

SCRAA Airport Authority Committee – Meeting Minutes

Thursday, April 1st, 2021 (3:00 PM)

Board: King Banaian, Jami Bestgen, Ryan Daniel, Marshall Grams, Kurt Hunstiger, Brian Myres, Angela Olson, John Quade, David Weeres

Staff: Deanna Fah – Assistant Finance Director, Tracy Hodel – Public Services Director, Lynn Hoff – Airport Secretary, Matt Staehling – City Administrator, Bill Towle – Airport Director

The virtual Microsoft Teams meeting was called to order at 3:03 pm.

Agenda Items:

- 1) Call to Order
- 2) Additions to Agenda
- 3) Election of Officers
 - a. President - Jami nominated Brian Myres, who is on the Greater St. Cloud Development Corporation (GSDC) board and was on the Airport Advisory formation committee, Kurt seconded, passed unanimously.
 - b. Vice Chair - Ryan self-nominated
 - c. Secretary - John Quade self-nominated; it's intended for Lynn to take meeting minutes for secretary review
 - d. Treasurer – Marshall Grams, has signing authority, serves as a second signature when needed and would be Finance Committee Chair

Term Discussion: There was discussion regarding officer terms and the staggering of board terms. Kurt proposed to start under Airport Authority approval, get through a learning curve, and have no terms until actual Airport Authority transition/FAA approval.

King shared, at year zero where we're not sure who makes the decisions, the first officer positions are good until there's a formal handoff to Airport Authority. David suggested to pull names out of hat for the staggering of terms, but city reps and county reps shouldn't expire the same year. The advisory board will seek guidance from the county administrators on how to proceed.

Kurt made a motion that Ryan/John/Marshall secure Vice-Chair/Secretary/Treasurer, respectively. Jami seconded. M/C.

- 4) Approval of Minutes - John moved, Marshall seconded. M/C.
- 5) Approval of Vouchers (none at this meeting)

In the future, this would include reviewing a list of expenses/vouchers/invoices for approval.

- 6) Discussion of Board Reports
 - a. Discussion followed regarding providing financials and other reports to the board. It was suggested to mimic what other authorities in the region (ie: Duluth) report to their boards (ie: this year over last year, YTD, benchmarks – an executive summary). Deanna Fah, Assistant Finance Director, shared that current financial reports come from the

system as revenues/expenditures, but a profit/loss statement would need to be on a separate spreadsheet (no fixed assets, depreciation). Bill will do research on other authority boards and develop initial reports for the board to review at future meetings.

With the objective to run the airport like a business and create the greatest economic benefit for the region, it will be important to keep the board informed of current trends in the industry that can impact the airport. Bill mentioned he could share background knowledge and provide an executive director's report, same as previously provided to City Council. Additionally, the Association of Airport Executives (AAAE) has airport alerts compiled as they come in which Bill could include in the director's report. There are also publications, newsletters, and conferences available. David receives daily emails on current aviation (airline and corporate) and can share links to keep abreast of the airline industry. U of MN Airtap (MNDOT's Airport Technical Assistance Program) covers airport lighting, hangar rental fees, and provides seminars. The board will be provided links to commonly referred to newsletters, blogs, and websites.

7) Discussion of Airport Authority Board Structure and Governance

In order to get the board to operate effectively over the long term, Brian advises that everyone needs to start at the board level focused on learning all aspects of airport operations and governance, then committees can be created: Sales and Marketing, Finance, Operations, Long-Range Planning (10-15 capital projects), etc. to focus on specific aspects of the airport. Ryan agreed that committees are not needed currently and keeping everyone on the same page is important for learning together. Ad hoc people could "own" something and do deeper dives into learning to expedite the process (ie: Jami/Sales and Marketing, Marshall and Bill and Deanna/Finance).

Additional conversation followed regarding personnel issues and other airport operations issues and how they are going to be handled during the transition to becoming a regional air authority. Determining what questions need to be answered will be key to a successful transition. An annual budget done with the City closely ties budget and airport operations, so the budget will need to be dissected to help answer HR questions. Ryan can assist in HR; Marshall in labor relations. Bill will provide the current organizational chart and budget at next month's meeting.

Bill requested thoughts on a respectable timeline to review meeting materials. It was agreed the close of business Friday if the board meeting is the following Thursday.

Bill asked to work on getting a Business Plan (finance, economics, 1-5 years) as quickly as possible. A Strategic Plan (policy, mission, future vision) would follow. The Master Plan is reviewed early in the year, and the last full update was 2012 with minor updates in 2015 and 2017 to help with the paving project. The FAA prefers updates every 5-10 years.

The recently updated Airport Layout Plan (ALP) is typically revised with each project as built. The 2015 Business Plan was part of a study and not as in depth as the board may want for 5-10 years, and none of these are a budget and long-range planning tool.

The FAA allows for a General Consultant (GC) to advise airports. STC's agreement is currently with Mead and Hunt. This goes up for bid every five years. Potential projects and the Business Plan were included on their project list. It was suggested that board members read the Master Plan. Marshall reminded everyone to be working off the most updated version (found on website, 2012 data issued 2014). The Capital Improvement Program comes out of the Master Plan. The FAA requires a Master Plan and ALP. The FAA accepts the Master Plan and approves the ALP, which has its own chapter in the Master Plan and includes a graphic description where airport development will be on the airport. The remaining plans are up to the board. Strategic long-term planning includes an initial Business Plan that's refreshed annually. Bill estimated that Mead and Hunt could provide a scope of work and budget for board review

and approval in about 2-3 weeks. The board discussed the importance of Identifying active airport users to solicit input from as many stakeholders as possible.

8) Discussion of Airport Hangars

Based upon the current waiting list, there is demand for a 10-unit hangar. Bill shared there are currently 66 T-hangar spots plus 10 through SCSU Aero Club. St. Cloud Aviation/Bill Mavencamp has large aircraft storage hangars which are generally full. When people want to buy an airplane, there's not an open hangar within 60 miles of St. Cloud. The current cost would \$700,000-\$1,200,000. With rates averaging \$165/month per unit, it takes 40 years to get payback on costs and maintenance.

Jami mentioned rates/charges should be reviewed as part of the analysis of future T-hangar development by comparing STC rates to other rates in the region. Bill stated that it's a fight for the airport user, so if one airport raises prices, others may or may not follow. Hangar owners have received free land rent at neighboring airports, but they don't have the services like STC. Maple Lake Airport's services/FBO/fuel warrants charging more than neighborhood airports. Angie reiterated a recent AirTap Briefing that airports are here to serve the users of the airport and there's a waiting list for hangars, meaning the airport should try to do what it can to provide hangar space. Angie to provide info to Bill for distribution.

The half-cent sales tax approved for 20 years in 2018 could also be available to spend or use as a cash-flow to bond in hanger development. In the past, local option sales tax was used for the local share of federal projects to leverage FAA funds. However, FAA won't pay for T-Hangar development so there would not be a match if local option sales tax money was used for T-hanger development. There was discussion regarding the ability to bond for the development of T-hangers and if bonding were used now, could the debt be transferred to the airport authority once it is formed. Matt deferred to City Finance to gain understanding of this issue. Deanna answered that they wouldn't be able to issue the bond because the airport couldn't pay it back once it is separated from the City. Hanger development is complex due to the funding stream. The board needs more understanding of the issues before making any recommendation to the City or acting once it becomes an authority. The challenge is that we need to serve airport users, but cover costs, renew assets, and build for the future. King shared that the board needs to consider all costs and benefits of T-hanger development beyond the cost of development and rent collected, and to consider alternative funding sources from the EDA, other grants etc. As a non-primary airport, rates and charges are similar, however, when the primary is a commercial airport like STC, some state and FAA funding is not available.

9) Discussion of Airport Parking

Parking has been an issue the past several years, over capacity every late-March with Allegiant's 4-5 flights/week to Mesa and 2 flights/week to Punta Gorda. Leisure travel is bouncing back before business travel, which includes more airports like STC. The market is very agile, so if customers can't find a place to park, they won't use STC. There are numerous options to consider in reviewing parking at STC. Do we expand free parking? A design by Mead and Hunt increases spaces by 200. There were 550 parked cars in 2019. This could be expanded another 100 by reorganizing the main lot. Do we charge and manage paved parking and leave gravel parking free? Do we expand free parking and place this as CIP at \$2-3M or use pay-for-parking to generate revenue? Paid parking would reduce the amount of airport parkers as more folks would be dropped off. Allegiant uses a point-to-point service instead of a hub/spoke approach, which will help recover the drop in fares and get more service. King said the recent market study found many people drive a fair distance to the airport and the market is inelastic, where people close by choose to be dropped off.

A new parking lot costs \$1-2M and is completely un-supportable if parking continues to be free, so price can be used to ration/allocate the parking without incurring the expense of construction. The Mayor has

been approached for approval. Bill contacted some airports in Fall and ran an exercise with Tracy for new pay stations similar to the system recently installed by the City. For a \$25,000 investment with relatively low maintenance, there would be a pay station to enter a license plate into the system. STC would spot-check every 10 to see if everyone is paying. If several are not paying, then STC would sample more. Airports are finding that most customers are paying. This would start in Fall. David suggested having an all-pay system and \$5/day seems reasonable. Bill and Tracy will prepare what is recommended to the City. Matt confirmed that a memorandum with strong recommendation/formal action from the Board would carry weight with City Council.

10) Discussion of AAAE and Conferences

Brian shared that Brian Ryks/MAC is keynote speaker at GSDC's annual meeting; everyone is invited. Bill is co-chair of the ½-day virtual National Airport Economic Development Conference (NAEDC) on April 26-27 and there's an air carrier roundtable at the end. It's a good chance to see what other airports are doing. In speaking with Tracy, Bill stated the airport would pay for the conference and he recommended 1-2 board members. Ryan and Brian showed interest. There will be other opportunities that arise in the future, perhaps with more specific areas of concentration (ie: Sales and Marketing), that board members can take advantage of.

11) Other Business

Angie Olson was introduced as a new board member. She flew for Sun Country, taught at SCSU and is currently an aviation planner at Bollig Engineering.

Brian is requesting feedback and input on anything that makes a difference at STC as well as on issues of board governance and effectiveness.

12) Next Board Meeting - 5/6/21 at 3 pm

Board meetings are anticipated to be no longer than two hours and will vary in length depending upon the agenda. Meetings should become more efficient once committees are formed, board meeting materials are distributed in advance of the meeting, and the educational aspects of understanding airport governance and operations are understood by all board members.

An idea was shared to have an airport BBQ for team building as an opportunity to meet the clientele and vice versa. David recommended getting together at the airport for a tour and chance to see the physical buildings before a meeting. It's a massive area which hosts pancake breakfasts, fly-ins, social gatherings, and includes hobbyists and business folks. Attendance at these events is encouraged.

Kurt made a motion to adjourn at 4:53 pm, Jami seconded. M/C.

Respectfully submitted,
Lynn Hoff, Airport Secretary