

TOWN OF SILVER CREEK
SPECIAL MEETING
NOVEMBER 26, 2019

A special meeting of the Town Board of the Town of Silver Creek was held on Tuesday, November 26, 2019 in the Board Meeting Room. Present were Supervisors: Greg Hull, Denny Moen, and Chuck Voss; Clerk Alison Oftedahl; Town Operations and Facilities Manager Jody Reineccius; and Operations Assistant Paul Thompson.

Presenters: Aviation Consultant Mike Beard from Bollig, Inc; FAA Engineer Jacob Martin; MnDOT Aeronautics Director Cassandra Isackson; and IRRRB representative Chris Ismil.

Visitors Present: approximately 30 residents of Silver Creek were in attendance along with about 8 interested pilots from around the region.

Chairman Hull called the special meeting to order at 7:00 p.m. and led the Pledge of Allegiance.

Chairman Hull stated that the purpose of this special meeting was to provide the public with information on the opportunity of sponsoring the Silver Bay Airport. He noted that the Board is at the start of this process. Should the project move forward, one or more public hearings will be held. Hull stated that the request for Silver Creek to step up to save the Silver Bay Airport was a fair request that merits a fair response based on good reasons. He then answered a question that he said had been frequently raised, regarding the location of the airport. He said that 80% of the airport property does lie in Silver Creek Township. Attendees were informed that each of the four experts would speak and then there would be an opportunity to ask questions of each of them. A number of handouts were provided to all meeting attendees and have been posted on Silver Creek's website at www.ttosc.org for those who could not make it to the meeting.

The first presenter was Aviation Consultant Mike Beard. He explained his role in helping airports obtain funding for larger capital projects. He explained that he is helping the township free of charge. Only if this moves forward would his company be paid out of the federally funded grants. He argued that the Silver Bay Airport is not in its current poor condition due to money; but rather due to politics. He explained that the Airport is not an enterprise, it is an essential government service in Minnesota Statute. He noted that Waskish Township in Red Lake proves that Townships can be successful running airports. He stressed the importance of airports in driving the tourism economy suggesting that Pine River Airport is a good example with many Twin City pilots flying in there every weekend to camp, stay in RVs or visit resorts. He stressed that the FAA, MnDOT Aeronautics and a group of passionate pilots all want to see the Airport saved. He explained that his role would be in helping with larger capital or infrastructure projects such as runway replacement. He also explained that there is \$150,000 per year available for approved and eligible projects. The local match on those larger projects is normally 5%. When questioned as to why Silver Bay did not work with these federal grants, Hull stated that we can't speak for Silver Bay or their decisions. When asked whether Silver Bay would consider co-sponsoring with Silver Creek, Hull stated that Silver Bay had declined.

The second presenter was Jake Martin, an engineer from the Federal Aviation Administration. He stated that he was familiar with the Arrowhead region and Silver Bay Airport and that the FAA wants to see the airport opened. He explained that the available federal grant money of up to \$150,000 per year comes from aviation taxes and is given to Airports for eligible projects. He said there is a separate fund for really large projects such as the runway. He explained that these funds are only available to airports with public sponsors, they are not given to private airports. He then responded to a question by Moen regarding the local match. Currently the local match on a federally approved grant project is 5%. Moen asked whether the local match in future years might be much higher than it is now. Martin stated that the highest the local match had been for federally eligible projects was 10%. This rate is set by Congress. In response to a question about which projects are eligible and which are not, Martin said that the projects most likely to be eligible would be those directly related to safety such as crack sealing projects, taxiways, or removal of obstructions. When asked, Martin said that hangars are eligible but only after all infrastructure affecting safety has been taken care of. He was also asked if the tear down of the old Arrival and Departures building at Silver Bay would be covered. He said it was supposed to be torn down at the time that the new Arrival and Departures building was built, but that Silver Bay ran out of funds. He said that yes, FAA would likely assist with removing that structure as it is too close to the runway. He was asked about "hangar homes" and said that the FAA is not in support of hangar homes. Voss and Moen questioned the usability of the current hangars based upon issues with water drainage. Martin stated he hadn't actually been to the airport in a number of years and couldn't speak to that issue.

The third presenter was Cassandra Isackson, Director of Aeronautics for MnDOT. She explained that MnDOT has been involved in aviation for 75 years and that they regard it as a partnership. She said the state has 24 million in their Airports fund that comes from aviation taxes and is dedicated to assisting 133 airports with both capital projects and maintenance. They reimburse 75% of day to day maintenance and operations up to a cap of about \$20,000. This means they reimburse for utilities, and things like mowing and plowing expenses. With

regard to Capital projects, the state encourages airports to create a twenty-year list of projects to ensure funding can be found and that needed projects are getting done in a timely manner. They define the capital projects as those that will require a contractor. Isackson also clarified the project financing. The FAA pays 90% of the eligible projects and then MnDOT picks up 5% of the remaining cost, but they pay a higher percentage for projects that are not eligible according to FAA. She gave the example of pavement in front of hangars which is something that the FAA won't fund. She said for those types of projects, the state share varies, and there is a higher local match. MnDOT's coverage percentages are set annually and can vary. Isackson said that other sources such as IRRRB can provide the local share. Isackson let people know that they can find the Closure Report on Silver Bay's Airport on MnDot's website. She said that at the airport's last inspection, the runway was not found to be safe and therefore their license was revoked, effectively closing the Airport. However, they do not want to see it closed. There are not a lot of safe places for pilots to land as they go up the North Shore, so this airport is valuable to the system. Finally, she said that every airport needs someone who loves it, and she assured everyone that should the Township choose aviation, MnDOT would be here to partner with them. In response to a question on whether there were other communities of this size with airports that Supervisors could speak to, Isackson suggested Pine River and Tracy. Isackson said that there are sometimes barter arrangements that assist with maintenance such as someone mowing the airport for the privilege of haying it and keeping the hay, to thereby lower the maintenance costs. She said some small airports operate in the red all the time, some break even, and some have enough profits to create a capital account for future projects. She did clarify that profits from the airport must remain in airport fund for the future use and improvement of the airport.

The fourth presenter was Chris Ismil from the IRRRB. Hull introduced him saying that their organization has offered to cover the local match percentage of the new runway. Ismil then spoke explaining that their funding comes from mining taxes and that their interest is in economic development. They fund Airports because they see them as an economic driver. Specifically, he said they often pay for the 5% local share on the large projects funded by FAA grants. He said that in the past they were never been asked by Silver Bay to assist with their local match on this airport. When asked how many jobs the Silver Bay Airport might create, Ismil explained that these smaller airports don't so much drive permanent jobs on their site, rather they drive regional jobs. He noted the success at the Hibbing Airport and said that they see strong potential for the airport here to become very successful given the large amount of people traveling up the shore, but it needs someone who really believes in it. He shared a story about a company that wanted to locate in Two Harbors to test new planes they developed. It didn't end up locating here, but he said that if it had, it would have been 150 permanent jobs.

The meeting was then turned over to general questions from the audience. In response to a question on how the Airport makes money, Hull identified hangar rental and fuel sales. He also reported that he spoke to Two Harbors Airport and they have a long waiting list for hangar rentals and feel that there would be plenty of interest in Silver Bay's hangars. Isackson added to this that at some airports, pilots rent ground space and build their own hangars, saving the sponsors from that expense.

A series of questions about the grant assurances were raised. Martin clarified that assurances are not a bad word, and said they only become important if the airport decides to close. Funds invested by the Federal Government must be returned if an airport is permanently closed. However, the only grant assurance that FAA is concerned about is "safe operation of the airport" and open to the public. But yes, if Silver Creek takes over this airport, the grant assurances transfer, and Silver Creek will inherit them. When asked about the amount owed on grant assurances, Isackson said that Silver Bay does not owe the state anything. The federal grant assurances are estimated at approximately \$300,000. Each project's grant must be assured a certain number of years based upon the type of project. For example, land purchase would be 90 years, the Arrival and Departures building was a 40-year assurance. Runways are a 20-year assurance.

In response to the question of whether there is grant money for an Airport Manager, Isackson said no, not for salary, but work done to maintain the airport can be charged to the maintenance and operations grant. Questions were raised regarding whether plowing and care would be a large expense. Hull noted that this is part of the budgetary spreadsheet being developed but that numbers are still being hammered out. The history doesn't show exactly what is needed since the airport was not maintained adequately in recent years.

In response to the question about size and ownership of the Airport, the size is 170 acres. The ownership would transfer to Silver Creek upon transfer of the sponsorship. If the airport was permanently closed, the land would transfer to the Federal government as repayment for grants.

The audience asked several questions regarding why the fuel tanks were removed from the airport and whether the soil was contaminated. Hull stated that we couldn't speak for Silver Bay's reasons for actions in the past. An audience member stated that he heard from Silver Bay workers that water kept getting into the fuel tanks causing the fuel to go bad because tanks were not kept full. He said that they were removed for that reason and that there are no soil issues.

In response to detailed questions about plowing requirements at the airport, Isackson said that it must be kept open, so yes, it must be plowed, but that the specific policy would be up to Silver Creek. MnDOT would only have concerns if it was closed for days after the storm. Hull stated that roads would likely be plowed first. The runway must be plowed to bare pavement and salt cannot be used. Hull said a broom and blower would likely be needed. The Township truck might be adapted to have those implements attached, then the costs would be offset by their use at the airport, but they would also be available for use elsewhere in the township.

When asked whether anyone had spoken to the City of Two Harbors because their airport is going through a hangar project right now, Hull responded that he spoke to one of the Airport Commissioners. They have forty hangars and are building seven more and have a waitlist of twenty people wanting to rent hangars. A person who serves on the Two Harbors Airport Commission wrote a personal letter of support saying that the two airports could help each other, and that they not worried about competition.

The audience also raised concerns about the time commitment for township employees. Will they have the time to care for the facility? Hull reiterated that this is the beginning of the process, not the end and that not every answer to every question has been determined. Input from township employees is also being considered.

A question was raised about whether there are any champions of this project. Hull said that those pushing this project have primarily been pilots, people in the aviation industry, Lake County Emergency Services, Life Link, and of course the FAA, MnDOT and IRRRB. A pilot in attendance stated that other airports on the shore are thriving and that this one will too, but it will take a bit of time.

The audience asked why Lake County doesn't become the sponsor of this airport. Commissioner Sve was in the audience and responded to the question. He said the County Board doesn't believe that they should own an airport because there is a municipal airport in Two Harbors, and they don't want to get into competing with it. Hull clarified that the County has subsidized both the Two Harbors and the Silver Bay Airport in the past and have committed to continuing to do so in the future.

There being no further business, a motion was made by Voss, second Moen to adjourn the meeting at 8:55 p.m. Motion carried unanimously.

Respectfully submitted,
Alison Oftedahl, Deputy Clerk