committee
(No earlier than 4:30 p.m.)
City Council Chambers

A G E N D A

1. [Ground Lease Between City of Minot and Minot Aviation- Block 1, Lot 1](#)
2. [Ground Lease Between City of Minot and Minot Aviation- Block 5, Lot 6](#)
3. [Ground Lease Between City of Minot and PS Properties- Block 1, Lot 5A](#)
4. [Ground Lease Between City of Minot and PS Properties- Block 1, Lot 3](#)
5. [Ground Lease Between City of Minot and Don Bessette Motors, Inc.- Block 9, Lot 6](#)
6. [Ground Lease Between City of Minot and Apple Air, LLC. - Block 9, Lot 8](#)
7. [Ground Lease Between City of Minot and Larry Durand \(L&S Northern Adventures Inc.\) – Block 9, Lot 7](#)
8. [Airport Activities, Reports and Project Updates](#)
9. [Existing Terminal Presentation](#)
10. [Recommendation for Disposition of Existing Terminal](#)
11. [Master Plan Update](#)

AIRPORT COMMITTEE

January 26, 2016

Page 2

MEMO TO: Airport Committee
FROM: City Clerk's Office
RE: Agenda for Tuesday, January 26, 2016 – No earlier than 4:30 pm

1. Ground Lease Between City of Minot and Minot Aviation- Block 1, Lot 1

The existing lease between the City of Minot and Minot Aviation has expired with both parties operating under a month-to-month lease with the same terms and conditions. A new lease has been drafted with updated language and regulations consistent with today's industry standards.

The key terms and conditions for this lease are as follows:

- TERM: Eighteen (18) months
- Renewal Option is on a year-to-year basis.
- Current rate is thirty cents (\$0.30) per square foot, on a ten-thousand (10,000) square foot parcel, consistent with the approved Airport Rates, Fees and Charges depending on the location and type of operation. In this lease, the operation is a Single Service Operator (SSO)
- The rate will be fixed during the term and adjusted with a new term agreement consistent with the Airport's Rates, Fees and Charges at that time.
- City is offering a new lease agreement to current tenant should that tenant choose to continue operating.

[This parcel is the southernmost hangar on the west side development which includes the Hobby Shop.](#)

The new lease has taken over three years to produce, with the assistance of a Fargo attorney who has worked with the Fargo International Airport for many years. The lease has incorporated suggestions and input from local tenants; recommendations from a FedEx attorney and has been reviewed by the City Attorney. This lease is fair and reasonable and recommended by the Airport Director to be used for all new tenants, renewed lease agreements, and hangar owners and renters.

Fiscal Impact: This is a ground lease revenue generator of \$3,000 per year for the Airport budget.

It is recommended the Committee and Council authorize the Mayor to sign the lease agreement between the City of Minot and Minot Aviation once a final draft is completed.

2. Ground Lease Between City of Minot and Minot Aviation- Block 5, Lot 6

The existing lease between the City of Minot and Aviation Services, Inc. has expired with both parties operating under a month-to-month lease with the same terms and conditions. A new lease has been drafted with updated language and regulations consistent with today's industry standards.

The key terms and conditions for this lease are as follows:

- TERM: Eighteen (18) months
- Renewal Option is on a year-to-year basis.
- Current rate is thirty cents (\$0.30) per square foot, on a three-thousand five-hundred (3,500) square foot parcel, consistent with the approved Airport Rates, Fees and Charges depending on the location and type of operation. In this lease, the operation is a Single Service Operator (SSO)
- The rate will be fixed during the term and adjusted with a new term agreement consistent with the Airport's Rates, Fees and Charges at that time.
- City is offering a new lease agreement to current tenant should that tenant choose to continue operating.

[This parcel is on the north side of the west-side development and is a metal hangar which stores an aircraft and misc. items.](#)

The new lease has taken over three years to produce, with the assistance of a Fargo attorney who has worked with the Fargo International Airport for many years. The lease has incorporated suggestions and input from local tenants;

AIRPORT COMMITTEE

January 26, 2016

Page 3

recommendations from a FedEx attorney and has been reviewed by the City Attorney. This lease is fair and reasonable and recommended by the Airport Director to be used for all new tenants, renewed lease agreements, and hangar owners and renters.

Fiscal Impact: This is a ground lease revenue generator of \$1,050 per year for the Airport budget.

It is recommended the Committee and Council authorize the Mayor to sign the lease agreement between the City of Minot and Aviation Services, Inc. once a final draft is completed.

3. Ground Lease Between City of Minot and PS Properties- Block 1, Lot 5A

The existing lease between the City of Minot and Pietsch Aircraft Restoration and Repair has expired with both parties operating under a month-to-month lease with the same terms and conditions. A new lease has been drafted with updated language and regulations consistent with today's industry standards.

The key terms and conditions for this lease are as follows:

- TERM: One (1) year and eight (8) months
- Renewal Option is for twenty (20) years (to coincide with Block 1, Lot 5B lease agreement)
- Current rate is thirty cents (\$0.30) per square foot, on a five-thousand (5,000) square foot parcel, consistent with the approved Airport Rates, Fees and Charges depending on the location and type of operation.
- The rate will be fixed for a period of five (5) years, or the end of the term, and adjusted with a new term agreement and on each five-year anniversary date consistent with the Airport's Rates, Fees and Charges at that time.
- City is offering a new lease agreement to current tenant should that tenant choose to continue operating.

[This parcel is the north half addition of where the main business office for PS Properties and Minot Aero Center is located.](#) This parcel is divided because of different lease terms due to an addition. The short initial term is to put the lease in sync with the other half of the building and the renewal options of that lease agreement.

The new lease has taken over three years to produce, with the assistance of a Fargo attorney who has worked with the Fargo International Airport for many years. The lease has incorporated suggestions and input from local tenants; recommendations from a FedEx attorney and has been reviewed by the City Attorney. This lease is fair and reasonable and recommended by the Airport Director to be used for all new tenants, renewed lease agreements, and hangar owners and renters.

Fiscal Impact: This is a ground lease revenue generator of \$1,500 per year for the Airport budget.

It is recommended the Committee and Council authorize the Mayor to sign the lease agreement between the City of Minot and PS Properties once a final draft is completed.

4. Ground Lease Between City of Minot and PS Properties- Block 1, Lot 3

The existing lease between the City of Minot and Pietsch Aircraft Restoration and Repair has expired with both parties operating under a month-to-month lease with the same terms and conditions. A new lease has been drafted with updated language and regulations consistent with today's industry standards.

The key terms and conditions for this lease are as follows:

- Three (3) year and eleven (11) month term
- Renewal Option is for three (3) additional ten (10) year terms from the expiration of the base term granted.
- Current rate is thirty cents (\$0.30) per square foot, on a ten-thousand (10,000) square foot parcel, consistent with the approved Airport Rates, Fees and Charges depending on the location and type of operation.
- The rate will be fixed for a period of five (5) years, or the end of the term, and adjusted with a new term agreement and on each five-year anniversary date consistent with the Airport's Rates, Fees and Charges at that time.

AIRPORT COMMITTEE

January 26, 2016

Page 4

- City is offering a new lease agreement to current tenant should that tenant choose to continue operating.

[This parcel is the old hangar building that currently operates the Aviation spray planes.](#) Because the current ownership of the lease and the partnership of members with PS Properties while having Minot Aero Center as a part of the whole business, the Renewal Option is suggested for consideration in order to be consistent with the terms of Minot Aero Center and their lease within the General Aviation (GA) building the City owns and leases to Minot Aero Center.

The new lease has taken over three years to produce, with the assistance of a Fargo attorney who has worked with the Fargo International Airport for many years. The lease has incorporated suggestions and input from local tenants; recommendations from a FedEx attorney and has been reviewed by the City Attorney. This lease is fair and reasonable and recommended by the Airport Director to be used for all new tenants, renewed lease agreements, and hangar owners and renters.

Fiscal Impact: This is a ground lease revenue generator of \$3,000 per year for the Airport budget.

It is recommended the Committee and Council authorize the Mayor to sign the lease agreement between the City of Minot and PS Properties once a final draft is completed.

5. Ground Lease Between City of Minot and Don Bessette Motors, Inc.- Block 9, Lot 6

The existing lease between the City of Minot and Don Bessette Motors Inc. has expired with both parties operating under a month-to-month lease with the same terms and conditions. A new lease has been drafted with updated language and regulations consistent with today's industry standards.

The key terms and conditions for this lease are as follows:

- TERM: Five (5) Years
- Renewal Option is for five (5) years
- Current rate is twenty-six cents (\$0.26) per square foot, on a five-thousand two-hundred seventy four (5,274) square foot parcel, consistent with the approved Airport Rates, Fees and Charges depending on the location and type of operation.
- The rate will be fixed for a period of five (5) years, or the end of the term, and adjusted with a new term agreement and on each five-year anniversary date consistent with the Airport's Rates, Fees and Charges at that time.
- City is offering a new lease agreement to current tenant should that tenant choose to continue operating.

[This parcel is located on the northeast end of the west-side development and is a hangar for the storage of aircraft.](#)

The new lease has taken over three years to produce, with the assistance of a Fargo attorney who has worked with the Fargo International Airport for many years. The lease has incorporated suggestions and input from local tenants; recommendations from a FedEx attorney and has been reviewed by the City Attorney. This lease is fair and reasonable and recommended by the Airport Director to be used for all new tenants, renewed lease agreements, and hangar owners and renters.

Fiscal Impact: This is a ground lease revenue generator of \$1,371.24 per year for the Airport budget.

It is recommended the Committee and Council authorize the Mayor to sign the lease agreement between the City of Minot and Don Bessette Motors Inc. once a final draft is completed.

6. Ground Lease Between City of Minot and Apple Air, LLC. - Block 9, Lot 8

The existing lease between the City of Minot and Apple Air, LLC. has expired with both parties operating under a month-to-month lease with the same terms and conditions. A new lease has been drafted with updated language and regulations consistent with today's industry standards.

AIRPORT COMMITTEE

January 26, 2016

Page 5

The key terms and conditions for this lease are as follows:

- TERM: Five (5) Years
- Renewal Option is for five (5) years
- Current rate is twenty-six cents (\$0.26) per square foot, on a six-thousand one-hundred fifty-three (6,153) square foot parcel, consistent with the approved Airport Rates, Fees and Charges depending on the location and type of operation. This is a private hangar.
- The rate will be fixed for a period of five (5) years, or the end of the term, and adjusted with a new term agreement and on each five-year anniversary date consistent with the Airport's Rates, Fees and Charges at that time.
- City is offering a new lease agreement to current tenant should that tenant choose to continue operating/leasing.

[This parcel is located on the northeast end of the west-side development and is a hangar for the storage of aircraft.](#)

The new lease has taken over three years to produce, with the assistance of a Fargo attorney who has worked with the Fargo International Airport for many years. The lease has incorporated suggestions and input from local tenants; recommendations from a FedEx attorney and has been reviewed by the City Attorney. This lease is fair and reasonable and recommended by the Airport Director to be used for all new tenants, renewed lease agreements, and hangar owners and renters.

Fiscal Impact: This is a ground lease revenue generator of \$1,599.78 per year for the Airport budget.

It is recommended the Committee and Council authorize the Mayor to sign the lease agreement between the City of Minot and Apple Air, LLC. once a final draft is completed.

7. Ground Lease Between City of Minot and Larry Durand (L&S Northern Adventures Inc.) – Block 9, Lot 7

The existing lease between the City of Minot and Larry Durand (L&S Northern Adventures Inc.) has expired with both parties operating under a month-to-month lease with the same terms and conditions. A new lease has been drafted with updated language and regulations consistent with today's industry standards.

The key terms and conditions for this lease are as follows:

- TERM: Five (5) Years
- Renewal Option is for five (5) years
- Current rate is twenty-six cents (\$0.26) per square foot, on a five-thousand two-hundred seventy four (5,274) square foot parcel, consistent with the approved Airport Rates, Fees and Charges depending on the location and type of operation. This is a private hangar.
- The rate will be fixed for a period of five (5) years, or the end of the term, and adjusted with a new term agreement and on each five-year anniversary date consistent with the Airport's Rates, Fees and Charges at that time.
- City is offering a new lease agreement to current tenant should that tenant choose to continue operating/leasing.

[This parcel is located on the northeast end of the west-side development and is a hangar for the storage of aircraft.](#)

The new lease has taken over three years to produce, with the assistance of a Fargo attorney who has worked with the Fargo International Airport for many years. The lease has incorporated suggestions and input from local tenants; recommendations from a FedEx attorney and has been reviewed by the City Attorney. This lease is fair and reasonable and recommended by the Airport Director to be used for all new tenants, renewed lease agreements, and hangar owners and renters.

AIRPORT COMMITTEE

January 26, 2016

Page 6

Fiscal Impact: This is a ground lease revenue generator of \$1,371.24 per year for the Airport budget.

It is recommended the Committee and Council authorize the Mayor to sign the lease agreement between the City of Minot and Larry Durand (L&S Northern Adventures Inc.) once a final draft is completed.

8. Airport Activities, Reports and Project Updates

The Airport Director will give a presentation on Airport activities, reports and project updates.

9. Existing Terminal Presentation

Tom Schauer from KLJ will give a presentation on the existing Terminal.

10. Recommendation for Disposition of Existing Terminal

The new passenger terminal is close to being operational. Upon the transition to the new terminal, the decision on disposition of the existing terminal will become more important because the airport and the City's limited revenues will need to pay for the operational costs of both the existing and new terminal.

Per request of the City, KLJ conducted a building assessment and benefit cost analysis of the facility while identifying aeronautical and non-aeronautical uses along with the option for demolition as options for the City to consider.

The evaluation considers the following:

1. The limited developable space available in the southwest corner of the airfield.
2. The costs of rehabilitating the terminal and/or costs of repurposing the facility.
3. The probable/potential uses for the building or location on the airfield and in proximity to the new terminal building and access/egress.
4. The federal policies and regulation pertaining to the use of the facility and/or disposition of the facility.

Based on these factors, it is recommended the existing terminal be demolished and removed at the soonest practical time during the construction season. This recommendation is predicated on the following:

1. The cost of rehabilitating the existing 25 year old facility up to a "good" condition is estimated to be over \$750k, and up to over \$1 million, over the next five years, not counting any remodeling costs. Finding tenants to financially support these costs or the facility's operational and maintenance costs could be difficult.
 - a. Cost of demolition is estimated as a one-time federally eligible cost of \$450k.
2. The area in and around the new terminal is extremely limited and restricted by the Federal Aviation Administration (FAA) airspace and runway protection zones associated with Runway 8-26. All indications lead to believe this property should be left open for support functions of the terminal operations that maximize efficiencies from the proximity to the terminal and the existing terminal apron. Examples of such uses would be a quick turnaround facility for rental cars and/or deicing facility.
3. FAA usually allows federal funds to be used for the demolition of the terminal which is replaced by another federal funded terminal as long as it is in close proximity to the building of the new terminal. FAA would not fund repurposing of existing terminal. This expense likely covers a large percentage of the total demolition cost.

Fiscal Impact: There is an estimated demolition cost of \$450,000. This project has been identified in the 2016 FAA Airport Capital Improvement Program however not listed on the approved 2016 Airport budget as it was undetermined what the final decision may be. If Council approves this recommendation the Airport will request a

AIRPORT COMMITTEE

January 26, 2016

Page 7

budget amendment.

It is recommended the Committee and Council approve the recommendation to demolish the existing terminal building.

11. Master Plan Update

The Airport Director and Tom Schauer will give a presentation on the Master Plan.