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Regular Meeting

Tuesday

June 28, 2016

The Regular Meeting of the Municipal Airport Authority of the City of Fargo, North Dakota, was held Tuesday, June 28, 2016, at 8:00 a.m. in the Airport Boardroom.

The members present or absent were as follows:

Present: Blazek, Kilander, Macdonald, Pawluk  
Absent: Clark  
Others: None

Chairman Pawluk presiding.

Approved the Minutes of the Regular Meeting of the Municipal Airport Authority Held June 13, 2016:

The minutes of the Regular Meeting of the Municipal Airport Authority held June 13, 2016, were approved without objection.

Approved the Airport Vouchers Totaling \$30,669.53:

Mr. Blazek moved to approve the airport vouchers totaling \$30,669.53.  
Second by Gen. Macdonald.  
On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.  
Absent and not voting: Clark  
The motion was declared carried.

Approved the Individual Voucher to Foreign Trade Zone Corporation:

Gen. Macdonald moved to approve the individual voucher in the amount of \$975.00 to the Foreign Trade Zone Corporation for the annual report and survey of the Foreign Trade Zone.  
Second by Mr. Kilander.  
On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.  
Absent and not voting: Clark  
The motion was declared carried.

Approved the Individual Voucher to Fargo Jet Center:

Gen. Macdonald moved to approve the individual voucher in the amount of \$14,730.00 to Fargo Jet Center for 2016 co-op marketing through June 2016.

Second by Mr. Kilander.

On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Olaf Anderson, Inc.:

Gen. Macdonald moved to approve the individual voucher in the amount of \$153,075.52 to Olaf Anderson, Inc. for Partial Payment Request #3 for construction of Access Road, Apron Lighting and Sanitary Sewer Improvements.

Second by Mr. Kilander.

On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Northern Improvement Company:

Gen. Macdonald moved to approve the individual voucher in the amount of \$377,724.85 to Northern Improvement Company for Partial Payment Request #3 for construction of Taxiway A Reconstruction Project, AIP45.

Second by Mr. Kilander.

On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Mead & Hunt:

Gen. Macdonald moved to approve the individual voucher in the amount of \$7,314.25 to Mead & Hunt for partial payment request for engineering services in connection with the Access Road, Apron Lighting and Sanitary Sewer Improvements.

Second by Mr. Kilander.

On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Mead & Hunt:

Gen. Macdonald moved to approve the individual voucher in the amount of \$9,350.00 to Mead & Hunt for partial payment request for engineering services in connection with the Terminal Taxiway and Taxiway A3 Reconstruction, AIP46.

Second by Mr. Kilander.

On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Mead & Hunt:

Gen. Macdonald moved to approve the individual voucher in the amount of \$23,467.55 to Mead & Hunt for partial payment request for engineering services in connection with the Taxiway A Reconstruction, Project AIP45.

Second by Mr. Kilander.

On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Approved the Individual Voucher to Mead & Hunt:

Gen. Macdonald moved to approve the individual voucher in the amount of \$18,646.65 to Mead & Hunt for partial payment request for engineering services in connection with the Airport Master Plan Update, AIP42.

Second by Mr. Kilander.

On the call of the roll, members Blazek, Kilander, Macdonald, Pawluk voted aye.

Absent and not voting: Clark

The motion was declared carried.

Received Update Regarding Eastside Terminal Tenant Changes:

Mr. Dobberstein stated at the last meeting the board received two requests to lease the same office space in the Eastside Terminal. The requests were from Disenchanted Toys and the American Legion Post #2. He stated following the meeting we were able to accommodate both requests as Spectrum Aeromed agreed to vacate a portion of their space on the first floor in order for the American Legion Post # 2 to lease the space, both effective July 1.

Received Communication from Spectrum Aeromed Requesting to Vacate an Office and Storage Room in the Eastside Terminal:

The communication dated June 13, 2016 from Chad Kost, Spectrum Aeromed, was received and filed without objection.

Mr. Dobberstein stated Spectrum Aeromed is requesting permission to vacate the 528 square feet immediately south of the Spectrum Aeromed Offices (former Shaw Investments office) effective June 30, 2016. He indicated this will be the space leased to American Legion Post #2.

Mr. Kilander moved to approve the vacation of 528 square feet of office space in the Eastside Terminal by Spectrum Aeromed effective June 30, 2016.

Second by Mr. Blazek.

All members present voted aye and the motion was declared carried.

Reviewed Proposed 25th Street North Project with City Engineer, April Walker:

Ms. April Walker, City Engineer for the City of Fargo, was recognized and stated they have brought information on two City of Fargo projects in the area of the airport. She stated project BN-16-C1 which is a storm water, sanitary sewer, water main, lift station and paving project that is north of County 20 and affects some of the airport owned property and the airport owned property will benefit from the project. She stated this is about a \$5 million project and the assessments for the various parcels are shown. She stated the second project she will review is a flood control project which will construct a levee.

Ms. Walker stated Project BN-16-C1 came about because of a lot of the properties north of County 20 were platted and kind of inherited by the City of Fargo. She stated some of them have septic tanks and are serviced by city water. She stated there has been a lot of pressure for increasing industrial development as we are out of industrial land available. She stated we did receive a petition requesting that the city pave 25th Street North and bring the sewer line up there so that they can continue to issue building permits in those platted lots to the north of County 20. She stated they will be paving 25th Street and installing a storm sewer system and a storm lift that will evacuate that internal storm water into Cass County Drain 10.

Ms. Walker stated the other project is actually a two phase flood control project. She stated that flood control project was a part of the City's comprehensive plan that was adopted by the City Commission in 2011. She stated it is a part of the prioritized comp plan adopted just a few weeks ago. She stated that project would build a levee at a cost of about \$13 million. She stated that project is completely funded with sales tax dollars so that would not be assessed to any property owners. She stated there is existing development north of County 20 that is not flood protected as they are outside the city line and in past flood events they have not been provided emergency flood protection. She stated that includes the Digi-Key facilities. She stated this levee, when combined with the diversion, will provide 500-year flood protection to the airport. She stated they are trying to achieve that level of protection to the city's critical facilities, the airport being among them. She stated that is why this project is a priority for the city.

Ms. Walker stated the assessments for the proposed storm sewer project are estimated. She stated the location of the levy could affect the calculation of benefits to property owned by the airport.

Reviewed Proposed 25th Street North Project with City Engineer, April Walker: (Continued)

She stated property outside of that levee will not be protected and will not be benefited by the lift station.

Mr. Dobberstein stated the airport does not care if our farmland north of County 20 is flooded because it is never going to be developed.

Ms. Walker stated there have been some requests from the FAA to potentially go around some of the light structures to the north of the airport. She stated if that alignment is moved it would also affect the assessment to the airport.

Mr. Kilander stated he does not know how the airport benefits from the storm water project to the industrial area.

Ms. Walker stated the primary benefit to the airport will be for the property it does own south of County 20. She stated right now the airport's storm water moves north and goes through culverts and it will be picked up by the lift station they are planning to build and will be brought into the drain.

Mr. Kilander stated the airport storm water right now is moving through all the way to the river so how will the lift station benefit the airport.

Ms. Walker stated the existing lift station on County 20 is not a lift station that lifts the airport's water. The airport storm water drops to a gravity flow culvert into the drain so when the drain is high it does not gravity flow. The lift station will be able to eject water no matter what elevation. She stated from the standpoint of assigning benefits when building a construction project, the airport water is going to be passing through the storm lift station therefore the airport benefits from it.

Mr. Kilander stated the airport would not really benefit.

Chairman Pawluk stated he wants to understand what the difference would be between today and after the project.

Mr. Dobberstein stated there would be no difference.

Ms. Walker stated the airport may not see a benefit to the property as it is being used today but when looking at assessments they look at the potential highest and best use of the property. Could it be converted into something else? She stated the property is not deed restricted.

Mr. Dobberstein stated the land can never be developed due to federal restrictions

Ms. Walker stated she understands that but unless the land is deed restricted they cannot take a property owner's intentions into account when defining benefit. She stated a deed restriction on the property would reduce the benefit for the sanitary sewer and the paving portion.

Mr. Dobberstein advised Ms. Walker if she looks at the history of the water main along 25th Street our attorney, Gary Stewart, worked with Mark Bittner and since there was no benefit to the airport we paid no special assessments for the water main project. He stated the airport owned property north of County 20 will never be developed. He stated storm water may be a different discussion.

Ms. Walker stated if the property is deed restricted that can be taken into account. She stated that will help to lower the assessment. She stated the property in the benefited area that is outside city limits cannot be assessed until it is in the city limits so those assessments would be deferred. She stated the assessment on that portion is about \$400,000. She stated the City pays and carries that cost until at some point in the future when that land becomes part of the city but again, a deed restriction would change that calculation.

Mr. Dobberstein asked what would change if the Airport Authority put deed restrictions on all airport land north of County 20.

Reviewed Proposed 25th Street North Project with City Engineer, April Walker: (Continued)

Ms. Walker stated it will be very minimal as the portion outside of the city limits is the \$400,000. She stated there is another portion to the south of that but the assessment on that portion is very low because you are not being assessed for the lift station. She stated if there is a levee in the way the water cannot get to the lift station so you are really only being assessed for the trunk line storm sewer that by policy they assess on an arterial to an arterial band so you have an oversized benefit for the pipe that is being installed. She stated of the \$2 million estimated assessment we are talking about \$61,000. She stated the primary benefit was to the parcel that the airport proper sits on. She stated that was over \$1 million.

Chairman Pawluk asked again what is the benefit to the airport.

Mr. Dan Eberhardt, Special Assessments Coordinator, was recognized and stated the benefit is the drainage of the storm sewer. He stated once the area is urbanized the existing ditches will no longer be there and there will be pipes.

Chairman Pawluk stated just last year the Airport Authority gave property to the SE Cass Water Resource District to triple the storage capacity in Drain #10 and the airport sacrificed a lot of land for that to happen. He stated the city is now implying that is not needed.

Ms. Walker stated she did not say that project is not needed. She stated there is a different purpose for that project. She stated they wanted the airport board members to be able to understand the tools they have available. She stated there is a portion of the airport land that is currently outside of the city limits and that amount will not be assessed until that property should become inside the city limits. She again stated that a deed restriction on the property would change the calculation which may raise the assessment on the main airport property.

Chairman Pawluk stated he feels we should be looking at the property owners who are requesting the project to be the ones to pay for it because the airport does not see any benefit to the airport.

Ms. Walker stated the assignment of benefit does not work that way. She stated there is a Special Assessment Committee who has quasi-judicial authority who assigns benefit and not even the City Commission can change those decisions. She stated the Special Assessment Committee has tentatively reviewed this project and they are in agreement with the methodology that Dan has applied. She stated there is a process coming up once the project is built where there is a series of hearings where you have the ability to appear before that committee and tell them what you think is wrong with that methodology. She stated in the end they make the determination on the methodology, certify it and send it on to the city commission. She stated the city commission cannot change the Special Assessment Committee's decision but they have the option to buy down an assessment.

Mr. Kilander asked who is making the request for the storm sewer project.

Ms. Walker stated the project for the sewer was originally a request for sanitary sewer due to the failing septic tanks in the area and the city was no longer issuing building permits with septic systems in the area. She stated the city received the infrastructure request and it was submitted to the Public Works Evaluation Committee and they decided they were not just going to install sanitary sewer lines but felt it was time to pave.

Chairman Pawluk asked if there is any assessment to the airport on property that will not be developed for the sanitary improvement.

Reviewed Proposed 25th Street North Project with City Engineer, April Walker: (Continued)

Ms. Walker stated not on the airport proper but there is about \$340,000 benefit assigned to airport property north of County 20.

Mr. Dobberstein stated the airport has no need for sanitary sewer in that area.

Chairman Pawluk stated he is surprised that a phone call to Mr. Dobberstein last week was the airport's first indication of this project. He stated it is obvious that the city has not taken into consideration the needs and desires of the airport.

Ms. Walker stated they do not look at the current interest in the property but the highest and best use, unless there is a deed restriction. She stated the airport was about 2/5 of the assessment district so the assessment on the other properties would increase.

Chairman Pawluk asked when is the opportunity to protest.

Ms. Walker stated protests can be filed after the project has been completed.

Mr. Eberhardt stated the assessment to the airport would be for the lift station, depending on the alignment of the project, and the oversized storm water pipe.

Ms. Walker stated this lift station will serve the area shown within the black box on the assessment area. She stated the airport is using a portion of its property to store and flow water toward the drain. The property owners to the west are asking for the right to improve their property and in order for them to be able to do that we have to put their runoff and the airport's runoff into a pipe to get it to the drain.

Mr. Dobberstein asked why not just take care of the property owners on the west side of 25th Street.

Ms. Walker stated in an area as flat as we are there is not enough grade and the water has to go through a pipe.

Chairman Pawluk stated if the airport land was taken out of the drainage area we would give access to take their water off across airport property.

Ms. Walker stated we have to keep in mind there is a second project which is a levy project that will be a barrier to just letting water flow across the land.

Chairman Pawluk stated the problem here is that the airport is facing \$2 million in special assessments. He stated we have capital improvement projects which must be completed. He stated our only source of revenue to fund this is to increase our mill levy by two mills to a total of four mills. He stated he does not know where our revenue to pay these specials will come from.

Ms. Walker stated she can understand that because the city also owns land and pays special assessments.

Mr. Kilander stated the city is able to increase taxes to fund those expenditures.

Ms. Walker stated a deed restriction would change the formula, although she cannot tell you how much. She stated there is the option of a deferral on the undeveloped land. She stated those are granted by the finance committee and can be deferred up to 10 years and are renewable. She stated the specials are spread out over a 25-year term.

Mr. Blazek asked if there is a discount for full payment.

Mr. Eberhardt stated it would be construction costs plus add-ons of engineering fees, administration fees.

Reviewed Proposed 25th Street North Project with City Engineer, April Walker: (Continued)

Chairman Pawluk stated he understands the city is trying to bring improvements to a certain area but since this is the first opportunity the airport has had to voice its perspective on the project, he would like Ms. Walker to go back and take another look at this project and see how the airport's interests can be considered with modification of the project. He stated the airport is not a benefitting property in this project.

Ms. Walker stated there would be a benefit to the airport when the adjacent properties make improvements to their property and the ditch is no longer available to drain the airport property you will see water standing on airport property and it will no longer drain as they will be blocking the path that has allowed it to drain.

Ms. Walker stated we can sit down and look at any documents showing restrictions on the property or if you are interested in pursuing deed restrictions on those parcels. She stated they don't have a lot of room to change the spread on the assessments.

Chairman Pawluk stated there is still an opportunity to change the project. We are just asking that the goals of the airport be addressed as well as the goals of the other property owners and the goals of the city.

Mr. Dobberstein asked if the National Guard has been notified.

Mr. Eberhardt stated he checked and verified everything was mailed out.

Mr. Dobberstein stated we have not received anything.

Mr. Jim Sweeney, Fargo Jet Center, was recognized and stated they have not received any notice of this project.

Chairman Pawluk asked the timeline of the project.

Ms. Walker stated this project is set to be awarded and built this construction season.

Chairman Pawluk stated that is way too fast on a project we have just heard about.

Ms. Walker stated the assessment district would be done the fall of 2017 so the first assessment would be seen the spring of 2018.

Chairman Pawluk stated this project is not about the airport storm water but about providing the services the other area wants. He asked that the project be slowed down a bit and give the airport a chance for some input and also give us a chance to consult with our engineers.

Ms. Walker stated she does not have the ability to slow the project down. She stated they will check on the mailing.

Mr. Dobberstein asked how long they have known about this project and why the airport wasn't notified and asked to be involved in the planning yet without any regard we are expected to pay \$2 million in special assessments when it does not benefit the airport at all.

Ms. Walker stated they first asked last fall.

Mr. Dobberstein asked why we just hearing about this now.

Ms. Walker stated they didn't have any numbers.

Mr. Dobberstein stated it didn't matter about the numbers we didn't even know about the project.

Chairman Pawluk told Ms. Walker that our hostility toward this project is not hostility toward her.

Ms. Walker stated she understands that.

Chairman Pawluk asked Ms. Walker to make certain that the city commission is aware that the airport will be forced to increase its mill levy to four mills.

Reviewed Proposed 25th Street North Project with City Engineer, April Walker: (Continued)

Mr. Dobberstein stated if the City of Fargo is not able to prove the benefit to the airport the Federal Aviation Administration will come in and determine this is revenue diversion. He stated that has happened in other cities with special assessments.

Mr. Kilander stated the conundrum for him is that the project cannot be protested until after it is built.

Ms. Walker added that there are elements that can be protested and those are shown in the letter sent out (she indicated she would check on what happened with the mailing of those letters) and those are the street lights and the paving. She stated the underground improvements cannot be protested. She stated the paving is about \$1 million of the \$5 million project.

Received Update from Jack Ricchiuto, SP+ (Standard Parking):

Chairman Pawluk introduced Mr. Jack Ricchiuto, Executive Vice President of Operations/Airports, for SP+ (formerly Standard Parking).

Mr. Ricchiuto was recognized and stated it was nice to be here today. He stated Standard Parking recently merged with Central Parking and they are now called SP+. He stated the company has operated the airport parking lot in Fargo for many years. He stated the company has gone through a bit of restructuring in the past year and he stated they are committed to becoming more engaged in the parking operation at this airport. He stated with him today is Mr. John Conway, Vice President and Regional Manager. He stated SP+ has the subject matter experts and the some of the strategic relationships in the industry to bring ideas to the parking operation at the airport in Fargo. He stated Mr. Conway is going to start making quarterly visits to Fargo to attend board meeting and meet with staff. He stated the board has been discussing growing the parking options in Fargo and they would like to be available to partner with the airport in that process. He stated we are seeing many changes in airport parking across the country and they want to be leaders in the industry.

Mr. Conway was recognized and stated he was here in April and gave an update to the board and discussed some maintenance items which they have been working on. He stated they are scheduled to meet with the snow removal contractor in July to see what we can do to improve the snow removal process both with the contractor and with the internal staff. He added that the manager, Jay Hanson, will be attending a management seminar in July. He stated they are also looking at some ways to enhance the Click-n-Park option.

Mr. Ricchiuto stated they want to assure the board that they are available to assist the airport in any way they can. He stated Fargo is especially important to him because of his many years of experience with the airport.

Mr. Jim Sweeney, Fargo Jet Center, was recognized and stated he was asked by the mayor yesterday about parking at the airport. He asked Mr. Ricchiuto if there are any other airports this size that have built a parking ramp in the last three to five years.

Mr. Ricchiuto stated probably not below the \$5 million gross revenue mark. He stated it is hard to recapture that expenditure. He stated there may be an opportunity to look at alternatives to a \$25,000 per space parking ramp.

Received Update from Jack Ricchiuto, SP+ (Standard Parking): (Continued)

Mr. Dobberstein stated the survey SP+ helped us conduct a few years ago showed that passengers would not be willing to pay an increased rate in a parking structure, regardless of the weather, which would mean we would not be able to cash flow such a project.

Mr. Ricchiuto stated there are alternatives and they would be willing to engage with the airport on those options.

Mr. Dobberstein asked what improvements would need to be made to the lot in the next two to three years.

Mr. Conway stated the lot is not in awful condition. He stated we may have to do an overlay in the next year or two.

Airport Construction and Security Update:

Mr. Jeff Klein, Mead & Hunt, was recognized and stated Northern Improvement is progressing on the Taxiway A Project. They stated with the first paving lane yesterday and have started removing the terminal taxiway. He stated the goal is to have the terminal taxiway and Taxiway A down to the terminal taxiway completed by August 19.

Mr. Dobberstein stated he is still working with Hanson Design Associates on the shelterbelt restoration project. He stated he did receive one bid from a contractor but we want to go over that with Hanson and the city forester.

The meeting of the Municipal Airport Authority was adjourned until the next regular meeting to be held Tuesday, July 26, 2016.

Time at adjournment was 9:10 a.m.