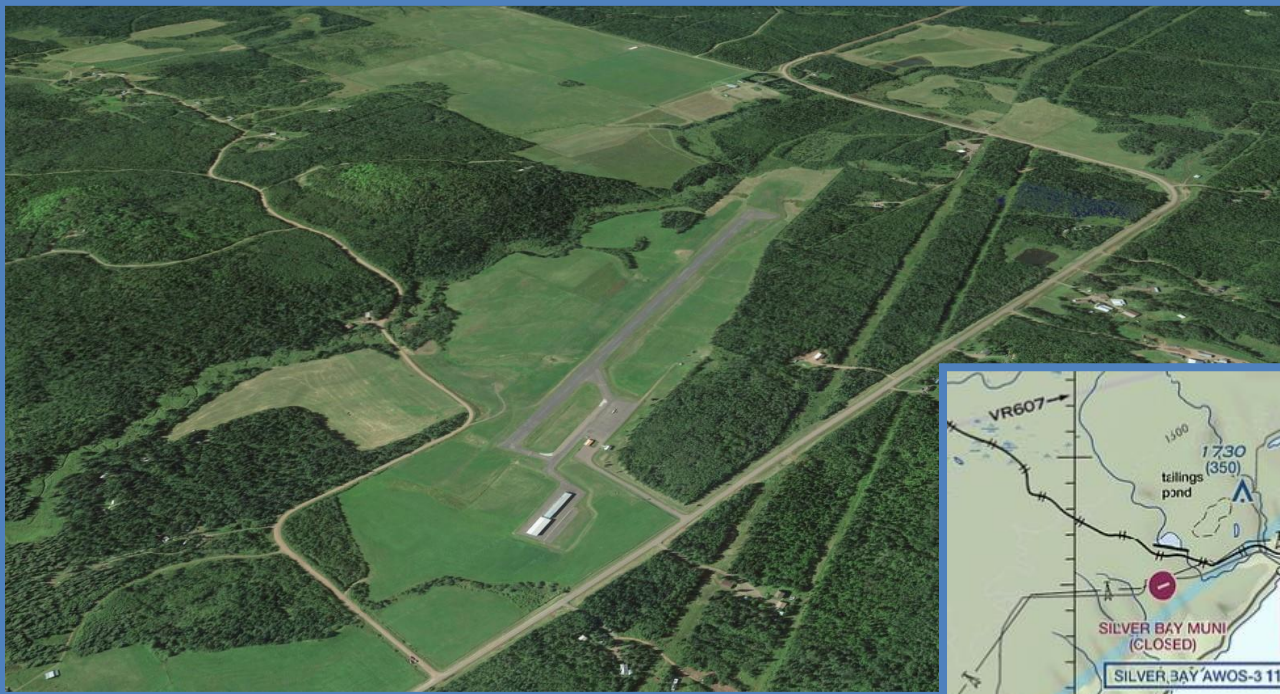


# Airport Authority Development Executive Report

## Silver Bay Airport (BFW)

*April 2023*





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*\* Example document provided by St. Cloud Regional Airport Manager, used with permission.*

# Chapter 1 – Introduction

## 1.1 History, Closure, and a Path Forward

The Wayne Johnson Silver Bay Municipal Airport (BFW) opened as a city-owned, public-use airport in February 1965. With a 3,200' x 75' paved runway, the airport estimated 3,500 operations annually, averaging 63 aircraft operations a week for the 12-month period ending June 30, 2015 (<https://www.airnav.com/airport/KBFW>). The flight breakdown was 73% local general aviation and 27% transient general aviation.

Predominately serving the flying population around Silver Bay and Minnesota's North Shore area, the airport was valuable for local business use, tourism, flight training, education, medivac operations, and firefighting. According to the Silver Bay Airport Closure Final Report, the total economic impact of the activity reported at Silver Bay Municipal Airport amounted to \$96,256 and 1.42 jobs county-wide in the year 2017. Overnight use by GA Pilots and other visitors was estimated at 60 visitors to the area for that year.

BFW was closed on June 8, 2018, by the State of Minnesota Department of Transportation (Commissioner's Order No. 620). The closure was prompted by safety concerns, due to the runway pavement which had deteriorated to a point where the State's inspectors reported the runway unusable for safe aircraft operations and that the primary and approach surfaces were not free from obstructions such as trees.

The closure of the airport has had a significant impact on the State's Airport System, leaving a gap in the network of airports available for supporting pilots and the community during medical or civil emergencies, or as an alternative landing site for an aircraft in distress, especially needed in this relatively remote area of the State.

The economic viability of the airport is understood to be deeply affected by the recent closure of the nearby Cleveland-Cliffs Northshore Mine, projected to extend until at least April 2023, fostering some fears of declining business needs and income. More than 400 employees were laid off when the mine closed.

***A number of regional news organizations reported on February 20, 2023*** that Minnesota State Representative Roger Skraba and Senator Grant Hauschild had received information from Cleveland-Cliffs that the company is beginning to contact miners about reopening their Peter Mitchell mine in Babbitt and Silver Bay processing plant in April of this year. US Senator Amy Klobuchar also released a similar statement which read, "After meeting with miners impacted by the Silver Bay plant and Babbitt mine idling, working with local northern Minnesota legislators to push for the extension of state unemployment benefits, and most recently, meeting in Washington with Cleveland-Cliffs CEO Lourenco Goncalves about reopening, I'm glad mining operations will be reopening in Babbitt and Silver Bay and the miners will be returning to work." Minnesota Governor Tim Walz also released a statement "celebrating the news that Cleveland-Cliffs will restart its mining operations in Silver Bay and

Babbitt in April.” Silver Bay Mayor Wade LeBlanc has stated that a Cleveland-Cliffs representative has confirmed the April re-opening as well.

At this time, Cleveland-Cliffs has not said how many workers would be called back, or at what capacity the mine and plant would operate.

If the facilities resume operations in April as stated, this new development could be a positive step for the re-opening and economic support of the airport’s daily operations and maintenance.

***Though closed, there is a strong public interest in the airport’s potential reopening.*** Since the start of research for this report, individuals have expressed an interest in the possibility of basing a Fixed Based Operator (FBO) business, an avionics business, and a Wisconsin-based aerial tour business at the Silver Bay Airport.

Though business is often a primary user of an airport, operations for tourism also play a significant role. While the entire North Shore area is a hub for tourism in Minnesota, local areas of interest around the airport include the Gitchi-Gami State Trail, currently with 17 miles of paved recreational trails from Silver Bay to Gooseberry Falls State Park, and when completed it will have 89 miles of trail between Two Harbors and Grand Marais. One interested developer reached out to Bollig to discuss the possibility of opening an air bed and breakfast resort with hangar homes at the airport.

In a letter from the FAA to Silver Bay dated December 8, 2021, information was provided on a path toward releasing the City of its federal obligations, returning the federal investment, and transferring existing airport revenue to another airport. Information provided in this letter will be used throughout this report. It summarized that in order to move forward the City must either re-open the airport or initiate permanent closure of the airport and repay the balance of the AIP unamortized development grants, interest on that balance, and the fair market value of the airport property, plus the remaining funds in the airport revenue account to the Treasury. We will also look at the option of transferring obligations to another airport authority that would re-open the airport.



## 1.2 Report Goals

According to the MN State Aviation System Plan, “Minnesota’s aviation system will enable safe, fast, and reliable air transportation for the citizens and businesses of Minnesota through partnership and innovation.” Due to the closure of the Silver Bay airport, there is currently a concerning lack of safe, reliable landing facilities along the North Shore of Lake Superior. Reopening the airport in Silver Bay would fill an important gap in coverage and air transportation access (recreational, business, and medical) by providing a safe landing option and thereby increasing the safety of Minnesota’s aviation system along the North Shore for the citizens and businesses of Minnesota.

***The goals of this report are to help determine if re-opening BFW is both viable and beneficial by providing updated information, highlighting opportunities, defining a pathway to reopen BFW, and outlining the process for creating an airport authority. The report will provide the potential airport authority members the information and tools needed to make an informed decision about whether or not to pursue participation in and part ownership of BFW.***



## Chapter 2 – Existing Airport Conditions

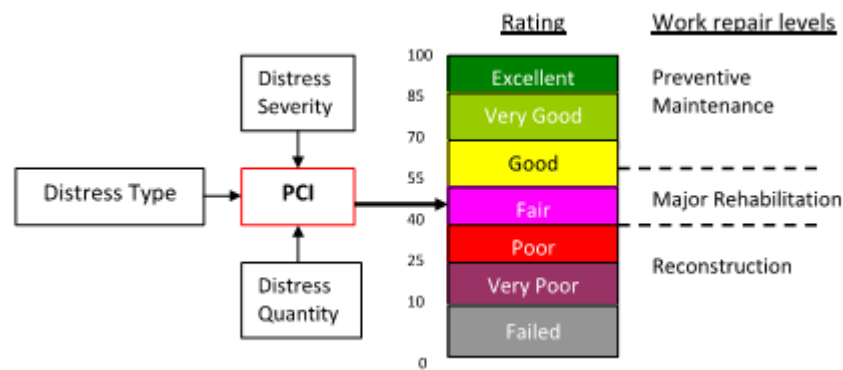
### 2.1 Airside Facilities

Airside Facilities at BFW include:

- Runway 7/25
- Taxiway A and B and Taxilanes
- Airfield Markings
- Aprons
- Airfield Electrical and Lighting Components
- NAVAIDs
- Fuel Facilities

#### 2.1.1 Runway 7/25

The Minnesota Department of Transportation (MnDOT) Office of Aeronautics contracts with Applied Research Associates, Inc. (ARA) to provide pavement evaluation and management inspections at publicly owned airports in Minnesota. A Pavement Condition Index (PCI) rating is used to provide a numerical value indicating the overall pavement condition that correlates with ratings familiar to engineers. The calculated PCI values range from 0-100 with 100 representing a pavement in excellent condition. The PCI evaluation also predicts the future deterioration of pavement and informs planning for maintenance and rehabilitative needs.



In 2018, the overall PCI rating at BFW was 42 (Fair). Several sample units in the 2018 inspection had a PCI rating in the 20s and 30s (Poor). Recent photos show further deterioration with large transverse cracks and significant infiltration of vegetation. Reconstruction of the runway is required.



### **2.1.2 Taxiway A and B and Taxilanes**

The 2018 inspection also indicates all connecting taxiways, turnaround at the Runway (Rwy) 7 end, and taxilanes on both sides of the T-hangars with PCI ratings from 11-25 (Very Poor). There is one exception for a section of pavement in front of the former AD building with a PCI code between 56-70 (Good), but this pavement has since deteriorated. Reconstruction of the taxiways and taxilanes is required.



### 2.1.3 Airfield Markings

Markings on the runway and taxiway, which are consistent with a non-precision instrument approach runway, are faded and difficult to read. Yellow Xs are painted prior to the runway numerals signifying the closure of the runway. After a future reconstruction, airfield markings would be repainted.



### 2.1.4 Apron

The apron PCI ratings range from 31-55 (Fair). Recent photos show continued deterioration with large cracks and significant vegetation infiltration. Reconstruction of the apron is required.











### 2.1.5 Airfield Electrical and Lighting Components

Electrical components and regulators are located in the former AD building. This building itself is an obstruction to the transitional surface and must be removed prior to the airport's reopening. The airfield lighting equipment, currently located in the building's electrical room, would need to be relocated and housed in a new structure outside of all designated object free areas and safety surfaces prior to the building's removal.



### 2.1.6 NAVAIDS

Navigation Systems	Condition	Recommendations	Photo from 11/3/22
Automated Weather Observation System (AWOS)	Model no longer supported.	Salvage existing system for parts. Replace with new system approved by MnDOT.	
Precision Approach Path Indicator (PAPI)	4-box PAPI existing on both ends. Rwy 7 has one box missing - condition unknown	Need electrician evaluation for possible rehabilitation. Recommissioning with an FAA Flight Check required.	
Runway End Identifier Lights (REIL)	Two existing at each threshold - condition unknown	Need electrician evaluation for possible rehabilitation. Recommissioning with an FAA Flight Check required.	
Medium Intensity Runway Lights (MIRL)	Existing – condition unknown	Need electrician evaluation for possible rehabilitation. Recommissioning with an FAA Flight Check required.	
Non-Directional Beacon (NDB)	Existing poles and building with obstruction lights still illuminated	Remove equipment. Flight Procedures Office has been encouraging removal efforts.	
Rotating Beacon	Existing – condition unknown	Need electrician evaluation for possible rehabilitation. Assess location of proposed hangars and existing trees to ensure full light swing with no obstructions.	


Navigation Systems	Condition	Recommendations	Photo from 11/3/22
Lighted Windsock	Existing – condition unknown	Need electrician evaluation for possible rehabilitation. L-807 primary lighted wind cone required.	

Figure 2-1: NAVAIDS

### 2.1.7 Fuel Facilities (1992)

AVGAS 100LL underground fuel tanks have been removed. The card reader and pump equipment are still present, but their condition is unknown. If a new tank or tanks are to be installed, a new above ground system with current technology is recommended with equipment placement and aircraft fueling area outside of the object free areas and safety surfaces.



## 2.2 Landside Facilities

Landside facilities at BFW include:

- Arrival/Departure Building
- Former A/D Building/Electrical Vault
- Aircraft Storage
- Security Fencing

### 2.2.1 Arrival/Departure (A/D) Building (2011)

The current Arrival/Departure (A/D) building is in good condition, with usable facilities including a pilot's lounge, meeting area, kitchenette, restrooms, desk, telephone, and mechanical room. Only minor repairs, rehabilitation, and cleaning are needed to bring the building back into daily airport use. Lighting, furniture, plumbing and heating equipment are still in place in the building.







### 2.2.2 Former A/D Building/Electrical Vault (Unknown Construction Date)

The former A/D building is currently in poor condition. It has not been in use by pilots since the construction of the current A/D building, though it still houses the airfield electrical equipment and maintenance equipment, such as mowers, in its garage. This building is currently a penetration to the runway's Part 77 transitional surface and should be removed prior to any re-opening of the airport. This will require the construction of a new structure or structures to house the airfield electrical equipment and maintenance equipment.





### 2.2.3 Aircraft Storage

Two existing City-owned T-hangars are on site and used for aircraft storage. The condition of the hangars and their doors are fair. Recommended improvements to the buildings include replacement of siding and roofs as well as replacement of flooring material. Bi-fold doors and door operators should be evaluated for functionality and replaced as needed. Improvements to lighting and electrical access in individual hangar units are recommended.

#### 2.2.3.1 East Hangar (Unknown Construction Date)



2.2.3.2 West Hangar (Unknown Construction Date)





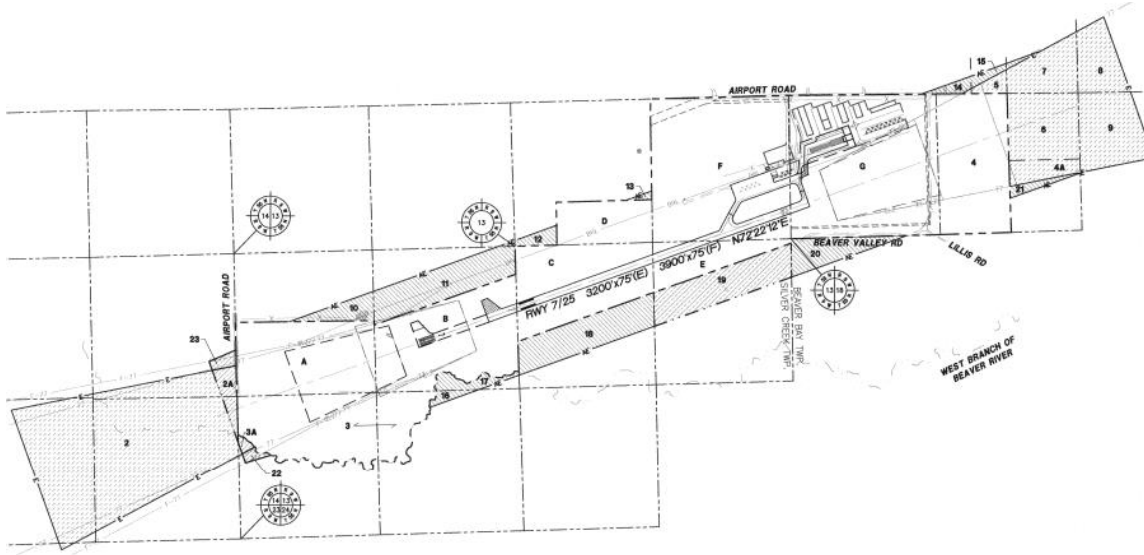
#### 2.2.4 Security Fencing (1985)

Fencing with vehicle gates help secure the airport. Much of the fencing is damaged and in need of some repair or replacement. Prior to the potential re-opening of the airport, fencing should be evaluated for integrity and for appropriate placement for the intended airport configuration.



## Chapter 3 – Considerations for Re-opening Airport

### 3.1 Airport and Property Ownership



Airport information and property ownership data was obtained from an Airport Layout Plan (ALP) created by Reynolds, Smith and Hill (RS&H) in 2010. According to the ALP, BFW was classified by the **Federal Aviation Administration (FAA)** as a “General Aviation” airport in the **National Plan of Integrated Airport Systems (NPIAS)**. A General Aviation airport is defined as “A public-use airport that does not have scheduled service or has scheduled service with less than 2,500 passenger boardings each year.” Any airport in the NPIAS may be considered for Airport Improvement Program (AIP) funding to fund airport infrastructure projects.

In the **MN State Aviation System Plan (MnSASP)**, BFW was classified as an “Intermediate” airport with an **airport reference code (ARC)** of B-II. The State of Minnesota statute 360.305 specifies an Intermediate airport “shall be those used or intended for use by single engine or light to medium multiengine aircraft and shall include vertical takeoff and landing areas and short takeoff and landing areas...” An ARC is determined by the **design aircraft** which is typically the most demanding aircraft that conducts a minimum of 500 **operations**, defined as one landing or one take off, per year at the airport. The ARC dictates the design parameters necessary for an airport to accommodate the design aircraft that uses the airport, such as runway length, runway width, and taxiway width. BFW’s ARC of B-II refers to aircraft that have an approach speed between 91 and 120 knots and a wingspan between 49-78 feet. Some examples of B-II aircraft include a Beech Duke, Beech King Air F90, and a Citation CJ2.

The ALP also noted the runway alignment of 07/25 provided adequate wind coverage for all weather conditions considering 13.0 knots of crosswind. The ALP planned and protected for a future runway length of 3,900 feet, apron extension, auto parking expansion, and hangar development.

The current airport property, noted on Sheet 12 of the ALP, is a combination of property that is owned fee simple by the City of Silver Bay and privately owned parcels with easements.

Ownership Type	Current Owner	Acreage
Fee Simple	City of Silver Bay	206.14
Avigation Easement of Private Property	City of Silver Bay	84.99
<b>Estimated Total</b>		<b>291.13</b>

Figure 3-1: Current Property Disposition

Should the airport reopen at its prior length of 3,200 feet and with its prior runway category of B-II Utility, a preliminary analysis indicates no additional property would need to be acquired.

Considering a future runway extension to 3,900 feet and a runway category of B-II Other than Utility, additional land acquisition and avigation easements are required. These recommended future property acquisitions, as documented in the ALP, are as follows:

Future Ownership Type	Future Owner	Acreage
Fee Simple	City of Silver Bay	12.76
Avigation Easement of Private Property	City of Silver Bay	28.89
<b>Estimated Total</b>		<b>41.65</b>

Figure 3-2: Recommended Future Property Disposition

Potential costs for these acquisitions are included in Section 5.2, where the runway extension is discussed further.

## 3.2 Grant Assurance Issues and Obligations

***When Federal or State funding is received by an airport sponsor, there are grant assurances that the sponsor agrees to and is obligated to observe.*** In a letter from the Director of the Office of Airport Compliance to the Mayor of Silver Bay, the FAA stated AIP grant obligations were recorded at the County Recorder Office and the FAA has placed a lien on the property. Airport land, purchased with federal funding, carries grant obligations into perpetuity. Two other AIP funded projects, “Relocate Apron Edge Taxiway” and “Construct A/D (Arrivals/Departures) Building,” with 20- and 40-year useful lives, respectively, have not fully depreciated as of the date of airport closure. The remaining balance owed to the FAA for these projects is **\$258,591.61**. All other AIP funded projects have fully depreciated.

AIP Grant No.	Item	Federal Funding Share	Grant Agreement Date	Years Elapsed as of 5/31/2018	Federal Useful Life (Table 3-8)	Federal Depreciable Share	Federal Prorated Share
003-2006	Relocate apron edge taxiway	\$218,501	8/25/2006	11.7726	20	\$218,501	\$89,884.73
005-2009	Construct A/D Building	\$216,500	8/3/2009	8.8301	40	\$216,500	\$168,706.88
<b>TOTALS</b>							<b>\$258,591.61</b>

Figure 3-3: BFW AIP Unamortized Development Grants



**The FAA charges simple interest** on the unamortized amount of \$258,591.61 that continues to accrue interest at a variable rate.

US Treasury Value of Funds Rate	1%	1%	1%	2%	1%	1%	1%	Accumulated Interest as of 3/31/23*
Year	2018	2018	2019	2020	2021	2022	2023	
Period	6/8-6/30	7/1-12/31	1/1-12/31	1/1-12/31	1/1-12/31*	1/1-12/31*	1/1-3/31*	
<b>AIP</b>	\$258,591.61	\$155.86	\$1,292.96	\$2,585.92	\$5,171.83	\$2,585.92	\$2,585.92	\$646.48 \$15,024.89

Figure 3-4: Interest on BFW AIP Unamortized Grant Investment - Estimated

\*Dates from November 2021 on are estimated using a 1% interest rate. A letter from the FAA Office of Airport Compliance (dated December 8, 2021) had the interest total through 10/31/21 of \$11,361.50. Current payoff amounts due will need to be confirmed by the FAA.

**Because BFW's land was purchased with federal funding, it carries grant obligations to the airport sponsor in perpetuity.** The same letter from the FAA Office of Airport Compliance stated that all airport property is considered airport revenue and the fair market value of this land must be repaid to the U.S. Treasury if the airport closes. An appraisal of the entire airport property in 2019 determined the fair market value of the property to be **\$355,000**.

Total estimated repayments to the FAA required of the City of Silver Bay, MN total **\$628,616.50**. This amount includes the unamortized development grants, estimated interest, and 2019 fair market value of the property. Current payoff amounts due must be confirmed by the FAA.

All projects funded by the State of Minnesota Aeronautics have been fully amortized or the debt has been cleared, and there is nothing further owed to the State, as verified by Jane Olson, MnDOT Accounting Officer Intermediate, Cash and Collections, on August 13, 2021.

### 3.3 Interest in Silver Bay Airport

#### 3.3.1 Survey of regional pilots

To better understand aviation activity in the area and regional support for reopening BFW, an airport user survey was prepared. In November 2022, the user survey was distributed to 192 area aircraft owners, pilots, and non-pilots (mechanics and ground instructors) within one hour of Silver Bay. Contacts were generated from the FAA's list of Certified Airmen and Non-pilots filtered by zip codes and from the FAA's list of aircraft owners in Cook, Lake, and St. Louis Counties. By the end of the survey period, 36 responses were received from recreational and business aviation users, one of which was for a 14-member flying club. Survey responses provided a better understanding of the public demand for an airport at Silver Bay, both in terms of operations and based aircraft.

**94% of survey respondents said** that if BFW was rehabilitated and re-opened with its existing facilities and configuration, it would support their aviation needs. **Hangar development and**

**instrument approaches** were cited as needs most often. Other desired amenities included **self-service fuel, a certified weather station, and a courtesy car.**

Recurring themes from the survey responses include:

- **Current length** is adequate
- Most common aircraft using BFW would be **Group A-I and B-II**
- Strategic location on North Shore is **important for safety**

Some respondents indicated that their use of Silver Bay was diminished in recent years before its closure due to its deteriorated condition. With rehabilitation, it is expected that operations at Silver Bay could meet or surpass their previous levels of 3,500 annually.

Copies of the responses are included as Attachment H.

### 3.4 Tax and Bonding Implications

In the State of Minnesota, the ability for an Airport Authority to support airport operations or improvements through a tax levy and/or issuance of a bond is enshrined in statute.

According to Minnesota Statute **360.036 FINANCING AIRPORT AND IMPROVEMENTS, Subdivision 1:**

*The cost of investigating, surveying, planning, acquiring, establishing, constructing, enlarging, or improving and equipping airports, and other air navigation facilities... including structures and other property incidental to their operation... may be paid for by appropriation of money available, wholly or partly, from the proceeds of bonds of the municipality, as the governing body of the municipality shall determine.*

Per Subdivision 2, bonds to be issued by a municipality shall be authorized and issued in the manner and within the limitation prescribed by laws or the charter of the municipality for the issuance and authorization of bonds for public purposes. No election is required to authorize the issuance of bonds if a board, organized under section 360.042, recommends the issuance of bonds by a resolution adopted by a vote of not less than 60 percent of its members. The bonds may be issued for the purpose of financing the costs of constructing, enlarging, or improving airports and other air navigation facilities.

Further, according to Minnesota Statute **360.037, GENERAL POWER TO TAX; REVENUE PRIORITIES:**

***Subdivision 1. Local authority to appropriate money.** The governing bodies having power to appropriate money within the municipalities in this state acquiring, establishing, constructing, enlarging, improving, maintaining, equipping, or operating airports and other air navigation facilities under the provisions of sections 360.011 to 360.076 are hereby authorized to appropriate and cause to be raised, by taxation or otherwise in such municipalities, money sufficient to carry out therein the provisions of sections 360.011 to 360.076. A municipality may levy taxes for the purposes authorized*

*by sections 360.011 to 360.076. Expenditures by counties shall be made out of the general revenue fund only.*

***Subdivision 2. Levy in excess of tax limitation.*** *A municipality may levy taxes for the purposes authorized by sections 360.011 to 360.076, in such amount as may be authorized by an ordinance or resolution referred to and approved by the voters of such municipality by popular vote or as may be required to pay principal or of interest on general obligation bonds of the municipality issued under section 360.036.*

According to Minnesota Statute **360.0427 TAX LEVY MAY BE CERTIFIED BY AIRPORT AUTHORITY**, a property tax under sections 275.065 to 275.07 can be levied by an affirmative vote of at least two-thirds of the members of the authority.

***Any members of a proposed airport authority would support the airport financially and have the right to fund airport operations or improvements through a tax levy and/or issuance of a bond.*** Minnesota Statutes 275.066 *Special Taxing Districts* and 360.0427 *Tax Levy May be Certified by Airport Authority* describe this right (see Attachment G). The imposition of a property tax levy requires an affirmative vote of at least two-thirds of the members of the authority. The tax will be shown as a separate line item on property tax statements, like a tax levied by a school district.

To determine the appropriate total tax to be levied, the overall budget for the airport should first be understood. The method for defining the allocation of financial support between authority members is developed as part of the airport authority's structure and financial agreements. While there may be many ways to divide the financial responsibilities between members, the common ways are:

- By the member's number of households
- By the member's population
- By the member's net tax capacity

The agreed-upon method would be documented and would form the financial basis for the airport moving forward.

The following taxing districts have at one time expressed interest in taking part in the formation of an airport authority. Exclusion or inclusion of a government entity in this table has no bearing on the final formation of the authority.

Taxing District	Population <sup>1</sup>	Number of Households <sup>2</sup>	Net Tax Capacity <sup>3</sup>
<b>Silver Bay City</b>	1,857	789	\$2,008,289
<b>Beaver Bay City</b>	120	40	\$608,261
<b>Beaver Bay Township</b>	517	268	\$2,009,284
<b>Crystal Bay Township</b>	607	214	\$819,508
<b>Silver Creek Township</b>	2,332	872	\$5,206,280
<b>Stony River Township</b>	172	99	\$1,102,202

Figure 3-5: Taxing Districts that could form an Airport Authority

**Sources:**

<sup>1</sup> Population – 2020 Census

<sup>2</sup> Households – 2021 American Community Survey

<sup>3</sup> Net Tax Capacity – Total real estate and personal property net tax capacity.

Certified as of Jan 23, 2023. Greg Swartwoudt - County Assessor.

To better understand how the airport authority formation impacts financial responsibility, the following examples have been calculated assuming the authority is set up to divide expenses by the member's net tax capacity or population.

### 3.4.1 Net Tax Capacity

Should the airport have \$10,000 of expenses that are not funded by a grant, the following financial responsibility by entity is estimated.

Entity	%	Expense for 4 members	%	Expense for 5 members	%	Expense for 6 members
<b>Silver Bay City</b>	36.88	\$3,688.09	18.85	\$1,885.43	17.09	\$1,708.63
<b>Beaver Bay City</b>	11.17	\$1,117.03	5.71	\$571.05	5.18	\$517.50
<b>Beaver Bay Township</b>	36.90	\$3,689.91	18.86	\$1,886.36	17.09	\$1,709.47
<b>Crystal Bay Township</b>	15.05	\$1,504.97	7.69	\$769.37	6.97	\$697.23
<b>Silver Creek Township</b>		\$0	48.88	\$4,887.78	44.29	\$4,429.44
<b>Stony River Township</b>		\$0		\$0	9.38	\$937.74

Should the airport have a \$500,000 grant project after regaining its NPIAS status, and the project is funded by FAA at 90/5/5, the following financial responsibility by entity is estimated.

Entity	%	Expense for 4 members	%	Expense for 5 members	%	Expense for 6 members
<b>FAA</b>	90	\$450,000	90	\$450,000	90	\$450,000
<b>MnDOT</b>	5	\$25,000	5	\$25,000	5	\$25,000
<b>Silver Bay City</b>	1.84	\$9,220.22	0.94	\$4,713.58	0.85	\$4,271.57
<b>Beaver Bay City</b>	0.56	\$2,792.57	0.29	\$1,427.63	0.26	\$1,293.75
<b>Beaver Bay Township</b>	1.84	\$9,224.78	0.94	\$4,715.91	0.85	\$4,273.68
<b>Crystal Bay Township</b>	0.75	\$3,762.43	0.38	\$1,923.43	0.35	\$1,743.07
<b>Silver Creek Township</b>		\$0	2.44	\$12,219.45	2.21	\$11,073.59
<b>Stony River Township</b>		\$0		\$0	0.47	\$2,344.35

### 3.4.2 Population

Should the airport have \$10,000 of expenses that are not funded by a grant, the following financial responsibility by entity is estimated.

Entity	%	Expense for 4 members	%	Expense for 5 members	%	Expense for 6 members
<b>Silver Bay City</b>	59.88	\$5,988.39	34.18	\$3,418.00	33.13	\$3,313.11
<b>Beaver Bay City</b>	3.87	\$386.97	2.21	\$220.87	2.14	\$214.09
<b>Beaver Bay Township</b>	16.67	\$1,667.20	9.52	\$951.59	9.22	\$922.39
<b>Crystal Bay Township</b>	19.57	\$1,957.43	11.17	\$1,117.25	10.83	\$1,082.96
<b>Silver Creek Township</b>		\$0	42.92	\$4,292.29	41.61	\$4,160.57
<b>Stony River Township</b>		\$0		\$0	3.07	\$306.87

Should the airport have a \$500,000 grant project after regaining its NPIAS status, and the project is funded by FAA at 90/5/5, the following financial responsibility by entity is estimated.

Entity	%	Expense for 4 members	%	Expense for 5 members	%	Expense for 6 members
<b>FAA</b>	90	\$450,000	90	\$450,000	90	\$450,000
<b>MnDOT</b>	5	\$25,000	5	\$25,000	5	\$25,000
<b>Silver Bay City</b>	2.99	\$14,970.98	1.71	\$8,545.00	1.66	\$8,282.78
<b>Beaver Bay City</b>	0.19	\$967.43	0.11	\$552.18	0.11	\$535.24
<b>Beaver Bay Township</b>	0.83	\$4,168.01	0.48	\$2,378.98	0.46	\$2,305.98
<b>Crystal Bay Township</b>	0.98	\$4,893.58	0.56	\$2,793.12	0.54	\$2,707.40
<b>Silver Creek Township</b>		\$0	2.15	\$10,730.72	2.08	\$10,401.43
<b>Stony River Township</b>		\$0		\$0	0.15	\$767.17





## Chapter 4 – Anticipated Ongoing Cash Flow

Because Silver Bay had been in the process of closing the airport in recent years, the revenue and expenses incurred in the last several years were not reflective of normal airport operation after approximately 2017. In order to provide a preliminary analysis of airport cash flow based on real-world numbers, projected revenue and expenditure information is based on 2012-2021 Revenue and Expenditure statements from Moose Lake Carlton County Airport (MZH). MZH financial information was used because Moose Lake airport is comparable to Silver Bay municipal airport in size, number of operations, and location. MZH has an asphalt runway that is 3,200' x 75' with a non-precision GPS approach. There are 15 aircraft based on the field with an estimated 94 operations per week. Financial information from 2020 and 2021 does not follow the usual pattern of revenues and expenditures due to the CARES operation grants that show more expenditures than a normal year. On average, MZH has had a positive cash flow of \$6,522 per year.

Between the years of 2012-2021, Moose Lake's average annual revenue from hangar and lot rentals was \$17,150. Their average annual reimbursement from MnDOT for Maintenance and Operations was \$21,388 and miscellaneous revenue from land, utility billing (responsibility transferred to tenant) averaged \$731 annually.

### 4.1 Potential Revenue

Historic average revenue data:

Source	Details	Average
Fuel Sales	100 LL	\$0.10 collected per gallon. Average annual sales are 2500 gallons.
Hangar and Lot Rent	6 T-Hangars-\$0.13/ft <sup>2</sup> /month 4 Box Hangars-\$0.08/ft <sup>2</sup> /month (plus heat and power) Hangar sites/land \$0.10/ft <sup>2</sup> /month	\$17,150
Fixed Base Operators	Rent	\$0
M&O Reimbursement	From MnDOT	\$21,388
Misc:		\$731
<b>Estimated Total</b>		<b>\$39,519</b>

Figure 4-1: Potential Revenue sources

#### 4.1.1 Opportunities for Revenue Generation

Airport sponsors are responsible for seeking opportunities to bring in additional revenue when possible.

Opportunities for revenue enhancement at BFW might include:

- Rent from a Fixed Base Operator (FBO)
- Rent from T-hangars
- Land lease for non-aeronautical uses, within FAA standards for safety and grant assurances
- Land lease for agriculture
- Land/lot lease for new private or corporate hangar construction
- Profit on fuel flowage per gallon
- Fees for overnight aircraft tie-down

Non-aeronautical revenues provide an opportunity for a sponsor to establish new types of lease revenue based on the use of existing land parcels at the airport. Short term leases of land for agriculture, for instance, allows the airport sponsor to increase revenue while maintaining control of the land for future use. The sponsor must be aware of the restrictions placed on these activities including wildlife hazard concerns and grant assurances.

## 4.2 Potential Expenses

Similar to revenue data, projected expenses are based on 2012-2021 Revenue and Expenditure statements from Moose Lake Carlton County Airport (MZH). The largest average expenditure for Moose Lake is a full-time employee with an average salary of \$21,540/year (paid by Carlton County). This full-time employee divides his time between Moose Lake and Cloquet airports. Moose Lake also has 1 part-time employee who worked approximately 10 hours/week (as needed for snow removal, mowing etc.) who was paid an average of \$9,486/year. This does not include per diem, PERA, FICA/Medicare, insurance, and retirement costs that averaged and additional \$6,421 annually.

Utilities, which include telephone, internet, electricity, garbage service, and heating fuel averaged \$6,561 annually. Licensing and insurance averaged \$4,147 annually and repairs for maintenance equipment, buildings, and general averaged \$5,243 annually

#### 4.2.1 Potential Annual Expenses

	Annual Average
Employee wages and benefits	\$37,447
Utilities	\$6,561
Maintenance: equipment, buildings, other	\$5,243
Liability Insurance	\$3,644
Misc. Expenses: mileage, living	\$524
Licenses	\$503
<b>Estimated Total</b>	<b>\$53,921</b>

Figure 4-2: Potential Annual Expenses

Each airport authority member may provide “in kind” services (i.e., HR, accounting, maintenance, IT, attorney etc.) and later be reimbursed for those services. For example, if a township provides \$1,000 of accounting services toward the airport, they can then be reimbursed from the airport account for their “in-kind” accounting services.

### 4.3 Preliminary Airport Cash Flow Calculation

Based on the data collected from Moose Lake Airport for both revenues and expenses, please see the following table which projects monthly financial operation of the airport for the first five years, starting with the formation of the airport authority. The data presented in the table is a preliminary estimate based on what is currently knowable about day-to-day expenditures and revenues and is not meant to be exact. As time passes and more is learned about specific conditions at Silver Bay, these numbers may be adjusted.

A number of assumptions were made in the creation of this table, which should be verified over time as the airport authority moves forward.

- It is assumed that the County will provide financial support for the airport, though it is understood that it won’t be part of the Authority. As \$6,000 annually was the most recent value of aid provided by the county, this number was used.
- It is assumed, for the purposes of this calculation, that the existing hangars will all be rented.
- It is assumed, based on discussions with FAA, that membership in the National Plan of Integrated Airport Systems (NPIAS) and the associated funding will not be available to the airport authority until the airport has been re-integrated into the Minnesota State Aviation System Plan (SASP), has been repaired enough to be licensable again, and has demonstrated that the authority is a fiscally stable management entity. Once these milestones have been achieved, BFW will also need to meet the criteria for NPIAS membership, including:
  - 10 or more based aircraft
  - Serving a community 30 minutes (20-mile radius is often used as an equivalent) or more average ground travel time from the nearest existing NPIAS airport.
- It is understood that certain sources of income – including fuel and additional hangars – will be necessarily delayed in deployment at BFW, due to the need to first make the airport licensable by the State. Those required tasks include:
  - Organizing the airport authority
  - Facilitating a transfer agreement from Silver Bay to the new authority
  - Facilitating the inclusion of BFW back into the SASP
  - An aerial survey to identify obstructions and aid in the creation of a new Airport Layout Plan
  - An electrical inspection to evaluate the functionality of all electrical lighting and NAVAIDS, and replacement or repairs made as necessary
  - Removal of all obstructions as required by MnDOT and an airspace analysis

## Chapter Four | Anticipated Ongoing Cash Flow

- Reconstruction of the airfield
- Updated Airport Zoning
- Replacement of airfield fencing as needed



## PRELIMINARY PROFORMA CASH FLOW FOR SILVER BAY AIRPORT

Year	Year 1											
Month	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
Tasks:	Airport Authority Activities											
	Organize Airport Authority				Transfer Agreement							
							Select Airport Consultant					
Projects:	Construction and Planning Projects											
							ALP/Exhibit A/Aerial Survey					
									Commissioners Order/MN Airport System Inclusion			
									Rehab A/D Building as needed			
Project Funding:	Electrical Survey - Lighting/NAVAIDS											
	Facilities Improvement and Maintenance Projects											
	TBD											
	TBD (90% MnDOT)											
	TBD (10% Local)											
Legislative Appropriation	TBD											
MnDOT State Airport Fund <sup>1</sup>												
Local Share or IRRR Support												
Other Sources												
Expenses:	Cost to Administer Airport Activities and Maintain Facilities											
Staff/Contracted Expenses	\$400	\$400	\$400	\$400	\$400	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Utilities	\$200	\$200	\$200	\$200	\$200	\$200	\$400	\$400	\$400	\$400	\$400	\$400
Insurance (MCIT liability)	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Audit Fee												
M&O	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200	\$200
TOTAL EXPENSES:	\$1,200	\$1,200	\$1,200	\$1,200	\$1,200	\$1,400	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600	\$1,600
Revenue:	Income Sources to Support Airport											
Cash on Hand/Starting Balance (Hangar Rent)	\$20,000											
County Aid (Estimated)	\$6,000											
Hangar Rent (\$85 x 10) <sup>2</sup>	\$170		\$340	\$340	\$340	\$510	\$510	\$510	\$680	\$680	\$850	\$850
M&O Reimbursement												
Fuel (Net Profit)												
TOTAL REVENUE:	\$26,170	\$170	\$340	\$340	\$340	\$510	\$510	\$510	\$680	\$680	\$850	\$850
CUMULATIVE CASH FLOW	\$24,970	\$23,940	\$23,080	\$22,220	\$21,360	\$20,470	\$19,380	\$18,290	\$17,370	\$16,450	\$15,700	\$14,950

1. MnDOT funds available after Airport Authority is formed, consultant selected, Commissioners Order signed, and reinsertion into the State Aviation System Plan (SASP).
2. Hangar rent increase to \$100/month when airport reopened. Hangar rent increase to \$120/month for new hangars.

## PRELIMINARY PROFORMA CASH FLOW FOR SILVER BAY AIRPORT

Year	Year 2											
Month	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Tasks:</b>	<i>Silver Bay Airport Activities</i>											
<b>Projects:</b>	<i>Construction and Planning Projects</i> <div> <div>Airfield Reconstruction EA</div> <div>Electrical Vault - Design/Bid</div> <div>Airport Zoning Update</div> <div>Electrical Vault - Construction</div> <div>Clear Obstacles and Install Obstruction Lighting</div> <div>Airfield Pavements/Lighting/NAVAIDS - Design/Bid</div> </div>											
<b>Project Funding:</b>	<i>Facilities Improvement and Maintenance Projects</i>											
Legislative Appropriation	TBD											
MnDOT State Airport Fund <sup>1</sup>	TBD (90% MnDOT)											
Local Share or IRRR Support	TBD (10% Local)											
Other Sources	TBD											
<b>Expenses:</b>	<i>Cost to Administer Airport Activities and Maintain Facilities</i>											
Staff/Contracted Expenses	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800	\$800
Utilities	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500
Insurance (MCIT liability)	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
Audit Fee										\$1,500		
M&O	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$250	\$300	\$300	\$300	\$300
<b>TOTAL EXPENSES:</b>	\$1,950	\$1,950	\$1,950	\$1,950	\$1,950	\$1,950	\$1,950	\$1,950	\$2,000	\$3,500	\$2,000	\$2,000
<b>Revenue:</b>	<i>Income Sources to Support Airport</i>											
Cash on Hand/Starting Balance (Hangar Rent)	\$6,000											
County Aid (Estimated)	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850
Hangar Rent (\$85 x 10) <sup>2</sup>												
M&O Reimbursement												
Fuel (Net Profit)												
<b>TOTAL REVENUE:</b>	\$6,850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850
<b>CUMULATIVE CASH FLOW</b>	<b>\$19,850</b>	<b>\$18,750</b>	<b>\$17,650</b>	<b>\$16,550</b>	<b>\$15,450</b>	<b>\$14,350</b>	<b>\$13,250</b>	<b>\$12,150</b>	<b>\$11,000</b>	<b>\$8,350</b>	<b>\$7,200</b>	<b>\$6,050</b>

## PRELIMINARY PROFORMA CASH FLOW FOR SILVER BAY AIRPORT

Year	Year 3											
Month	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
<b>Tasks:</b>	<i>Silver Bay Airport Activities</i>											
<b>Projects:</b>	<i>Construction and Planning Projects</i> <div> <div>Parking/Fencing Reconstruction - Design/Bid</div> <div>Hangar Rehabilitation - Design/Bid</div> <div>Airfield Pavements/Lighting/NAVAIDS - Construction</div> <div>Parking/Fencing Reconstruction - Construction</div> <div>Hangar Rehabilitation - Construction</div> <div>Airport Licensure</div> </div>											
<b>Project Funding:</b>	<i>Facilities Improvement and Maintenance Projects</i>											
Legislative Appropriation	TBD											
MnDOT State Airport Fund <sup>1</sup>	TBD (90% MnDOT)											
Local Share or IRRR Support	TBD (10% Local)											
Other Sources	TBD											
<b>Expenses:</b>	<i>Cost to Administer Airport Activities and Maintain Facilities</i>											
Staff/Contracted Expenses	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Utilities	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600	\$600
Insurance (MCIT liability)	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450	\$450
Audit Fee										\$1,500		
M&O	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400	\$400
<b>TOTAL EXPENSES:</b>	\$2,450	\$2,450	\$2,450	\$2,450	\$2,450	\$2,450	\$2,450	\$2,450	\$2,450	\$3,950	\$2,450	\$2,450
<b>Revenue:</b>	<i>Income Sources to Support Airport</i>											
Cash on Hand/Starting Balance (Hangar Rent)	\$6,000											
County Aid (Estimated)	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850	\$850
Hangar Rent (\$85 x 10) <sup>2</sup>							\$850	\$850	\$850	\$850	\$850	\$850
M&O Reimbursement							\$11,000					\$11,000
Fuel (Net Profit)												
<b>TOTAL REVENUE:</b>	\$6,850	\$850	\$850	\$850	\$850	\$850	\$11,850	\$850	\$850	\$850	\$850	\$11,850
<b>CUMULATIVE CASH FLOW</b>	<b>\$10,450</b>	<b>\$8,850</b>	<b>\$7,250</b>	<b>\$5,650</b>	<b>\$4,050</b>	<b>\$2,450</b>	<b>\$11,850</b>	<b>\$10,250</b>	<b>\$8,650</b>	<b>\$5,550</b>	<b>\$3,950</b>	<b>\$13,350</b>

## PRELIMINARY PROFORMA CASH FLOW FOR SILVER BAY AIRPORT

Year	Year 4	Year 5
Month		
Tasks:		
Projects:	Runway Open Fuel Sytem - Design/Bid Fuel System - Construction	
Project Funding:		
Legislative Appropriation	TBD	TBD
MnDOT State Airport Fund <sup>1</sup>	TBD (90% MnDOT)	TBD (90% MnDOT)
Local Share or IRRR Support	TBD (10% Local)	TBD (10% Local)
Other Sources	TBD	TBD
Expenses:		
Staff/Contracted Expenses	\$15,000	\$15,000
Utilities	\$8,000	\$9,000
Insurance (MCIT liability)	\$6,000	\$6,000
Audit Fee	\$1,500	\$1,500
M&O	\$5,000	\$5,000
<b>TOTAL EXPENSES:</b>	<b>\$35,500</b>	<b>\$36,500</b>
Revenue:		
Cash on Hand/Starting Balance (Hangar Rent)		
County Aid (Estimated)	\$6,000	\$6,000
Hangar Rent (\$85 x 10) <sup>2</sup>	\$12,000	\$12,000
M&O Reimbursement	\$22,000	\$22,000
Fuel (Net Profit)	\$1,000	\$1,500
<b>TOTAL REVENUE:</b>	<b>\$41,000</b>	<b>\$41,500</b>
<b>CUMULATIVE CASH FLOW</b>	<b>\$18,850</b>	<b>\$23,850</b>

## Chapter 5 – Preliminary Capital Cost Summaries

### 5.1 Work Required for MnDOT Licensing Standards

Under Minnesota Department of Transportation's (MnDOT) Administrative Rules, Chapter 8800, Aeronautics, all airports in the State of Minnesota are required to obtain an airport license. These licenses may be for public use, special purpose use, private use, or personal use airports. Per the BFW Closure Report from MnDOT dated 11/30/18, in order for the airport to obtain a new license, the runway must be repaired to allow the safe operation of aircraft; and the primary and approach surfaces must have been surveyed and confirmed clear of obstructions.

MnDOT Aeronautics has also established Minimum System Objectives in their State Aviation System Plan (SASP). These objectives are the primary baseline used to determine airport facility requirements. These minimum objectives align with FAA and Minnesota's statutes (Administrative Rules) on airport development. According to the SASP, "The minimum system objectives are not intended to promote unnecessary airport development; rather, they are developed to ensure Minnesota's airports have the necessary facilities to be safe and economically competitive, nationally and internationally."

The following table addresses MnDOT's requirements for public airports such as BFW, from Minnesota State Statutes 8800.1600, *Public Airport Licensing* and the *Minnesota State Aviation Plan for Intermediate Airports*. Items which need to be addressed are shaded blue.

Facility	BFW	Minnesota State Statutes 8800.1600 Public Airport Licensing	Minnesota State Aviation Plan – Intermediate Airports	Recommendation	Preliminary Cost Estimate
Min. Runway Length (Feet)	3,200	2,000	2,400 for intermediate airport	No Change	\$0
Min. Runway Width (Feet)	75	75	75	No Change	\$0
Runway Surface	Asphalt, poor condition	Smooth and free from hazards or obstructions, longitudinal gradient shall not exceed 2% or transverse gradient of no more than 3%	N/A	Environmental, Design/Bid, Reconstruct all airfield pavements	\$5,800,000
Obstructions	Unknown	All obstructions must not penetrate the 14 CFR Part 77 imaginary airspace surfaces, other than those necessary and	N/A	Survey and remove any obstructions, most likely trees and old A/D building. Assumes 10 acres removed	\$190,000

Facility	BFW	Minnesota State Statutes 8800.1600 Public Airport Licensing	Minnesota State Aviation Plan – Intermediate Airports	Recommendation	Preliminary Cost Estimate
		incidental to airport operation			
Lighting (Obstruction)	Unknown	An object in the approach zone of a lighted visual utility runway that extends above a slope of 30:1 shall be marked and lighted when requested by the commissioner in the interest of safety.	N/A	Unknown number of obstructions needing marking or lighting. Survey and light/mark any obstructions that can't be removed	\$10,000
Wind Cone	Existing	3'x12', blaze orange, lighted if open 24/7	Provide new fabric wind cone	Evaluate function by electrician. Request wind cone from MnDOT and install	\$0
Fencing	Installed	Fencing or barrier to prevent persons not engaged in flight activities from having access to a position of danger with relation to aircraft in the vicinity of building areas and on the flight line.	Entire airport desirable	Replace existing fencing around parking area, driveway, and along Airport Road	\$100,000
Lighting (Airport and Runway)	Yes	Lights shall be kept on dusk to dawn if advertised as lighted for night operations.	Low Intensity Runway Lights (LIRL) or greater	Condition unknown, Evaluation from an electrician recommended	\$140,000
Tiedowns for based and transient aircraft	Yes	Facilities furnished for at least three more aircraft than regularly use the facilities.	All based aircraft not in hangars + peak hour itinerant operations	Condition unknown, evaluation needed	Included in Apron Reconstruction
Toilets	Yes	Sanitary public toilet facility – an enclosed portable chemical toilet shall be acceptable.	N/A	Existing in A/D building. Repairs as needed	\$1,000
Fuel	No	Fuel for aircraft use must be filtered and meet requirements for free water content.	24 Hr. 100LL desirable	No public fuel is provided – evaluate benefits of installing self-service fuel	\$620,000, if desired

Facility	BFW	Minnesota State Statutes 8800.1600 Public Airport Licensing	Minnesota State Aviation Plan – Intermediate Airports	Recommendation	Preliminary Cost Estimate
Fire Extinguishers	No	One fire extinguisher near the fuel pump or on the flight line if fuel is dispensed, 20B rating or equivalent.	N/A	Provide when fuel system is installed	\$100
Telephone	Yes	A telephone shall be made available for public use.	N/A	Existing in A/D building. Repair as needed	\$100
Bulletin Board	Yes	Weather-protected bulletin board with airport license, safety/traffic rules, map showing danger or restricted areas.	N/A	Existing in A/D building. Update with current information	\$0
<b>Total Preliminary Cost Estimate for MnDOT Requirements</b>					<b>\$6,861,200</b>

Figure 5-1: Mn Airport Licensing Requirements Summary, Public Airports;

Source: Mn Administrative Rules, 8800.1600 – Public Airport Licensing and Minnesota State Aviation System Plan

Additional items are desirable for BFW, as per the Minnesota State Aviation Plan for Intermediate Airports.

Facility	BFW	Minnesota State Statutes 8800.1600 Public Airport Licensing	Minnesota State Aviation Plan – Intermediate Airports	Recommendation
Weather Reporting	Unknown	N/A	AWOS/ASOS as needed	AWOS system exists, but functionality is unknown and system recommendations have changed. Recommend replacement.
Parallel Taxiway	None	N/A	Full Parallel if Airport has more than 20,000 annual operations	Not Justified at this time
Primary Runway Approaches	Existed in the past	N/A	Non-Precision	Any desired approach would need to be re-established with an aerial survey and FAA processes



Facility	BFW	Minnesota State Statutes 8800.1600 Public Airport Licensing	Minnesota State Aviation Plan – Intermediate Airports	Recommendation
Navigation Systems	Present, but unknown condition	N/A	Wind Cone, Rotating Beacon, Precision Approach Path Indicators (PAPI), Runway End Identifier Lights (REIL) or greater, Approach Lighting System (ALS)	Items are not required, but desirable, and exist on site. Electrical evaluation recommended.
Hangars (For Based Aircraft)	Yes	N/A	100% of jets/TP 95% of SEP & MEP	Quantity of Hangars is likely adequate, but rehabilitation may be required.
Terminals & GA /Administration Buildings	Existing A/D Building to remain	Buildings and structures shall not be closer than 250 feet to the centerline of the runway	GA/administration building	No Change
Automobile Parking	Yes	N/A	1 space for each based aircraft and 25% increase for employee and visitor parking	Parking exists, but pavement needs reconstruction

*Figure 5-2: Mn Airport recommendations from Minnesota State Aviation Plan for Intermediate Airports*

Additional planning activities, such as Environmental Assessments and Zoning updates, may also be required by State or Federal Agencies prior to or during the construction and re-opening process. Preliminary cost estimates are provided below.

Task	Preliminary Cost Estimate
Feasibility Study	\$50,000 - \$75,000
ALP Update	\$200,000 - \$250,000
Environmental Assessments	\$225,000 - \$300,000
Zoning	\$50,000 - \$70,000

*Figure 5-3: Preliminary Cost Estimate for Planning Activities*

## 5.2 Extending Runway Length to 3,900'

BFW's Airport Layout Plan, published in 2010, presents a runway extension of 700' for a total runway length of 3,900' as a future condition. In conjunction with that extension, the Runway Category, defined by the Critical Aircraft, increases from B-II (Small) to B-II, which indicates the runway will need to accommodate heavier aircraft. In addition, a non-precision instrument approach of 1 Mile would be implemented, with a FAR Part 77 34:1 approach slope.

With the establishment of a 1-Mile approach visibility at both ends of 7/25, as well as the change to upgrade the Runway Category, the ALP recommends the purchase in fee of approximately 15 acres on either side of the runway, and approximately 27 acres of avigation easement. MnDOT Aeronautics' land acquisition policy is that it will not purchase avigation easements, but will support purchases in fee. BFW may wish to consider purchasing these parcels in order to receive MnDOT's financial support.

A preliminary assessment of the procedural steps for lengthening the runway and their estimated costs is presented below. Additional tasks that may be identified or required by MnDOT and FAA are unknown at this time.

Task	Estimated Cost
Environmental and Justification Report	\$300,000
Land Acquisition - In Fee (Estimated 15 acres at \$15,000/ac)	225,000
Land Acquisition - Avigation Easement (Estimated 27 acres at \$15,000/ac)	405,000
Land Acquisition - Professional Services	189,000
Runway Extension - Design and Construction	980,000
Runway Extension - Procedure Development	125,000
<b>Estimated Total</b>	<b>\$2,224,000</b>

Figure 5-4: Preliminary Cost Estimate for Runway Extension

## Chapter 6 – Alternative Funding Sources

Several funding sources are available to airports in the State of Minnesota. These include the FAA's Airport Improvement Program (AIP), the Minnesota Airport Construction Grant Program, the Airport Maintenance and Operations Program, and the Hangar Loan Revolving Account Program.

Other funding sources for the airport would be local funding from the Airport Authority, City, County or private investment. Additional State resources that may be available include Department of Employment and Economic Development (DEED) funding and State bonds, but these are less common and have varying requirements for access. USDA Rural Development also has a Community Facilities program that provides low-interest loan funds for eligible public facilities including airport hangars. Other regional economic development agencies, such as the Mn Department of Iron Range Resources & Rehabilitation (IRRR), may also offer programs or funding for aspects of the airport development.

### 6.1 FAA Airport Improvement Program (AIP)

The Airport Improvement Program, created by the Airport and Airways Act (1982), assists in the development of public airports across the nation. Public Use airports included in the National Plan of Integrated Airport Systems (NPIAS) and that serve civil aviation may receive AIP funding for eligible and justified projects, as described in the FAA Order 5100.38, *Airport Improvement Program Handbook*. ***While BFW is not currently part of the NPIAS system, should BFW re-open, it is expected that Silver Bay may eventually be able to take part in this program once it meets the requirements of inclusion:***

- Is included in the current State Airport System Plan, accepted by the FAA,
- Has at least 10 based aircraft, and
- Serves a community located 30 minutes or more average ground travel time from the nearest existing NPIAS airport.

Items eligible for grant funding include airfield and aeronautically related facilities such as runways, taxiways, aprons, lighting, and visual aids. It can also be used to fund land acquisitions, planning, and environmental tasks needed to accomplish those airport improvement projects. Generally, revenue-producing items such as hangars, fuel stations, and FBO facilities are not eligible for funding through this program, though they may be conditionally eligible at non-primary airports. Safety equipment such as Aircraft Rescue and Firefighting (ARFF) equipment and snow removal equipment can be funded, while mowers, earth moving equipment, and airport operations vehicles are not. The priority of funded projects is assigned by their distance from the runway – runways being top priority, taxiways next, apron following, and so on. Any development or equipment required by rule or law is also ranked as a top priority.

**Examples of Eligible Versus Ineligible AIP Projects**

Eligible Projects	Ineligible Projects
Runway construction/rehabilitation	Maintenance equipment and vehicles
Taxiway construction/rehabilitation	Office and office equipment
Apron construction/rehabilitation	Fuel farms*
Airfield lighting	Landscaping
Airfield signage	Artworks
Airfield drainage	Aircraft hangars*
Land acquisition	Industrial park development
Weather observation stations (AWOS)	Marketing plans
NAVAIDs such as REILs and PAPIs	Training
Planning studies	Improvements for commercial enterprises
Environmental studies	Maintenance or repairs of buildings
Safety area improvements	
Airport layout plans (ALPs)	
Access roads only located on airport property	
Removing, lowering, moving, marking, and lighting hazards	
Glycol Recovery Trucks/Glycol Vacuum Trucks** (11/29/2007)	

\*May be conditionally eligible at non-primary airports. Contact your local [Airport District or Regional Office](#) for more information.

Figure 6-1: AIP Eligible Projects; Source: [www.faa.gov/airports/aip/overview](http://www.faa.gov/airports/aip/overview)

Currently the federal participation rate in the AIP is 90-95% of the eligible cost of airport project for General Aviation airports, with the remaining cost provided by the airport sponsor. In addition, MnDOT Department of Aeronautics provides grants for 50% of the sponsor's share of AIP grants. Please see Figure 5-2. Funding from both State and Federal agencies can be used for planning, design, construction, or pavement maintenance projects, but cannot be used for the payment of operating expenses. There are two types of AIP funds available to airports, as described below.

### **6.1.1 Entitlement Funds**

If BFW, a GA airport, is expected to participate in the National Plan of Integrated Airport Systems (NPIAS), it would be then entitled to \$150,000 each year for airport development purposes. Airports may save their entitlement funding for up to four years, capped at a total of \$600,000, for a specific future project. If the airport does not use a particular year's entitlement funds after four years, however, the funds "expire," and are then funneled into the Discretionary Fund. To take advantage of the availability of these entitlement funds and to coordinate with each airport's CIP schedule, airports may share or transfer their funds for a particular year with another airport to support that airport's projects, with the expectation that the funds will be paid back in a subsequent year.

### **6.1.2 Discretionary Funds**

Of the total AIP funds granted by the FAA, approximately half are in the form of funds dispersed at the FAA's discretion. To receive discretionary funds, an airport's CIP must include at least two years of entitlement funds dedicated to the proposed project. The FAA prioritizes projects such as runway safety areas, runway surface treatments, and projects which improve overall airport system capacity. Smaller airports more often succeed at securing discretionary funding when the proposed projects include improvements to airport safety, security, and pavement preservation.

## **6.2 Minnesota State Airport Funding**

Any airport desiring to receive State funding must be included in the State Aviation System, which was established by the Commissioner of Transportation and approved by the Governor of Minnesota. Any proposed project is ranked by relative priority in MnDOT's State Capital Improvement Plan (CIP). BFW is not currently included in the State Aviation System, but could be included as an Intermediate Airport, and may be eligible for construction and maintenance funding through the programs described below.

### **6.2.1 Airport Construction Grant Program**

This program is heavily used to fund most capital improvements at State Aviation System airports, based on a determination that the airport improvement is a justifiable expense to benefit the flying public.

## Airport Funding Rates FY 2023

May 31, 2022

### STATE GRANT, STATE SHARE

Project Type	NPIAS				NON-NPIAS			
	Sponsor Population Under 5000		Sponsor Population Over 5000		Sponsor Population Under 5000		Sponsor Population Over 5000	
	Existing FY 2022	New FY 2023	Existing FY 2022	New FY 2023	Existing FY 2022	New FY 2023	Existing FY 2022	New FY 2023
Construction, Planning, Zoning, Environmental, Land, Navigation Systems,	75%	75%	70%	70%	95%	95%	95%	95%
Air Service Marketing	70%	70%	70%	70%	70%	70%	70%	70%
M & O	75%	75%	75%	75%	75%	75%	75%	75%
Fuel Systems and Fuel Trucks	70%	70%	70%	70%	70%	70%	70%	70%
Equipment (requires justification)	75%	75%	70%	70%	90%	90%	85%	85%

### FEDERAL AIP GRANT, STATE SHARE

Project Type	NPIAS			
	Sponsor Population Under 5000		Sponsor Population Over 5000	
	Existing FY 2022	New FY 2023	Existing FY 2022	New FY 2023
90% FAA Participation	5%	5%	5%	5%
95% FAA Participation	2.5%	2.5%	2.5%	2.5%

Figure 6-2: Airport Funding Rates letter; Source: Minnesota Department of Transportation; Office of Aeronautics and Aviation, dated May 31, 2022

Grants may be awarded for planning, land acquisition and improvements, construction and rehabilitation of runways, taxiways, aprons, hangar areas, vehicle parking areas, entrance roads, A/D buildings, maintenance buildings, utilities, drainage facilities, aviation fuel facilities, and airfield lighting systems.

According to the latest funding rates letter from MnDOT, NPIAS airports receiving funding for, construction, planning, zoning, environmental, land purchases, and navigational systems are supported at 75% State/25% local for municipalities under 5,000 people. Marketing and fueling systems/trucks are funded 70% State/30% local. Maintenance & Operation costs along with equipment (if justified) are funded at 75% State/25% local. If an airport is part of the National Plan of Integrated Airport System (NPIAS), and eligible for FAA funding, the State participates in funding 50% of the local share that is not funded by the FAA.

Non-NPIAS airports receiving funding for construction, planning, zoning, environmental, land purchases, and navigational systems are funded 95% State/5% local for municipalities with a population under 5,000. Marketing and fueling systems/trucks would be funded at 70% State/30% local. Maintenance & Operation costs are funded at 75% State/25% local and 90% State/10% local respectively.

### 6.2.2 MnDOT Airport Maintenance and Operations Program

This program provides 75% reimbursement for the documented, routine maintenance needs of state system airports. This includes the everyday labor, materials, equipment, and utility expenses of maintaining airport pavements, grounds, lighting systems, buildings, and maintenance equipment. The maximum annual grant allowed for each airport is based on the size of the airport and the total area of pavement. For the years 2015-2019, Silver Bay received \$19,782 per year in M&O reimbursement funds.

### 6.2.3 MnDOT Hangar Loan Revolving Account Program

MnDOT may finance up to 80% of the cost of hangar construction under this program. The airport sponsor must fund the first 20% of the total costs with the remaining 80% issued as a no-interest loan with a twenty-year payback period.

## 6.3 Other Funding Sources

### 6.3.1 Local Funds

Any portion of the project costs that are not covered by other means must use local funding sources. This may come from the cash flow of the airport or from the Authority's annual cash flow or cash reserves.

### 6.3.2 Regional Funds (IRRR)

Mn Department of Iron Range Resources & Rehabilitation Advisory Board consists of the state senators and representatives elected from state senatorial or legislative districts in which one-third or more of the residents reside within the agency's service area. One additional state senator is appointed by the Majority Leader of the senate. The members are appointed in January of every odd-numbered year and serve until January of the next odd-numbered year. All expenditures and projects made by the commissioner shall first be submitted to IRRR Advisory Board. IRRR's mission is to "invest resources to foster vibrant growth and economic prosperity in northeastern Minnesota." IRRR offers development financing programs including development infrastructure grants to assist with infrastructure projects that support business development.

### 6.3.3 Bonds

A variety of bonds may be available to finance an airport project. **General obligation bonds**, backed by a municipality, usually have low interest rates, and are used for a revenue-producing projects. **Revenue bonds** pledge the revenues of a sponsor to the repayment of debt service and are often used for funding at larger commercial service airports. They do not burden the taxpayer and do not affect the bonding capacity of the municipality but cannot be used by airport without a sufficient operating surplus to cover the debt service. **Special facility revenue bonds** are issued by the airport sponsor for the construction of a facility for a third party and backed by the revenues generated from that facility. **Industrial development bonds** are issued by states, local government, or an airport authority to fund the construction of an airport industrial park or other facilities that may attract business and increase non-aeronautical leasing revenues for the airport.



#### **6.3.4 Third-Party Development**

Third-party financing may be appropriate in the case where an airport sponsor uses a third-party developer or tenant to finance a construction project. The developer would lease the structure for a period of years to the tenant who pays the airport ground rent. The airport sponsor then receives ownership of the structure at the end of the lease period. This method of financing preserves the airport sponsor's cash to fund other projects, but only works when the new structure creates a strong positive cash flow. Projects that can be funded in this manner include terminals, GA hangars, corporate hangars, and cargo facilities.

#### **6.3.5 MN DEED Funding**

DEED offers an Airport Infrastructure Renewal (AIR) grant to support counties, airport authorities, or city sponsored projects that are designed to keep or enhance jobs in the area, increase the tax base, or expand or create new economic development. Eligible applicants must be located outside the metropolitan area and grant funds must be used for the capital costs of redevelopment of an existing facility or construction of a new facility that supports economic development. An economic development project for which a county, airport authority, or city may be eligible to receive a grant includes; manufacturing, technology, warehousing and distribution, or research and development. Projects such as retail development or office development, except as incidental to an eligible purpose are not eligible for this grant.

DEED also offers Infrastructure Funding through financing programs for basic infrastructure, including drinking water, wastewater treatment, roads, housing and other public facilities, transportation, economic development, innovative infrastructure, and Greater Business Development Public Infrastructure grants. Depending on the expected impact on business development and job creation/retention, certain projects may be able to qualify for additional funding support.

#### **6.3.6 USDA Rural Development Community Facilities Loan Program**

This program provides affordable funding to develop essential community facilities in rural areas. Funds can be used to purchase, construct, and/or improve essential community facilities (including airport hangars), purchase equipment and pay related project expenses. If all eligibility and feasibility requirements are met, low-interest direct loan funding is provided through a competitive process.

## Chapter 7 – Recommended Next Steps

### 7.1 Considerations to Re-Establish Airport

**There is a course of action to transfer airport sponsorship if a willing sponsor can be identified.**

Because Silver Bay was originally an FAA NPIAS airport, and the grant obligations of that time persist and would need to be transferred to the new airport sponsor or airport authority, FAA has shared their requirements as part of the transfer agreement process. The general requirements are described in the FAA Compliance Manual, Order 5190.6B Chapter 6. When an airport sponsor transfers authority to another sponsor, whether public or private, the FAA will review the transfer document to ensure there is no ambiguity regarding responsibility for federal obligations. Before a transfer to another entity can take place, the FAA must specifically determine the recipient is eligible and willing to perform all the conditions of the grant agreements. This type of agreement may be looked upon favorably if FAA concludes that the airport will be sponsored by an Authority that has shown it is committed to funding and supporting the airport into the future.

Additional guidance for the formation of an airport authority was provided to Silver Bay in a January 2022 email from Lindsay Butler, Dakota-Minnesota Airport District Office Manager, and is summarized below.

- In order to successfully transfer obligations, FAA requires the airport have a public sponsor that has a financial plan and funding support to run the airport.
- Before forming an airport authority, be sure to include both FAA and MnDOT in the discussions, keeping them apprised of the progress of the activity.
- If there is interest in creating a multiple entity sponsor, FAA requests a Letter of Interest signed by all parties. All parties must be fully aware of the obligations and sponsor requirements and demonstrate their commitment to the authority's formation.
- The new Authority must demonstrate how it proposes to safely re-open the airport and obtain a license. This should be done with a clear financial plan for re-opening and maintaining the airport. This may also include the creation of a feasibility study, Master Plan and Airport Layout Plan, environmental reviews for certain construction projects, obstruction removal and the reconstruction of the runway.
- The Airport would need to meet criteria for re-entry into NPIAS if federal funding is desired. There is no guarantee that re-opening will also mean inclusion in NPIAS and be eligible for funding at some time in the future.

## 7.2 Creation of a Regional Airport Authority

An Airport Authority may be created following Minnesota Statute 360.0426 (see Attachment D). An airport authority, as defined in Mn Statute, is a governmental entity created for the purpose of acquiring, establishing, constructing, maintaining, improving, and operating airports and other air navigation facilities. Airport Authorities are included in the definition of a “municipality” according to Mn Statute. As a municipality, an airport authority has the full range of authorities available to a municipality including the right to acquire property and easements, sovereign rights (public necessity), property tax exemption, finance authority, power to tax, and accept federal aid.

An airport authority may be any combination of city, county, township, or Native American tribe. While many authorities share the financial responsibility to the airport equally or proportionally based on their tax bases, a given entity may also choose not to be an official part of the authority, but instead make a supporting payment to the airport with the understanding they are not liable beyond their financial contribution. The support of larger government units, such as counties, can create a stable foundation of support for a new authority, which is looked on favorably by MnDOT and FAA.

The process of creating an airport authority is initiated by each entity through the signing of a Joint Resolution to form an Airport Authority (see example included as Attachment A). Once the joint resolution is signed by all governmental agencies, the airport authority is authorized to exercise its functions. The authority then has the ability to proceed through the **FAA General Aviation Sponsorship Change Checklist** (See Attachment B), which contains a list of 15 documents to review, as discussed below.

The Sponsor should review and verify:

1. **Public Agency’s enabling legislation or act that gives it the authority to operate and own the airport(s).**

*Mn Statute 360.0426 Creation of an Airport Authority; Dissolution (included as Attachment D) gives the authority.*

2. **If operation and management of airport is conducted by another party, submit a copy of the executed or draft Operation and Management Agreement for the specific airport.**

*This requirement **does not apply** if BFW is managed by the airport authority.*

3. **Proof of Good Title including copy of executed deed and tract information.**

*A **Proof of Good Title** including executed deed and tract information are required. This is similar in scope to Item #7; Exhibit A, Airport Layout Plan, and Land Inventory map. Items #3 and #7 are comparable to an Ownership and Encumbrance document but require more detail. Certain organizations that specialize in title research are familiar with the guidance and standards required by the FAA for the Proof of Good Title and Exhibit A.*

4. If new sponsor purchased airport from a previous FAA Sponsor an executed copy of the Assumption agreement including list of transferred grants.

*An **Assignment and Assumption Agreement** ensures the airport property is assigned to the airport authority and assumes the authority will operate the property as an airport, including the transfer of grants and conditions assigned to those grants (See Attachment E).*

5. Applicant's attorney legal certification that the applicant meets the legal requirements to carry out the certifications, representations, warranties, assurances, covenants and other obligations required of sponsors which are contained in the AIP project applicant and grant agreement forms.

*A **legal certification** from the airport authority's lawyer stating the authority meets the legal requirements to carry out the certifications, representations, warranties, assurances, covenants, and other obligations required of the airport authority (See Attachment F).*

6. Applicant's audited financial statements for the most recent fiscal year end.

*Include the airport authority's **audited financial statements** from the most recent fiscal year.*

7. Exhibit A map, Airport Layout Plan and Land Inventory map identifying grant acquired land.

***Exhibit A map, Airport Layout Plan and Land Inventory map** are covered in combination with item #3.*

8. Approval of other government agencies if applicable.

*An **approval letter** from other government agencies would include a letter from MnDOT and possibly Lake County, stating their approval and support of BFW.*

9. Part 139 Application for Certificate, amendments to Airport Certification Manual (ACM)/Airport Certification Specifications (ACS) if applicable.

*Part 139 **does not apply** if BFW is not a Part 139 (commercial service) airport.*

10. Submission of compatible land use plan including zoning laws that restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft (optional).

*A **land use plan** for the airport that includes **zoning laws** to restrict the use of land adjacent to, or in the immediate vicinity of, the airport. This plan ensures activities and purposes of land adjacent to, or in the immediate vicinity of, the airport are compatible with normal airport operations. If Silver Bay's zoning laws are current, they may only require an update.*



**11. Airport Business Plan prepared by new sponsor (optional).**

*This is an **optional business plan and budget** for BFW.*

**12. As necessary, any documentation required pursuant to the National Environmental Policy Act of 1970 (NEPA), the Council of Environmental Quality Regulations for the implementation of NEPA, and applicable Department of Transportation and Federal Aviation Administration Orders implementing NEPA.**

*Documentation necessary for the National Environmental policy Act (NEPA).*

**13. Private airport transfers, Succession plan, Bankruptcy protection, Grants agreements recorded as liens on the property, Title search.**

***Does not apply** unless Silver Bay becomes a private airport.*

**14. Clerk Certification of no remonstrance.**

***A certification** from the city clerk and/or city attorney stating there is no evidence of protest regarding BFW.*

**15. FBO lease agreement.**

*Include the lease agreement with any Fixed Base Operator (FBO) that will operate at BFW if applicable.*

The powers of the airport authority will be entrusted to the airport authority commissioners. According to Minnesota Statutes, the commission will consist of at least five commissioners and each governmental unit that is a member of the authority will be represented by at least one commissioner. If there are less than five governmental units in the authority, there must be two commissioners appointed from each member unit of government. Commissioners are not allowed to receive any compensation but may be reimbursed for necessary expenses, including travel expenses, that occur as a result of their duties as a commissioner.

Airport managers who have been through the formation of an airport authority highly recommended that throughout this process there are monthly meetings between the FAA, MnDOT, Airport Authority members, and any other appropriate representatives (Attorney, previous airport sponsors, etc.). The MnDOT Aviation Director, North Region Planner, and North Region Development Engineer; the FAA Dakota/Minnesota Manager; and any other MnDOT or FAA authorities with an interest in BFW should be included. This is an opportunity for all entities to stay informed on the process and progress of this sponsorship change (See Attachment C for contact information). Such a meeting could be a good next step following the review of this report.

Should the interested parties find that the formation of an airport authority is indeed viable, MnDOT and FAA authorities are supportive of this initiative. Clearly interest is strong for the future of BFW. As one survey respondent noted, ***“All the pilots I know wish BFW would re-open.”***

**City of St. Cloud Resolution No.**

**County of Benton, Minnesota Resolution No.**

**County of Sherburne, Minnesota Resolution No. 121719-AD-1931**

**County of Stearns, Minnesota Resolution No.**

**JOINT RESOLUTION CREATING AN AIRPORT AUTHORITY**

**A RESOLUTION AUTHORIZING AND DIRECTING THE CREATION OF AN AIRPORT AUTHORITY PURSUANT TO MINNESOTA STATUTES §§360.0425 TO .0427, WITH SAID AIRPORT AUTHORITY EMPOWERED AS A SPECIAL TAXING DISTRICT TO ADOPT AND CERTIFY A PROPERTY TAX LEVY PURSUANT TO MINNESOTA STATUTES §275.066**

**WHEREAS**, the City of St. Cloud, hereinafter referred to as the "City", the County of Benton, hereinafter "Benton", the County of Sherburne, hereinafter "Sherburne", and the County of Stearns, hereinafter "Stearns", and collectively referred to hereinafter as the "Parties", now desire jointly to create an "Airport Authority", pursuant to Minnesota Statutes §§360.031 to .0427, with all of the Authority and powers contemplated by the statute, including the power of an independent Special Taxing District with the Authority under §275.066 to §275.06 to levy property taxes for airport purposes on a uniform jurisdiction-wide basis; and

**WHEREAS**, uniform, multi-county levy Authority presents a fiscally responsible plan for

furthering joint operation of the airport and the interests of the public served by the St. Cloud Regional Airport, including residents of the City of St. Cloud and the Counties of Benton, Sherburne and Stearns; and

**WHEREAS**, it is the purpose of this joint resolution to promote the public welfare and to service the public interest, convenience and necessity; to promote national, state and local air navigation and transportation; to develop the full potential of aviation in the St Cloud Regional Airport as an aviation center; and to provide for the most economical and effective use of aeronautic facilities and services located at the St. Cloud Regional Airport; and

**WHEREAS**, to this end, the Authority shall cooperate with and assist the federal government and the commissioner of aeronautics of this state, and shall seek to coordinate its aeronautic activities with these bodies; and

**WHEREAS**, the City has operated the air navigation facilities known as the St. Cloud Regional Airport and the City deems it to be in the best interests of the public that the St. Cloud Regional Airport Authority acquire the St. Cloud Regional Airport.

**NOW, THEREFORE, BE IT RESOLVED** by the St. Cloud City Council, the Benton County Board of Commissioners, the Sherburne County Board of Commissioners and the Stearns County Board of Commissioners, political bodies of the State of Minnesota, as follows:

#### **SECTION 1. DEFINITIONS**

Subdivision 1. The following words, terms and phrases shall, for the purpose of this joint resolution, have the meanings given them.

Subdivision 2. "Authority" means the St. Cloud Regional Airport Authority created under this joint resolution.

Subdivision 3. "Commissioner" means a person appointed or otherwise selected as, and after qualification, acting as a commissioner of the Authority created under this joint

resolution.

Subdivision 4. "City Council" or "Council" means the governing body of the City of St. Cloud, Minnesota, as established under the home rule charter of said city.

Subdivision 5. "Commissioners" means a quorum of the commissioners of the Authority created under this joint resolution.

Subdivision 6. "Aeronautics" means the transportation by aircraft, the operation, construction, repair or maintenance of aircraft, air equipment, power plants, and accessories; design establishment, construction, operation, improvement, repair, or maintenance of airports, restricted landing areas, or other air navigation facilities and air construction, and powers incidental thereto.

Subdivision 7. "Person" means any individual, firm, co-partnership, corporation, company, association, joint stock association, or body politic; and includes any trustee, or other similar representative thereof.

Subdivision 8. "Airport" means any locality, of land or water, including intermediate landing fields, which is used or intended to be used for the landing and take-off of aircraft, whether or not facilities have been provided for the shelter, servicing, or repair of aircraft, or for receiving or discharging passengers or cargo, and also includes any facility used in, available for use in, or designed for use in aid of air navigation, including without limitation landing areas, lights, any apparatus or equipment for disseminating weather information, for signaling, for radio-directional finding, or for radio or other electrical communication, and any other structure or mechanism having a similar purpose for guiding or controlling of flight in the air, or the landing or take-off of aircraft (piloted or unpiloted), and also includes, but without limitation, access roads, part areas and such land contiguous or not as may be required for installations necessary for safe and efficient operation, buildings, structures, hangar, shops, and any personal property usually used in connection with the operation of



such airports, including specifically, but not exclusively, snow removal or impacting equipment, fire and ambulance equipment, motor vehicles, and equipment for buildings, structures, hangars and shops.

Subdivision 9. "City" means the City of St. Cloud, Minnesota, a city of the second class, in and for which an airport Authority is created under this joint resolution.

Subdivision 10. "County" means the Minnesota counties of Benton, Sherburne and Stearns.

Subdivision 11. "County Board" means the governing body for each of the Counties of Benton, Sherburne and Stearns.

Subdivision 12. "FAA" means the United States Federal Aviation Authority.

Subdivision 13. "MnDOT" means the Minnesota Department of Transportation.

## **SECTION 2. ST. CLOUD REGIONAL AIRPORT AUTHORITY.**

For the purpose herein provided, there shall be created in and for the City of St. Cloud, a Minnesota city of the second class, and the Minnesota counties of Benton, Sherburne and Stearns, a "St. Cloud Regional Airport Authority", hereinafter referred to as the "Authority". The Airport Authority may increase in size by adding additional governmental units by resolution of each governmental entity pursuant to the procedure described in Minnesota Statute § 360.0426 Subd. 6.

## **SECTION 3. AIRPORT AUTHORITY COMMISSION.**

Subdivision 1. Pursuant to Minnesota Statute § 360.0426, the Airport Authority created under this joint resolution (Subd. 2) shall have and exercise the powers, and perform the duties hereinafter as prescribed in statute and set forth in this joint resolution. The governing board of the Airport Authority shall consist of nine (9) commissioners (Subd. 3); each entity shall appoint two commissioners (Subd. 3), who shall not be an elected official of said Parties; and the parties

shall mutually agree on the appointment of the ninth commissioner.

Subdivision 2. The commissioners shall serve without compensation but may be reimbursed for reasonable and authorized out of pocket expenses incurred in the fulfillment of their duties. The original term of three (3) of the commissioners shall be for one (1) year; the original term of three (3) of the commissioners shall be for two (2) years; and the original term for four (4) of the commissioners shall be for three (3) years, and until their respective successors are appointed and qualified.

Subsequent terms of commissioners shall be for three (3) years; and all terms shall expire on June 30 of the appropriate year. The maximum limit on number of consecutive years served by any one commissioner shall be 9 years, or up to three (3) three-year terms. Whenever a vacancy shall occur in said Authority by means of resignation, death or removal for failure or neglect to perform the duties of a commissioner, such vacancy shall be filled for the unexpired term.

Subdivision 3. All appointments and removals of the commissioners of the Authority shall be made by the respective governing bodies evidenced by resolution. Every appointee shall take an oath or affirmation to perform faithfully, honestly and impartially the duties of the appointed office.

Subdivision 4. Within 30 days after the effective date of this joint resolution, the commissioners shall be appointed as provided in subdivision 2.

Subdivision 5. Within 20 days after commissioners of the Authority shall have qualified for office, the Authority shall meet and organize and function as the St. Cloud Regional Airport Advisory Board during the FAA review and approval period. Upon approval by the FAA, the Commissioners will function as the Regional Airport Authority. During the review and approval period, the Advisory Board shall work with the FAA, MnDot Aeronautics, City and County Officials and consultants on the preparation and submittal of the Part 139 Certificate, the Sponsor

Change Checklist (Exhibit), and other documentation necessary for FAA review and approval. Additionally, the Advisory Board will develop a working business plan and a capital improvement plan for the airport. Nothing herein prescribes nor prohibits the City of St. Cloud from undertaking the recommendations of the Advisory Board during this review period.

Subdivision 6. Upon FAA approval and thereafter, the Airport Authority shall adopt and thereafter may amend such rules and regulations for the conduct of the Authority as the Authority shall deem in the public interest and most likely to advance, enhance, foster, and promote air transportation at the St. Cloud Regional Airport; and such rules and regulations shall at all times be in harmony with this joint resolution. At such meetings, and at all subsequent meetings of the Authority to be created under this joint resolution, five (5) of all the commissioners shall constitute a quorum for the transaction of business, and the affirmative vote of the majority of the commissioners present shall be required for the passage of any measure (Minn. Stat. § 360.0426 Subd. 5).

Subdivision 7. Such commissioners shall elect from among their commissioners a chair and vice-chair, and shall also elect a secretary and a treasurer (Minn. Stat. § 360.0426 Subd. 5). No two of such offices may be held by one commissioner. The officers shall have the duties and powers usually attendant upon such officers, and such other duties and powers not inconsistent herewith as may be provided by the Authority.

Subdivision 8. The Authority shall, as soon after the organization meeting as possible, appoint an Executive Director who shall be the executive and operating officer of the Authority, who shall serve at the pleasure of the Authority, and shall receive such compensation as may be fixed by it. The Executive Director shall have had experience as an executive, preferably in connection with aviation. The Executive Director shall not be one of the appointed Authority Commissioners and shall not serve as an ex officio member of the Authority.

Under the supervision of the Authority, the Executive Director shall be responsible for

the operation, management, and promotion of all activities with which the Authority is charged, together with such other duties as may be prescribed by the Authority. The Executive Director shall have such powers as are necessary and incidental to the performance of his duties and such others as may be granted by the Authority.

Subdivision 9. The Authority may hire a legal advisor, technical experts, and other employees, permanent and temporary, as it may require.

#### **SECTION 4. ASSIGNMENT AND TRANSFER OF CITY RIGHTS.**

Subdivision 1. The City, upon FAA approval of the Regional Airport Authority, shall assign, transfer and convey to the Authority all rights of the City to operate, maintain, lease, and collect revenues from existing airport and air navigation facilities known as the St. Cloud Regional Airport, which property is portrayed and described on the map attached hereto as Exhibit A, and does hereby transfer all said Airport property together with all buildings and appurtenances to the St. Cloud Regional Airport Authority.

Subdivision 2. From and after the effective date of this instrument, and upon FAA approval, the Authority shall assume full responsibility and authority for operating, maintaining, repairing, leasing, insuring and collecting revenues from the St. Cloud Regional Airport properties and shall operate those properties in accordance with the provisions of State and Federal law.

Subdivision 3. The City, upon FAA approval of the Regional Airport Authority, shall assign and transfer to the Authority all of its right, title, and interest in any and all leases or operating agreements presently in effect between the City and third persons, provided however, that the said leases or agreements shall continue in full force and effect until they expire by their own terms or until modified by mutual agreement between the Authority and said third persons.

Subdivision 4. The City, upon FAA approval of the Regional Airport Authority, hereby recognizes that the Authority shall have the right to modify any existing facilities and buildings or construct new buildings and facilities on any of the property hereby transferred.

Subdivision 5. During the FAA review and approval period, the City of St. Cloud shall work with the Advisory Board on the completion and submittal of all documents necessary for the Part 139 Certificate and the Sponsor Change Checklist. Additionally, the City will begin the work necessary for the transfer of operational and capital assets, leases and titled real and personal property, and financial, information technology, intellectual and human resource assets to the Airport Authority.

## **SECTION 5. CITY TEN YEAR COMMITMENT**

Subdivision 1. In order to maintain consistent funding and to maintain continuous Airport operations, the City will transfer to the Authority the 2020 property tax levy in the amount of \$620,200 allocated to the St. Cloud Regional Airport. The City will make equal payments of \$310,100 to the Authority on January 2, 2020 and July 1, 2020. Remaining balances in the City's Airport Special Revenue Fund and Airport Construction Capital Project Fund will be remitted to the Authority after completion of the City of St. Cloud 2019 Audit. Upon transfer of these funds the Authority shall have the ability to expend these funds in accordance with Section 5 of this Joint Resolution. Thereafter, and for a period of up to nine (9) years, the City of St. Cloud will make an annual appropriation in an amount up to \$620,200 to the Airport Authority to support airport operations. The annual appropriation will be payable on January 2 and July 1 of each year.

Subdivision 2. Voters in the cities of St. Augusta, St. Cloud, St. Joseph, Sartell, Sauk Rapids and Waite Park have approved to commit up to \$4,000,000 in regional local option sales tax dollars through 2038 to support Airport facilities and land acquisition at the Airport.



This commitment will continue through 2038. The City will make an annual appropriation of local option sales tax proceeds in the amount of \$200,000 through 2038 to support capital projects.

Subdivision 3. In order to provide an effective transition period, the City of St. Cloud will continue to provide staff support and Fire and Police services for airport operations for a period of up to ten (10) years. Staff support from the City of St. Cloud and Public Safety support from Fire and Police will continue at up to their current levels, with the expectation of the parties being that the demand for City of St. Cloud staff and Public Safety support will diminish over the course of ten (10) years as the Authority makes permanent staffing decisions. However, if demand for Fire, Police and/or other staff support services increase, then the Authority will reimburse the City for its actual costs in providing the increased services. A process for determining and comparing existing and potential future provided services shall be developed and incorporated into the By-laws of the Authority.

Subdivision 4. Upon completion of the 10-year commitment, effective December 31, 2029, and pursuant to Minn. Stat. 360.0426 Subd. 7., the governmental entities that are members of the Authority agree and shall petition the then-current Authority commissioners to consent to the removal of the City of St. Cloud as a member of the Authority and shall make provisions for any necessary retention and/or disposition of its assets and liabilities. Additionally, Subdivisions 2 and 6 of Section 3 of the Resolution shall be adjusted accordingly to accommodate staggered terms of remaining seven (7) commissioners and to establish a quorum of four (4) for the Authority..

## **SECTION 6. FINANCES**

Subdivision 1. For the purposes of financing the necessary expenditures to carry out the provisions of this Joint Resolution, the Authority shall serve as its own Fiscal Agent and shall

establish independent bank accounts into which all revenue receipts belonging to the Authority, including property tax levy receipts and all other airport revenues, shall be deposited intact to the credit of such airport accounts. No disbursements shall be made from such accounts unless a verified claim for services and/or commodities actually rendered or delivered has been submitted to and approved for payment by the Authority. Approval of payment(s) shall occur at the monthly Authority meetings upon review by the Authority. Further, no disbursements may be made from such accounts for non-airport expenses and purposes. Payment and disbursement of funds by check or withdrawal shall require the signatures of the Executive Director and the designated Authority Treasurer. The Authority may permit either an actual or facsimile signature of the Airport Treasurer. Should there be a change in the appointment of the Airport Treasurer, notification shall be made to the necessary bank(s) and affected agencies by letter.

The Executive Director, with assistance from the Airport Treasurer shall account for the airport accounts. These fiscal officers shall report their activities and account balance(s) to the Authority monthly. The fiscal year of the Authority and the airport accounts shall be January 1st through December 31<sup>st</sup> of each year: An independent annual audit of the airport accounts shall be made by the Authority.

Subdivision 2. The Treasurer shall receive and have the custody of all moneys of the Authority from whatever source derived, and the same shall be deemed public funds. The Treasurer shall disburse such funds only in accordance with the annual budget as approved by the Authority at the time the annual Airport Authority budget is adopted and only upon written orders drawn against such funds, signed by the Executive Director herein provided for, and approved by the President of the Authority, or in the President's absence, the Vice-President of the Authority or such employee of the Authority as may be authorized or directed to do; and each order shall state the name of the payee and the nature of the claims for which the same

is issued. The Treasurer shall keep an account of all moneys, showing the source of all receipts and the nature, purpose and Authority of all disbursements; and at least four times each year shall report on the financial state of the Authority to the Board of Commissioners, in the form to be determined by the commissioners.

#### **SECTION 7. POWERS OF THE AIRPORT AUTHORITY**

Subdivision 1. Whenever the words "airport" or "airport facilities" are used in this joint resolution, such words shall have the meaning ascribed to them as indicated herein before in Section 2, Subdivision 8, and shall include the present St. Cloud Regional Airport, including any land, buildings, or other appurtenances incidental and necessary to the operation of such airports, and any land, buildings, or other appurtenances which may be hereafter acquired for such purposes by the City of St. Cloud.

Subdivision 2. Pursuant to Minnesota Statutes §275.066, the Authority shall have the status of a Special Taxing District with the authority under §360.0427 to impose a property tax levy under and pursuant to the procedures set forth in sections 275.065 to 275.07. If the Authority finds it necessary to levy a tax during the time the City of St. Cloud is providing its appropriation of \$620,200 annually, then the City of St. Cloud residents will be exempt from the Authority's tax levy for this same time.

Subdivision 3. There is hereby conferred upon such Authority all of the powers granted a municipality under Minnesota Statutes §§360.032-360.046, including the following powers and duties:

- (a) To sue or be sued;
- (b) To enter into and execute agreements, instruments, and other arrangements which are necessary, proper and convenient to the exercise of its powers;
- (c) To acquire by purchase, lease, or gift, any real or personal property,

franchise, easements, or other rights which may be necessary or proper for the operation of the present St. Cloud Regional Airport, or any airports or airport facilities which may hereafter be acquired; and may acquire real property in such manner for use as airport terminal facilities, maintenance facilities, parking facilities, runway or taxiway facilities, and other facilities used or useful for the operation of an airport. To acquire, construct, equip, improve, operate, and maintain airports and airport terminal facilities, maintenance facilities, runways and taxiways, parking areas, and other facilities useful for or related to the operation of an airport;

(d) To lease to or contract with any person or any operator for use by such person or operator of any real or personal property under its control, and to sell or purchase real estate as determined necessary for the operation of the Airport;

(e) To accept donations, grants, or loans of money or other property from the United States, the state, or any person or entity; and for such purposes may enter into any agreement required in connection therewith.

Subdivision 4. Notwithstanding any of the provisions of this joint resolution, the Authority shall have the power, in lieu of directly operating the St. Cloud Regional Airport, or any part thereof, to enter into management contract(s) with any persons, firms or corporations for the management of said airports, or any parts thereof, for such periods of time, and for such purposes, and under such compensation and other terms and conditions as shall be deemed advisable and proper by the Authority.

Subdivision 5. The Authority shall have the power:

(a) To adopt and alter all bylaws and rules and regulations which it shall from time to time deem best for the conduct of the business of the Authority, and for the use and operations of the St. Cloud Regional Airport and the facilities of the Authority, and for the

purposes of carrying out the objects of this joint resolution, but such bylaws, rules and regulations shall not be in conflict with terms of this joint resolution;

(b) To appoint and remove an Executive Director, other Authority employees, and consultants, and prescribe the duties and fix the compensation of such Executive Director, Authority employees and consultants;

(c) To prescribe or provide for a policy or policies of insurance for the defense and indemnifications of the City of St. Cloud, the Counties of Benton, Sherburne and Stearns, and each of their respective officers and employees, and commissioners, Executive Director, and other employees or otherwise. Premiums for any policies of insurance required by this joint resolution shall be paid for out of the funds of the St. Cloud Regional Airport Authority;

(d) To fix, alter, change and collect fees, rentals, and all other charges to be made for all services or facilities furnished by the Authority to the public, or to any person, or public or private agencies leasing any and all facilities at the St. Cloud Regional Airport.

#### **SECTION 8. EXECUTIVE DIRECTOR**

The Executive Director of the Authority shall be responsible for the custody and control of all moneys received and collected from the daily operations of the St. Cloud Regional Airport until such moneys are delivered to the Treasurer and the Executive Director shall have obtained a receipt therefore, or until such moneys are deposited in a bank account under the control of the Finance Director.

The Executive Director of the Authority shall give bond in favor of the Authority in such sum as shall be deemed necessary by the Authority and in an amount to be determined annually by the Authority; such bond to be conditioned upon the faithful discharge of his official duties. The Authority shall, in addition to other insurance provisions of this joint

resolution, provide for insurance on any of the St. Cloud Regional Airport's property, rights, revenue, worker's compensation, public liability, or any other risk or hazard arising from its activities; and the premiums for any such insurance shall be paid for out of funds of the St. Cloud Regional Airport Authority.

#### **SECTION 9. TAX EXEMPT STATUS.**

Notwithstanding any other provisions of law to the contrary, the property, moneys, and other assets of the Authority, or revenues or other income of the Authority, and all bonds or other obligations issued by the Authority and the interest thereon, shall be exempt from all taxation, licenses, fees, or charges of any kind imposed by the state of Minnesota, or by any county municipality, political subdivision, taxing district, or other public agency or body of the state.

#### **SECTION 10. INDEPENDENCE OF THE AIRPORT AUTHORITY**

The exercise by the Authority of the powers provided in this joint resolution shall not be subject to regulation by or the jurisdiction or control of any other public body or agency, either state, county, or municipal, except as specifically provided in this joint resolution; provided, however, that the Authority shall be subject to such rules and regulations as may be administered by the state of Minnesota, Department of Aeronautics, and to such laws of the United States, or rules and regulations of the Federal Aviation Administration of the United States department of transportation, as may be applicable to the operations of the St. Cloud Regional Airport.

#### **SECTION 11. SEVERABILITY**

The provisions of this joint resolution shall be severable; and if any provision thereof, or



the application of any such provision under any circumstances, is held invalid, it shall not affect any other provision of this joint resolution, or the application in different circumstances.

#### **SECTION 12. EFFECTIVE DATE**

This joint resolution shall become effective only after its approval by a majority of the City Council of the City of St. Cloud, the respective County Board of Benton, Sherburne and Stearns Counties, and the U.S. Federal Aviation Administration, and upon compliance with the provisions of Minnesota Statutes, Section 645.021. Notwithstanding Section 3 of this Resolution, to expedite and effect a smooth transition, the Parties shall appoint and seat Commissioners in an Advisory capacity, until such time as the approval of the Federal Aviation Administration is secured. Advisory Commissioners shall be eligible for reimbursement by the Parties of reasonable and authorized expenses incurred in the fulfillment of their duties.

#### **SECTION 13. AGREEMENT TERM**

Except as required by law and/or as proscribed by applicable federal law, FAA regulation, or state statute, the Authority shall remain in perpetuity. A governmental unit may withdraw from the Airport Authority upon written notice to the other parties, at least 365 days prior to the expiration of any calendar year, such period and by mutual consent pursuant to the process outlined in Minnesota Statute Section 360.0426 Subd. 7. Further, the Airport Authority may be dissolved pursuant to the process outlined in Minnesota Statute Section 360.0426 Subd. 8. Notwithstanding dissolution, powers of the Airport Authority under this Joint Resolution shall continue to the extent necessary to maintain and operate the St. Cloud Regional Airport until disposition under Section 14 of this Joint Resolution. It is the intent of all of the parties that the City of St. Cloud will withdraw from the Airport Authority

at the end of the City's ten (10) year financial commitment outlined in Section 5 of this agreement. The Board of Commissioners will be reduced in size accordingly.

#### **SECTION 14. DISPOSITION UPON TERMINATION.**

Upon termination of the Airport Authority all right, title and interest in the St. Cloud Regional Airport, its facilities and equipment will revert back to the City of St. Cloud, along with any improvements to buildings, property and infrastructure. Upon termination of this Agreement each party shall provide for the payment of principal and interest on outstanding bonds issued by the Authority, and in the absence of another arrangement mutually agreed upon, each party shall assume the payment of debts and liabilities incurred by the Authority in proportion as it contributes to the airport accounts through property tax levy.

#### **SECTION 15. AMENDMENTS**

This Joint Resolution may be amended by following the procedure used for adoption of the Joint Resolution. Before any amendment is considered by the governing bodies, the Authority shall conduct a public meeting for the purpose of public comment on the proposed amendment. Upon the recommendation of the Authority, the respective governing bodies shall conduct at least one joint public hearing for the purpose of public comment on the proposed amendment.

**CITY OF ST. CLOUD, MINNESOTA**

ADOPTED by the City Council of the City of St. Cloud, Minnesota this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

FOR THE CITY OF ST. CLOUD

\_\_\_\_\_  
Dave Kleis, Mayor

\_\_\_\_\_  
Seth Kaufman, City Clerk

\_\_\_\_\_  
  
\_\_\_\_\_

**BENTON COUNTY, MINNESOTA**

ADOPTED by the County Board of Benton County, Minnesota, this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

FOR BENTON COUNTY

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**SHERBURNE COUNTY, MINNESOTA**

ADOPTED by the County Board of Sherburne County, Minnesota, this \_\_\_\_\_ day of \_\_\_\_\_, 2019.

FOR SHERBURNE COUNTY

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\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**STEARNS COUNTY, MINNESOTA**

ADOPTED by the County Board of Stearns County, Minnesota, this \_\_\_\_\_ day of \_\_\_\_\_, 2020.

FOR STEARNS COUNTY

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



## Attachment B

### Sponsor Change Checklist

AIRPORT:

Current Sponsor:

New Sponsor:

Date of Change (Actual or Estimated):

DOC #	Documents to Review	Submitted	Comments	OK
1	Public Agency's enabling legislation or act that gives it the authority to operate and own the airport(s).			
2	If operation and management of airport is conducted by another party, submit a copy of the executed or draft Operation and Management Agreement for the specific airport.			
3	Proof of Good Title including copy of executed deed and tract information.			
4	If new sponsor purchased airport from a previous FAA Sponsor an executed copy of the Assumption agreement including list of transferred grants. (Is there a standard clause in the agreements that terms and conditions of the agreement shall be subordinate to the federal grant assurances and any surplus property federal obligations, para 6.11.a Compliance Handbook)			
5	Applicant's attorney legal certification that the applicant meets the legal requirements to carry out the certifications, representations, warranties, assurances, covenants and other obligations required of sponsors which are contained in the AIP project applicant and grant agreement forms. Reference FAA Order 5100.38D, Table 2-8 item d/2-9 item f.			
6	Applicant's audited financial statements for the most recent fiscal year end. Reference FAA Order 5100.38D, Table 2-8 item b/2-9 item e. (Is the potential sponsor capable of assuming federal responsibilities, including a revenue stream to refund grant funds)			
7	Exhibit A map, Airport Layout Plan and Land Inventory map identifying grant acquired land.			
8	Approval of other government agencies if applicable. As a general rule, the name of the approving agency and date of approval will be sufficient. However, when a state law requires channeling through a state aeronautics commission, the approval of that commission must be indicated by endorsement or by other means, which the commission may want to use. Per 5100.38D (Table 2-10)			

9	Part 139 Application for Certificate, amendments to Airport Certification Manual (ACM)/Airport Certification Specifications (ACS) if applicable.			
10	Submission of compatible land use plan including zoning laws that restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. (optional)			
11	Airport Business Plan prepared by new sponsor. (optional)			
12	As necessary, any documentation required pursuant to the <i>National Environmental Policy Act of 1970</i> (42 U.S.C. 4321-4347) (NEPA), the Council of Environmental Quality Regulations for the implementation of NEPA (40 CFR 1500-1508), and applicable Department of Transportation and Federal Aviation Administration Orders implementing NEPA.			
13	Private airport transfers Succession plan Bankruptcy protection Grants agreements recorded as liens on the property Title search			
14	Clerk Certification of no remonstrance			
15	FBO lease agreement			
para. 611.b - Any lease, contract, or agreements should not interfere with the sponsor's ability to main sufficient control over the operation of the airport				

Attachment C  
FAA/MnDOT Contacts

**MnDOT:**

- Ryan Gaug (Interim Director):  
[ryan.gaug@state.mn.us](mailto:ryan.gaug@state.mn.us)  
612-422-8601
- Kevin Carlson (North Region – Planning):  
[kevin.r.carlson@state.mn.us](mailto:kevin.r.carlson@state.mn.us)  
612-269-5370
- Matt Lebens (North Region – Development):  
[matthew.lebens@state.mn.us](mailto:matthew.lebens@state.mn.us)  
612-422-4171
- Jason Radde (North Region):  
[jason.radde@state.mn.us](mailto:jason.radde@state.mn.us)  
651-234-7251
- Jared Wedel (Airport Operations):  
[jared.wedel@state.mn.us](mailto:jared.wedel@state.mn.us)  
612-297-2739

**FAA – Dakota/Minnesota Airport District**

- Lindsay Terry (Manager):  
[lindsay.terry@faa.gov](mailto:lindsay.terry@faa.gov)  
612-253-4630

**Airport Authority Attorney**

- TBD

**Authority (Township) Reps.**

- TBD

**360.0426 CREATION OF AN AIRPORT AUTHORITY; DISSOLUTION.**

Subdivision 1. **Members; definition.** A city together with another city, county, town, or an Indian tribe may create an airport authority. For purposes of this chapter, "airport authority" means a governmental entity created pursuant to this section for the purpose of acquiring, establishing, constructing, maintaining, improving, and operating airports and other air navigation facilities.

Subd. 2. **Process to establish authority.** A city that owns an airport by joint resolution together with other willing governmental units may create an airport authority that is authorized to exercise its functions upon passage of a joint resolution by each of their governing bodies, including a proposed date for the first meeting of the authority.

Subd. 3. **Airport authority commission.** The powers of the airport authority shall be vested in the airport authority commissioners. The commission shall consist of at least five commissioners. Each governmental unit that is a member of the authority shall be represented by at least one commissioner. If fewer than five governmental units are members of the authority, there must be two commissioners appointed from each member unit of government. The terms of each commissioner are three years, provided that the length of the initial appointments must be staggered so that the terms of approximately one-third of the commissioners expire each calendar year.

Subd. 4. **Appointment of commissioners.** The governmental body of each member governmental unit shall appoint a resident of that governmental unit to be a commissioner of the airport authority. Upon vacancy of a commissioner prior to the end of a normal term, the appropriate governmental body shall appoint a commissioner to fill the unexpired term.

Subd. 5. **Compensation; meetings; officers.** Commissioners shall receive no compensation for services, but are entitled to payment for necessary expenses, including travel expenses, incurred in the discharge of the commissioners' duties.

The commission shall establish a regular meeting schedule. A majority of the commissioners of the authority constitutes a quorum for purposes of conducting business of the authority. Action may be taken by a vote of not less than a majority of the commissioners present, providing there is a quorum.

The commission shall elect a chair, a vice-chair, a secretary, and a treasurer at its organizational meeting. The authority may hire an executive director, a legal advisor, technical experts, and other employees, permanent and temporary, as it may require.

Subd. 6. **Process to increase size of authority.** An airport authority may be increased in size by adding additional governmental entities if each of the additional entities and each of the governmental entities currently included in the existing authority adopt a resolution agreeing to the size increase.

Subd. 7. **Process to decrease size of authority.** An airport authority may be decreased in size if each of the governmental entities that are members of the authority and the current commissioners consent to change and make provisions for the retention or disposition of its assets and liabilities.

Subd. 8. **Process to dissolve authority.** An airport authority may be dissolved after payment of all debts and adoption of a joint resolution of the governing bodies of all of the participating units of government. Before dissolution, the property of the airport authority must be sold, transferred, or distributed as agreed to by the participating units of government. Any remaining funds must be distributed to the general funds

of the participating units of government in proportion to their relative shares of the most recent levy under section 360.0427.

**History:** *2008 c 154 art 2 s 26; 2009 c 86 art 1 s 66*

## **ASSIGNMENT AND ASSUMPTION AGREEMENT**

This ASSIGNMENT and ASSUMPTION AGREEMENT (“Assignment”) is made as of \_\_\_\_\_ 202\_\_\_\_, by and between the City of St. Cloud (“Assignor”) and the St. Cloud Regional Airport Authority (“Authority” or “Assignee”).

### **RECITALS**

WHEREAS, the City of St. Cloud, the County of Sherburne, the County of Benton and the County of Stearns, through a joint resolution adopted by the St. Cloud City Council on February 24, 2020, have created the St. Cloud Regional Airport Authority pursuant to Minn. Stat. §§ 360.0425 to 360.0427, and empowered as a Special Taxing District to adopt and certify a property tax levy pursuant to Minn. Stat. § 275.066; and

WHEREAS, the City of St. Cloud has operated the St. Cloud Regional Airport and now deems it is in the best interests of the public to transfer any and all interest it has acquired to the St. Cloud Regional Airport Authority (the “Authority”).

### **AGREEMENT**

The parties agree as follows:

1. Incorporation of Recitals. The above recitals are made a part of this Assignment.
2. Incorporation of Exhibits. The following exhibits are made a part of this Assignment:

Exhibit A: Joint Resolution Creating an Airport Authority;

Exhibit B1: Grant History Report with FAA;

Exhibit B2: Grant History Report with FAA supplemental;

Exhibit C: Grant History Report with MNDOT;

Exhibit D: Passenger Facility Charge (PFC) Records of Decision;

Exhibit E: Equipment list

3. Effective Date. The Effective Date of this Assignment is the date the FAA approves the transfer of Sponsorship and issues an Airport Operating Certificate to the Authority under 14 C.F.R. Part 139 (“Effective Date”).

4. Assignment. On the Effective Date, the Assignor grants, conveys, transfers and assigns to the Authority all of Assignor’s rights, title, interest, and obligations in, to, and under the Assignor’s entire interest in all other tangible and intangible assets including but not limited to the Passenger Facility Charge (PFC) Records of Decision listed in Exhibit D, the equipment listed in Exhibit E, buildings, land and all liabilities of the Airport, including but not limited to all insurance



policies, executory contracts, leases at the Airport, contracts, agreements, licenses, grant agreements or arrangements; all claims or demands of the Assignor under contracts or otherwise and all rights and causes of action of the Assignor related to the Airport.

5. Acceptance and Assumption. On the Effective Date, the Authority accepts the assignments of Assignor's entire interest in all other tangible and intangible assets including but not limited to equipment, buildings, land and all liabilities of the Airport, including but not limited to all insurance policies, executory contracts, leases at the Airport, contracts, agreements, licenses, grant agreements or arrangements; all claims or demands of the Assignor under contracts or otherwise and all rights and causes of action of the Assignor related to the Airport.

6. Transfer of Airport Revenue and Personal Property. The Assignor will transfer to the Authority on the Effective Date the following:

- (a) On the approved transfer date, Airport funds held by the city of St. Cloud will transfer to the Authority.
- (b) All equipment and personal property used in the operation of the Airport of the Effective Date.

7. Indemnification. The Authority agrees to indemnify and hold the Assignor harmless to the extent allowed by law from and against all liabilities, costs, or damages arising under all insurance policies, executory contracts, leases at the Airport, contracts, agreements, licenses, or arrangement by reason of the Authority's failure, after the Effective Date, to fully comply with any and all of duties, covenants, and obligations under and pursuant to the terms of the insurance policies, executory contracts, leases at the Airport, contracts, agreements, licenses, or arrangements.

8. Reversion. In the event the Authority is dissolved, prior to its dissolution, the Authority will transfer and assign back to the City of St. Cloud all of its rights, title, interest, and obligations in, to, and under the Authority's entire interest in all other tangible and intangible assets and liabilities of the Airport, including but not limited to all insurance policies, executory contracts, leases at the Airport, contracts, agreements, licenses, grant agreements or arrangements; all claims or demands of the Authority under contracts or otherwise and all rights and causes of action of the Authority related to the Airport.

9. Representations of the Assignor. The Assignor represents and warrants that:

- (a) The Assignor has taken all necessary action to approve this Assignment Agreement and that it is binding and enforceable.
- (b) There are no claims pending or threatened before any tribunal or administrative or regulatory authority, except those that have been disclosed to the Authority, which would materially impair the Assignor's right to make the assignments provided in this Assignment.
- (c) The Assignor has disclosed to the Authority all material liabilities of any nature, whether accrued, absolute, contingent, or otherwise, relating to the Airport.

(d) The Assignor has not caused any default under the terms of the rights, title, interest, and obligations in, to, and under the Assignor's entire interest in all other tangible and intangible assets and liabilities of the Airport, including but not limited to all insurance policies, executory contracts, leases at the Airport, contracts, agreements, licenses, or arrangements; all claims or demands of the Assignor under contracts or otherwise and all rights and causes of action of the Assignor related to the Airport.

(e) The Assignor has the right to assign rights, title, interest, and obligations in, to, and under the Assignor's entire interest in all other tangible and intangible assets, including land, and liabilities of the Airport, including but not limited to all insurance policies, executory contracts, leases at the Airport, contracts, agreements, licenses, grant agreements or arrangements; all claims or demands of the Assignor under contracts or otherwise and all rights and causes of action of the Assignor related to the Airport.

10. Representations of the Authority. The Authority represents and warrants that:

(a) The Authority has taken all necessary action to approve this Assignment Agreement and that it is binding and enforceable.

(b) There are no claims pending or threatened before any tribunal or administrative or regulatory authority, except those that have been disclosed to the Assignor, which would materially impair the Authority's right to assume the assignments provided in this Assignment.

11. Notice. Any notice required or permitted to be given will be deemed given when mailed in a sealed envelope by United States certified mail, return receipt requested, postage prepaid, properly addressed as follows or such other address as specified by notice to the other party:

As to the Authority:

Attn: Airport Director  
St. Cloud Regional Airport Authority  
1550 45<sup>th</sup> Ave. SE, Suite 1  
St. Cloud, MN 56304

12. Utility Easements. The Authority agrees it shall provide necessary utility easements to the Assignor in a timely manner to ensure there is no interruption in Airport Operations. Any easement agreements will be subordinate to the Authority's Federal obligations for the operation of the airport and the easements will not interfere with the operation of the airport.

13. Legally Binding. All of the covenants, and conditions contained in this Assignment will be binding upon and inure to the benefit of the successors, assigns, and legal representatives

of the parties. The FAA is intended to be a third-party beneficiary with respect to all provisions of this Assignment and Assumption Agreement.

14. Entire Agreement. This Assignment and Assumption Agreement constitutes the entire understanding and agreement of the parties and supersedes all prior agreements and understandings between them, whether written or verbal, with respect to the subject matter hereof.

15. Non-Waiver; Modification. No failure by either party to insist upon the strict performance of any provision of this Assignment or to exercise any right or remedy upon a breach, and no acceptance of full or partial compensation or other performance by either party during the continuance of any breach will constitute a waiver of a breach of any provision. No oral modification of this Assignment will be binding, and any modification must be in writing and signed by the parties.

16. Severability. If any provision of this Assignment is held invalid or unenforceable by any court with jurisdiction, the result will not invalidate or render unenforceable any other provision of this Assignment.

17. Construction. Each party acknowledges that they participated equally in the drafting of this Assignment. Any rule to the effect that the Assignment is to be construed more strictly against one party than another is not applicable.

IN WITNESS WHEREOF, the parties have caused this Assignment to be executed by their duly authorized representatives the day and year first above written.

**CITY OF ST. CLOUD, MINNESOTA**

By \_\_\_\_\_  
Its Mayor

By \_\_\_\_\_  
Its City Clerk

[illegible]

On this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, before me, a Notary Public within and for the County of \_\_\_\_\_, State of Minnesota, personally appeared Dave Kleis, and Seth Kauffman, the mayor and City Clerk of the City of St. Cloud, Minnesota, to me known to be the persons described herein and who executed the foregoing instrument and acknowledged that they executed same as their free act and deed.

---

Notary Public

# ST. CLOUD REGIONAL AIRPORT AUTHORITY

By \_\_\_\_\_  
Its \_\_\_\_\_

By \_\_\_\_\_  
Its \_\_\_\_\_

[illegible]

On this \_\_\_\_\_ day of \_\_\_\_\_, 202\_\_\_\_, before me, a Notary Public within and for the County of \_\_\_\_\_, State of Minnesota, personally appeared \_\_\_\_\_ and \_\_\_\_\_, its \_\_\_\_\_ and its \_\_\_\_\_ for the St. Cloud Regional Airport Authority, to me known to be the persons described herein and who executed the foregoing instrument and acknowledged that they executed same as their free act and deed.

---

Notary Public



Offices in  
Minneapolis 150 South Fifth Street  
Suite 700  
Minneapolis, MN 55402  
(612) 337-9300 telephone  
Saint Paul (612) 337-9310 fax  
www.kennedy-graven.com  
St. Cloud Affirmative Action, Equal Opportunity Employer

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**TROY J. GILCHRIST**  
Attorney at Law  
Direct Dial (612) 337-9214  
Email: [tgilchrist@kennedy-graven.com](mailto:tgilchrist@kennedy-graven.com)

Also: St. Cloud Office  
501 W. Germain Street, Suite 304  
St. Cloud, MN 56301  
(320) 240-8200

December 20, 2021

Kevin Willis, Director  
Office of Airport Compliance and Management Analysis  
800 Independence Ave.  
Washington, DC 20591

**Re: Attorney Certification Letter Regarding the Transfer of Sponsors for the St. Cloud Regional Airport, St. Cloud, Minnesota**

Dear Mr. Willis:

This firm serves as the attorney for the St. Cloud Regional Airport Authority ("Authority") and I write to provide an opinion as part of the proposed transfer of sponsorship of the St. Cloud Regional Airport ("Airport") from the City of St. Cloud ("City") to the Authority. I understand the Authority has provided the Federal Aviation Administration ("FAA") with all the documents referenced in this letter, but I will be happy to provide any additional information or documents that may be required for the FAA to conduct its review and approve the transfer of the Airport to the Authority.

Minnesota Statutory Authority

1. Airport Authority - Creation. The creation of an airport authority is expressly provided for in Minnesota Statutes, section 360.0426. The statute provides that a "city together with another city, county, town, or an Indian tribe may create an airport authority." Minnesota Statutes, section 360.0426, subdivision 1. The statute indicates a city and the other willing governmental units may establish an airport authority by "joint resolution." Minnesota Statutes, section 360.0426, subdivision 2.
2. Airport Authority - Authority. "An airport authority created under section 360.0426 has all the powers granted a municipality under sections 360.032 to 360.046." Minnesota Statutes, section 360.0425. Airport authorities are also included in the definition of "municipality" for the purposes of Minnesota Statutes, section 360.031 to 360.045. Minnesota Statutes, section 360.031. As a municipality, an airport authority has the full

range of authorities available to a municipality to acquire and operate an airport, including:

<b>Authority</b>	<b>Statutory Reference</b>
Acquire property and easements	Minn. Stat. § 360.032
Sovereign Rights – Public Necessity	Minn. Stat. § 360.033
Property Tax Exemption	Minn. Stat. § 360.035
Finance Authority	Minn. Stat. § 360.036
Power to Tax	Minn. Stat. § 360.037
Establish, Construct, and Regulate Airports	Minn. Stat. § 360.038
Accept Federal Aid	Minn. Stat. § 360.039

These are the same set of authorities provided to the City and on which it has relied to operate the Airport. The Authority has the same powers as the City under these provisions to acquire, operate, and maintain the Airport.

#### St. Cloud Regional Airport Authority

1. Establishment. The City and the Counties of Benton, Sherburne, and Stearns each acted as indicated below to adopt a “Joint Resolution Creating an Airport Authority – A Resolution Authorizing and Directing the Creation of an Airport Authority Pursuant to Minnesota Statutes §§360.0425 to .0427, with Said Airport Authority Empowered as a Special Taxing District to Adopt and Certify a Property Tax Levy Pursuant to Minnesota Statutes §275.066” (“Joint Resolution”). The Joint Resolution was adopted as follows:

<b>Governmental Entity</b>	<b>Resolution Number</b>	<b>Date of Approval</b>
City of St. Cloud	2020-02-23	February 24, 2020
County of Benton	2020 #5	January 21, 2020
County of Sherburne	121719-AD-1931	December 19, 2019
County of Stearns	19-46	February 11, 2020

The Joint Resolution expressly establishes the Authority and establishes a nine-member commission to exercise the authority of the Authority.

2. Authority to Act as a Sponsor. The Authority is a “municipality” for the purposes of establishing and operating an airport under Minnesota law. Furthermore, as a political subdivision of the State of Minnesota, the Authority constitutes a “public agency” under 49 U.S.C. § 47102(20). As a public agency, the Authority will qualify as a “sponsor” as defined in 49 U.S.C. § 47102(26) upon the transfer of the Federal financial obligations the City incurred for the Airport, and which will be transferred to the Authority.



3. Transfer of Assets and Obligations. The City and the Authority have worked to prepare an “Assignment and Assumption Agreement (“Assignment Agreement”) to transfer the assets and obligations of the Airport to the Authority. Under the Assignment Agreement, the City (as the Assignor) expressly “grants, conveys, transfers and assigns to the Authority all of Assignor’s rights, title, interest, and obligations in, to, and under the Assignor’s entire interest in all other tangible and intangible assets including but not limited to the Passenger Facility Charge (PFC) Records of Decision listed in Exhibit D, the equipment listed in Exhibit E, and buildings and all liabilities of the Airport, including but not limited to all insurance policies, executory contracts, leases at the Airport, contracts, agreements, licenses, grant agreements or arrangements; all claims or demands of the Assignor under contracts or otherwise and all rights and causes of action of the Assignor related to the Airport.” The Assignment Agreement also provides for the transfer of Airport revenue and personal property to the Authority. Upon the effective date of the of the Assignment Agreement, the Authority agrees to accept the transfer of the property and obligations of the Airport. The effective date of the Assignment Agreement “is the date the FAA approves the transfer of Sponsorship and issues an Airport Operating Certificate to the Authority under 14 C.F.R. Part 139.”

The following are the exhibits to the Assignment Agreement:

Exhibit A	Joint Resolution Creating an Airport Authority
Exhibit B	Grant History with FAA
Exhibit C	Grant History with MNDOT
Exhibit D	Passenger Facility Charge (PFC) Records of Decisions
Exhibit E	Equipment List

The transfer of the assets and obligations of the Airport as proposed in the Assignment Agreement are consistent with federal and state law. The City, as the existing sponsor, is supportive of the transfer of sponsorship to the Authority and the City continues to be a part of the Authority for ten years under the Joint Resolution.

4. Federal Obligations. The grants received for the Airport from the FAA are identified in Exhibit B to the Assignment Agreement. The Authority has the legal authority under federal law, as a sponsor under 49 U.S.C. § 47102(26), and state law, with the powers of a municipality under Minnesota Statutes, sections 360.032 to 360.046, to assume and fulfill the obligations and duties under the grant and other agreements with the FAA related to the Airport.
5. State Obligations. The grants received for the Airport from the Minnesota Department of Transportation (“MNDOT”) are identified in Exhibit C to the Assignment Agreement. The Authority has the legal authority under state law, with the powers of a municipality under Minnesota Statutes, sections 360.032 to 360.046, to assume and fulfill the

obligations and duties under the grants and other agreements with the MNDOT related to the Airport.

6. Ability to Satisfy Financial Obligations.

- a. Initial Transfer. Under the Joint Resolution, the City transferred the 2020 property tax levy in the amount of \$620,000 to the Authority in 2020. Additionally, the City has agreed to transfer any remaining balances in the City's Airport Special Revenue Fund and Airport Construction Capital Project Fund to the Authority.
- b. Annual Appropriation. In each of the nine years following the initial transfer of funds (terminating on December 31, 2029), the City is required under Section 5, subdivision 1 of the Joint Resolution to make an annual appropriation of up to \$620,000 to the Authority to support Airport operations. The City is required to pay the annual appropriation on January 2 and July 1 each year.
- c. Regional Local Option Sales Tax. Under Section 5, subdivision 2 of the Joint Resolution, the City has committed to making annual appropriations from the regional local option sales tax that was adopted and is in place through 2038 to the Authority. The City shall annually appropriate to the Authority \$200,000 from the proceeds of the local option sales tax through 2038 to support capital projects.
- d. Taxing Authority. In addition to the financial support provided by the City, the Joint Resolution recognizes the Authority is a special taxing authority authorized to levy taxes. The Authority is specifically empowered to levy taxes under Minnesota Statutes, section 360.037 and airport authorities established under Minnesota Statutes, section 360.0426 (which is the case here) is among the list of entities recognized as "special taxing districts" in Minnesota Statutes, section 275.066.
- e. Finance Authority. The Authority is authorized under Minnesota Statutes, section 360.036 to issue bonds to pay all or a part of the "cost of investigating, surveying, planning, acquiring, establishing, constructing, enlarging, or improving or equipping airports and other air navigation facilities, and the sites therefor, including structures and other property incidental to their operation . . . ." Minnesota Statutes, section 360.036, subdivision 1.
- f. Additional City Support. To support an effective transfer of the Airport to the Authority, the City agreed in Section 5, subdivision 3 of the Joint Resolution to provide staff support and public safety support in the form of fire and police services at their current level for a period of ten years. The Authority is only financially responsible if the demand for those services increases over that period, and then only to the extent of the increase.

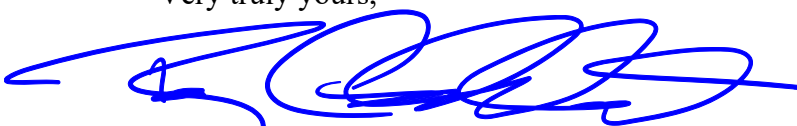
7. Title to Airport Property. The Authority has prepared an Appendix A – Airport Property Inventory Map. The Appendix shows the properties that make up the Airport and provide information on each of the parcels and easements currently held by the City. The Authority has also prepared an Appendix B that contains title certificates for the parcels indicating that each title has been examined, and an Appendix C that shows the encumbrances the City has imposed on properties in the area. Our office has conferred with the St. Cloud City Attorney on the review of titles for the Airport and is satisfied the Authority will receive good title to the Airport parcels and other interests in land upon the execution of the deeds prepared for that purpose.

### Opinion

Based on the information identified and referenced in this letter, it is my opinion, as the attorney for the Authority, that the Authority was lawfully established, has the legal authority to accept the transfer of the assets and obligations of the City as proposed in the Assignment Agreement, qualifies as a sponsor for the Airport under 49 U.S.C. Subchapter I, has the ability and authority to satisfy its obligations to MNDOT, and has the ability and authority to carry out the responsibilities as a sponsor upon the effective date of the transfer of the Airport from the City to the Authority, and is eligible to apply for and receive an Airport Operating Certificate under 14 C.F.R. Part 139.

Please feel free to let me know if there are any questions or if you need any additional information related to this opinion.

Very truly yours,



Troy J. Gilchrist

cc: St. Cloud Regional Airport Authority

**360.0427 TAX LEVY MAY BE CERTIFIED BY AIRPORT AUTHORITY.**

Imposition of a property tax levy under sections 275.065 to 275.07 requires an affirmative vote of at least two-thirds of the members of the authority.

**History:** *2008 c 154 art 2 s 27; 2008 c 366 art 6 s 45*