

**PAROWAN CITY AIRPORT BOARD MEETING
DECEMBER 4, 2023
PAROWAN CITY OFFICES – 35 EAST 100 NORTH – 4:00 PM**

MEMBERS PRESENT: Jim Shurtleff (Council Representative), Dave Cowen, Luke Carlson

MEMBERS ABSENT: Pat Wall, Dave Norwood, Del Tanner, Jr.

STAFF PRESENT: Dan Jessen (City Manager), Scott Burns (City Attorney), Heather Shurtleff (Deputy Recorder)

STAFF ABSENT: Mollie Halterman (Mayor)

PUBLIC PRESENT: Mick Lauer (Parowan Airport FBO), Carlyn Bedwell

Jim Shurtleff moved to appoint Dave Cowen Chair Pro Tem. Luke Carlson seconded the motion. All members present voted in favor of the motion. The motion carried.

CALL TO ORDER: The meeting was called to order at 4:00 PM by Dave Cowen.

DOES ANYONE HAVE ANY CONFLICTS OR PERSONAL INTEREST IN ANY MATTER ON THE AGENDA WHICH NEEDS TO BE DECLARED? Dave Cowen declared conflict, as he owns a hangar at the airport.

APPROVAL OF MINUTES: Jim Shurtleff moved to approve the minutes of November 6, 2023. Luke Carlson seconded the motion. All members present voted in favor of the motion. The motion carried. The minutes were approved.

REVIEW AND DISCUSSION OF PROPOSED AIRPORT GROUND LEASE AGREEMENT – DAN JESSEN AND SCOTT BURNS:

The Airport Board, Dan Jessen and Scott Burns talked extensively about the proposed ground lease agreements throughout the meeting. Mr. Jessen talked about most of the existing leases having a section regarding price increase, but that the changes to the lease agreements are much larger in scope than just the price. The updating of the lease has been needed for some time. (see attached hangar lease proposal)

Dan Jessen said he was able to obtain a copy of a hangar lease rate study from another municipality; using information from this rate study instead of paying for our own will save the City a lot of money.

Dan Jessen talked briefly about the current difficulties at the Cedar City Airport regarding the hangar lease cost doubling.

Dan Jessen talked about the current leasing costs being charged by the front footage of the land, because the depth of every lot was made the same from the beginning. Moving forward, the property lines for the hangars will be different sizes and shapes. The proposed leasing agreement states \$0.25 per square foot for the ground lease. The question is does the City want to charge a different rate for unimproved land (no utilities present) and improved land (access to utilities).

Dan Jessen talked about the current hangar leases, and that if a hangar owner has room in the back of the leased property, they could utilize that area (for allowed uses) or build a bigger hangar; the hangar owners also have the responsibility to maintain that property.

Dan Jessen was concerned with having a good, consistent lease agreement that would be fair to all hangar owners, and promote optimal use of the airport.

There will be a 5 foot set back on the sides of the new hangars and roads between the rows of hangars. Mick Lauer said there will be no bare land, only asphalt.

Jim Shurtleff asked if there was a way to differentiate between the existing hangars and the new hangars for the leases. Dan Jessen believes the way to do that would be to assign different zones. While studying comparable airports, Mr. Jessen found out that different zones are typical for agreements like these.

Dan Jessen mentioned that the study he had been using as a guide called for \$0.40 per square foot for improved land and \$0.30 for unimproved land. Mr. Jessen went through other examples of lease cost from airports around the state, and the cost varied quite a bit, from \$0.08 to \$0.55 per square foot. The proposed ground lease will be at \$0.25 per square foot until 2025, when it will adjust up by 2%, and adjust up by 2% per year with the change taking affect in five year increments. So, in 2025 the cost per square foot would adjust to \$0.275 and in 2030 that cost would adjust to \$0.303, and so on.

Mick Lauer and Dave Cowen talked about the original eight hangars; the airport mows and keeps up the land behind the hangar. Mr. Lauer asked if the hangar owners would have to pay for the upkeep on the unimproved hangar land going forward.

Dan Jessen said we would have to take a look at each individual lease, and unless there was a problem, the existing leases would just play out.

The question was raised that if an existing hangar owner only uses the hangar and doesn't currently use the land behind the hangar, could the hangar owner build a garage behind the hangar. Dan Jessen said the hangar owner could use the leased land, but only for FAA approved uses, not for parking an RV, for example.

Dave Cowen thinks there are some issues with this proposed lease that still need to be worked out. The discussion continued, focusing on issues with FAA hangar storage regulations and the fact that the FAA looks to the sponsor (Parowan City) to enforce the regulations. Dan Jessen added that the permitted uses in the proposed lease comes directly from the FAA handbook.

Dan Jessen also said we need to make sure that the Airport Board looks out for the airport and the City; if what is happening at the hangars is threatening the airport's entitlement dollars, there is a problem. Mr. Jessen would like the lease to be common sense and something that works for the City.

The discussion continued regarding FAA storage regulations. Dan Jessen informed the board that to be FAA compliant, each aircraft based at the airport needs to be registered. Mick Lauer added that the State of Utah also has some of the same regulations. Mr. Jessen also added the City will definitely have to tweak the new lease agreement after a few years.

Dave Cowen asked if there will be work time allowed for the proposed lease. Dan Jessen needs the new ground lease to be in place before May, 2024, and would like it done close to the end of January if possible. Mr. Jessen is open to a robust discussion regarding the proposed lease, and is also open to hangar owners coming in or writing letters to discuss issues. Mr. Jessen is aware that it is tricky for hangar owners to take off their hangar owner hat and put on the Airport Board hat. Everyone doesn't have to agree with everything, but if we can get an agreement that most people think is fair, that would be great. Mr. Jessen mentioned that the airport is in the red right now, and the goal is to work toward getting the airport into the black so it isn't a burden on the general fund.

Mick Lauer believes the more eyes on the proposed lease agreement the better, so nothing is missed. Dan Jessen talked about making sure that, in this litigious world, the contract protects the City.

A lengthy discussion ensued, regarding some concerning language in the proposed ground lease about the city having "sole discretion" to be able to take away a hangar from an owner. Mick Lauer said when cities take hangars it creates all kinds of conflict. Dan Jessen said a contract that looks like it is in perpetuity isn't a good contract; however, Mr. Jessen also agreed that "sole discretion" also seems heavy handed toward the City. The board discussed briefly that some adjustments were needed in this regard, and the hangar owners have a right to be informed and be heard.

Carlyn Bedwell was invited to speak at this point in the meeting. Carlyn Bedwell and Matthew Jakus own hangar #10C. Ms. Bedwell said it was rare that she has ever seen a contract so one sided, with vague language throughout all the pages. The language also appears to be copied from a larger airport that owns and rents their hangars.

Carlyn Bedwell said this lease completely favors the City, with no provisions or rights for the lessee to be found anywhere. There is a page that completely indemnifies the City and all agents and representatives. Ms. Bedwell asked where the protections are for the lessee; where are any appeal processes to any decisions made by the City or its representatives. Ms. Bedwell wanted to know why the Parowan Airport Board was not involved in the drafting of this lease from the very beginning. It has the appearance of being written in secret with rush to approval. Ms. Bedwell said she now saw that there is no rush. The lease should start over again with input from the Parowan Airport Board and source all entities that have a large knowledge base such as AOPA (Aircraft Owners and Pilots Association) legal department, which has dealt with general aviation airports all over the country.

Carlyn Bedwell said the board hit some of the points already, but the proposed lease still seems one sided.

Carlyn Bedwell thanked the board for hearing her concerns.

The board discussed a timeline for work on the proposed lease, and 100 days was the goal, not the end of January; 100 days would still be well before the May deadline. Dan Jessen would like the matter resolved by the end of March.

Dan Jessen talked about being reasonable and honest, and reiterated that the board members who were also hangar owners would have a tough time wearing both hats. Mr. Jessen made a suggestion that the hangar owners/board members separate their roles by representing hangar owners through writing letters to bring to the board or possibly stepping off the Airport Board for a time while the lease was being discussed. The conflict of interest is difficult; as a board member you are expected to look out for the airport and as a hangar owner it affects you very personally. Mr. Jessen said he would like a good, robust process.

Dan Jessen let the board know that he and Scott Burns are not airport guys. Mr. Jessen would like a good representation from the hangar owners and proper representation for the City; some matters will be easily negotiated, while others may have to go forward because they are the best thing for the City. If there are still concerns that are not easily resolved, they may have to be taken to the City Council. Scott Burns reminded all present that the Airport Board will make recommendations, but at the end of the day the City Council will make the final decisions.

Dan Jessen said sending a letter or the proposed lease to the hangar owners would be a good idea, while also letting the hangar owners know when Airport Board was being held.

Dave Cowen moved to advise the hangar owners of the updated lease and let them know when the Airport Board meetings would be held. Luke Carlson seconded the motion. All members present voted in favor of the motion. The motion carried.

Dave Cowen wanted to have some work meetings but with only up to two board members so the meeting wouldn't have to be posted.

UPDATE ON AIRPORT RUNWAY REHAB – MICK LAUER: Mick Lauer covered all of the following items:

The runway is completed. The first set of markers have been installed. The second set of markers will go in around April or May.

All of the seeding had been completed on all of the disturbed ground that is dirt from the airport lighting system out, not toward it (so the lights won't be covered).

All of the new LED runway and taxi signs have been installed. The underground for the runway lights, the foundation and the extension tubes are done and installed.

Mick Lauer is waiting on the physical lights, the PAPI and the reel light systems for the runway. There is no date yet for when these items will ship. Once the items arrive, the installation should take approximately three days. The airport is completely closed to all aircraft per notum, and the only the FAA can say when the airport will open. Judd Hill, with Armstrong Consultants, and Mr. Lauer are taking turns calling the FAA each day to hopefully get the airport open to daytime PFR (open during the day until one hour before dark). The airport has now been closed for approximately three months.

The reflectors have arrived and Mick Lauer is building a tool to pound them into the ground.

PUBLIC COMMENTS: Please see Carlyn Bedwell's comments earlier in the meeting.

STAFF COMMENTS: Dan Jessen talked about meeting with the FAA to work on updating the CIP (Capital Improvement Plan), which will guide the next decade of investments at the airport. One item discussed in the meeting with the FAA was the ratio that the airport needs to spend on entitlement every three years.

There is a decision to make about spending approximately \$300,000 on snow equipment or building the wildlife fence in the year 2026 or 2027; it is a matter of liability vs. new snow equipment. Dan Jessen feels that the wildlife fence should be the priority.

Dan Jessen and Mick Lauer spoke briefly about the taxiway project being pushed back a year of two depending on available state funding.

Mick Lauer said Judd Hill is working on bids for redoing the pavement in front of hangars 1 through 8. The state gave permission for that paving to be added to the pavement preservation project, provided that we show mitigation policies so the damage doesn't happen again. Mr. Lauer thinks paving the parking lot area and the space in front of the hangars will most likely be tied into one project with one asphalt core.

Jim Shurtleff said this would be his last meeting with the Airport Board. Mr. Shurtleff thanked the board for all of the support and education he has received over the last six years, he really appreciated the opportunity. Mr. Shurtleff told the board to let him know if he could help in any way. Mick Lauer thanked Mr. Shurtleff for his service and open mindedness.

ADJOURN: Dave Cowen moved to adjourn the meeting. Luke Carlson seconded the motion. All members present voted in favor. Meeting adjourned at 5:05 PM.

2/5/2024
Date of Approval