

City of Winsted
Special City Council Meeting
Council Chambers
Thursday, June 8, 2017
4:00 p.m.

Present: Mayor Steve Stotko
Council Member Patty Fitzgerald
Council Member Mike Henrich
Council Member Tom Ollig
Council Member George Schulenberg

Staff Present: Mr. Dan Tienter, City Administrator
Ms. Amanda Zeidler, Deputy City Clerk
Mr. Justin Heldt, Chief of Police
Mr. Dave Meyer, Maintenance Supervisor

Also Present Mr. Jake Saulsbury, Bolton and Menk, Incorporated
Ms. Melissa Underwood, Bolton and Menk, Incorporated

1) Mayor Stotko called the meeting to order at 4:00 p.m.

a) The Pledge of Allegiance was taken.

2) Old Business

a) Winsted Municipal Airport Environmental Assessment, Preferred Alternative

Mayor Stotko outlined the procedures for the meeting.

Council Member Tom Ollig reiterated the need for acceptance of the final vote by the City Council, and the confidential nature of each Council Member's opinion prior to the meeting.

Mr. Tienter summarized the history of the Winsted Municipal Airport Environmental Assessment Project, the two (2) project alternatives, and the details of both alternatives.

Mr. Tienter stated that in February, 2010, the City Council adopted a Master Plan for the Winsted Municipal Airport, which identifies future needs and guides development for the Airport. Under this Plan, on April 7, 2015, Mr. Tienter stated that the City Council authorized Bolton and Menk, Incorporated, to initiate a National Environmental Policy Act (NEPA) compliant Environmental Assessment (EA) to examine and correct deficient runway conditions as well as improve and otherwise maintain, reliable Airport operations.

Mr. Tienter stated that generally, the EA evaluated eight (8) project alternatives and ultimately advanced two (2) for final consideration:

- 1) a 3,200-foot turf reconstruction project (Alternative T1)
- 2) a 3,200-foot paved runway project (Alternative P1).

Mr. Tienter stated that throughout the EA process, Bolton and Menk staff worked closely with several outside agencies including, but not limited to the Federal Aviation Administration (FAA), Minnesota Department of Transportation (MnDOT), Minnesota Department of Natural Resources (DNR), United States Department of the Interior, and Winsted Township. Mr. Tienter stated that on May 18, 2017, the Council also conducted a public hearing to accept comments for both project alternatives.

Mr. Tienter stated that although both project alternatives would correct runway deficiencies and improve Airport reliability, they present different environmental impacts and associated mitigations, including, but not limited to:

Turf Surface:

- 1.4 acres of wetland mitigation;
- Replace lighting; and
- Relocate a Northern Natural Gas (NNG) pipeline;

Paved Surface:

- 59.6 acres of land acquisition;
- 1.1 acres of wetland mitigation
- Relocate the Luce Line State Trail;
- Relocate a NNG pipeline; and
- Relocate a portion of the Winsted Co-op.

Mr. Tienter stated that generally, the turf reconstruction alternative would result in fewer environmental impacts and still improve drainage and safety characteristics of the runway, but it does not allow for year-round operations. The paved runway alternative allows for year-round operations, incorporates a non-precision approach, and thereby enhances the economic development capabilities of the Airport and the surrounding community. Mr. Tienter added that six (6) of the eight (8) property owners impacted by the paved runway alternative expressed a willingness to consider acquisition. He stated that one (1) was unwilling and one (1) could not be contacted.

Mr. Tienter stated that City Staff have provided some property tax analysis, and presented a table comparing the estimated real estate property tax changes for both alternatives. Per Bolton and Menk staff, Alternative T1 and Alternative P1 are estimated to cost approximately \$3,690,800 and \$6,672,780, respectively. Mr. Tienter stated that at present, multiple funding options remain viable for either project alternative. Generally, airport improvement projects are supported through a 90%/10% cost sharing arrangement between the FAA and airport authority; however, in recent years, MnDOT has provided an additional five percent (5%) of cost participation for any eligible project, thereby reducing the local cost participation by fifty percent (50%). Mr. Tienter stated that this funding may not be available in the future, and in any event, the current City financing strategy calls for the current and future hangar owners to support any local cost participation through their current Airport Improvement Fee and a future runway improvement fee.

Mr. Tienter stated that based on the aforementioned 90%/10% cost sharing arrangement, Bolton and Menk staff estimate the cost of an individual hangar owner for Alternative T1 and Alternative P1 to total approximately \$5,115 and \$8,315, respectively, or about \$666 or \$1,084, respectively, per year.

Mr. Tienter stated that these individual cost estimates assume the construction of an additional twenty (20) to thirty (30) hangars, depending upon the project alternative. As such, the City would support the cost contribution of any future hangar owners with the proceeds from the sale of a General Obligation bond. Mr. Tienter stated that upon construction of a new hangar, the owner would be required to pay their portion of the local cost share, which would refund any property taxes used to support the project. At present, Mr. Tienter stated that City staff estimate the bond issuance at \$405,000 or \$720,000 for the turf restoration and paved runway alternatives, respectively. Either debt issuance would be supported by the Debt Service Property Tax Levy.

Mr. Tienter stated that according to the Debt Service and Property Tax Analysis that was presented to the City Council, assuming a 90%/10% cost sharing arrangement and a General Property Tax Levy increase in 2018 of approximately two percent (2%), Alternative T1 or Alternative P1 would result in a property tax increase of approximately \$10 or \$23, respectively, per year, for a residential homestead with an estimated value of \$163,323.

Mr. Tienter stated that the one thing he wanted to mention for the Council's benefit, is that the numbers were likely below what the City Council was expecting to see, and the issue is that in 2017, the City has an expiring Equipment Certificate for approximately \$29,000 that the City would no longer be responsible for in 2018, because it would be paid off. The cost of the Equipment Certificate exceeds the cost of any debt that would be issued on behalf of the Airport Project. He stated that the cost of the Equipment Certificate exceeds the cost of any debt that the Council would incur for the Airport Project. Mr. Tienter added that in the most expensive form of the project, with the payment at ten percent (10%), the debt service would be \$25,192, or \$4,000 less than the Equipment Certificate that ends in 2017. Mr. Tienter stated that the reason the property tax figures look lower than the City Council might anticipate is because they would be swapping a similarly sized debt issuance for another, and the net

effect to the individual property tax payer, especially in a residential homestead scenario, is ultimately negligible.

After reviewing the financial analysis, Mr. Tienter stated that given the considerable improvement in airport reliability, the funding available from the FAA and MnDOT, the anticipated economic development benefits, and the property tax estimate which was just outlined, City Staff recommends the Council select Alternative P1 for a 3,200-foot paved alternative as the preferred alternative for the Winsted Municipal Airport Environmental Assessment.

Mr. Tienter stated that he would be happy to answer any questions the City Council may have and added that Melissa Underwood, Airport Planner from Bolton and Menk, was also available to answer any questions the Council might have.

Council Member George Schulenberg asked if the City Council could have anything in place to possibly assure the Winsted Farmers Co-op organization that the City would be there to help them in any manner they possibly could if they voted to approve the pavement alternative.

Mr. Tienter stated that ultimately, the City could not provide anything that he would call “assurances” to the Co-op in advance of any decision the City Council might make about the runway. Mr. Tienter stated that he would say that City staff and Bolton and Menk staff, to date, have done their utmost to provide information to the Co-op about the likely outcome, and reminded the City Council that in earlier iterations of the Environmental Assessment, it was supposed that the entire Co-op would have to move, and through their concerns and the efforts of Bolton and Menk and FAA staff, the City determined that not only did the Co-op not have to move, but only the storage structure located at the rear of their property would have to be relocated. Mr. Tienter stated that during conversations with Co-op representatives, they had some very specific questions about where it could be located, what could be done, how much money they would receive for their parcel and the cost of their buildings and structures. Mr. Tienter stated that in those conversations, the City, with the help of Bolton and Menk, contacted Mr. Jason Ault, of ProSource. Mr. Tienter stated that ProSource is a Federally-licensed Acquisition Specialist Firm, and they deal specifically with these types of questions. Mr. Tienter stated that if Mr. Ault were present, he would say that he has dealt with many, many projects of this sort, and the City would go through a very deliberate and thoughtful process with the Co-op, with the help of this third party. Mr. Tienter stated that this third party is required by the Uniform Acquisitions Act, which is a Federal law designed to ensure that the party that is to be acquired is to be dealt with as fairly, equitably and transparently as possible. Mr. Tienter added that the one thing he would stress, even if the Council were to move forward with the pavement project and enter into land negotiations with the Co-op and retain the services of this firm to help with that process, there is nothing to say that the Co-op would have to agree to the final determination, and there is nothing to say that the Council could decide at that point that the pavement project was no longer viable and decide to go back to a turf restoration project.

Council Member Henrich asked if the cost for the land acquisition and negotiation will be part of what is paid for by the ninety percent (90%) grant, or if it is the City’s cost alone.

Mr. Tienter stated that everything he referenced previously, in terms of assistance and the land acquisition process, would be paid for as part of the 90%/10% cost participation arrangement, and agreed that the City would certainly have some amount of sunk cost if the City would do that process and then decided to not move forward with the acquisition at the end if a deal could not be reached. Mr. Tienter stated that it would not preclude the Council from moving forward with a turf restoration project, having first explored a paved runway project.

Council Member Patty Fitzgerald stated that in the past, the Co-op members have asked about the use of trucks, the storage building, and the fertilizer building in relation to the improved runway and asked if these items would be an issue.

Mr. Tienter stated that these items would not be an issue. He added that he and the Mayor met with members of the Co-op on-site to explore that question. Mr. Tienter stated that the Co-op representatives explained exactly how they would have to use the property that would be included in the Runway Protection Zone (RPZ). Mr. Tienter stated that after that meeting he had asked Ms. Underwood to reach out to FAA staff and they said the City would have to go through another RPZ Alternative Analysis, which was the process that was used to Cable Avenue as needing to be closed.

Mr. Tienter stated that in all likelihood, the City could enter into an easement agreement with the Co-op to allow them to operate within the RPZ in a manner that was consistent with business, which would be allowable as far as the FAA would likely be concerned.

Council Member Henrich stated that if the City were to go that route, and negotiations fail, he asked how that will affect the City if moving to a turf runway. He also asked how many years down the road it would take.

Mr. Tienter stated that according to Mr. Ault, the appraisal process would take two (2) to three (3) months to complete. He stated that a Federally compliant appraisal is not like a homeowner's appraisal and requires a full narrative. He stated that it is a very involved process and it takes much longer to complete. Mr. Tienter stated that once the City received that document, there are some rights that are available to the party to be acquired, like a review appraisal, that could extend the process. Mr. Tienter stated that assuming the City Council chooses to move forward and after a few months of the appraisal process, the City could enter into negotiations, and it is hard to guess how long negotiations would take. Mr. Tienter stated that it would depend on what was written in the appraisal, what the parties were looking for, and things of that nature. Mr. Tienter stated that if the City Council would choose to move forward with the process and it was not successful, he guessed that there would be approximately six (6) to seven (7) months of time lost to negotiations.

Each Council Member provided comments and opinions related to the Environmental Assessment and the alternatives recommended for runway improvements.

Mr. Glenn Weibel, resident at 540-1st Street North addressed the City Council regarding the EA and alternatives. He stated that he is an aviation enthusiast and provided comments regarding FAA requirements, relocation of the Co-op, benefits of a hard surface runway, current Airport rates, and available airport funding.

Ms. Underwood reviewed the alternate runway alignment that is included in the Master Plan and added that it was included to show why the location of the runway is staying where it is today. She added that the Airport Planners looked at doing a 3,900-foot runway with this project, but it was not justified to FAA standards. Ms. Underwood stated that for now and in the twenty (20) year plan, which was also written in the Master Plan, is that this runway length is adequate and this location is adequate as well, which is why those projects moved forward.

Council Member Henrich made a motion to select Alternative P1, a 3,200-foot paved runway surface, as the Preferred Alternative of the Environmental Assessment of the Winsted Municipal Airport; and authorize the City Administrator to begin land acquisition efforts consistent with this Preferred Alternative, beginning with those properties who have expressed opposition to land acquisition negotiations. Council Member Fitzgerald seconded the motioned. The motion carried 3-1. Mayor Stotko abstained.

3) New Business

a) 2017 Airport Zoning Update

Mr. Tienter reviewed a memorandum from Ms. Underwood regarding the Winsted Municipal Airport Project and Airport Zoning. Mr. Tienter stated that on May 31, 2017, Bolton and Menk received a call from MnDOT Aeronautics stating that there are extra 2017 State dollars available for an airport project that is ready to move forward, and MnDOT recommended the money go towards the zoning update project at the Winsted Municipal Airport.

Mr. Tienter stated that the airport zoning update project would be funded with eighty percent (80%) state funding and twenty percent (20%) local funding. He added that there is the potential that the funding percentage for zoning may drop next year to seventy percent (70%) state funding and thirty percent (30%) local funding. The Capital Improvement Plan (CIP) presented at the public hearing showed the Airport Zoning Project at a total cost of \$40,000 with \$32,000 from state funds and \$8,000 as the local share. Mr. Tienter stated that the 2017 state fiscal year ends June 30, 2017 and all grant paperwork would need to be to MnDOT by Friday June 9, 2017.

Council Member Fitzgerald made a motion to authorize Bolton and Menk, Incorporated, to submit a grant application to the Minnesota Department of Transportation on behalf of the City of Winsted for an Airport Zoning Update and approve local cost participation for an amount not to exceed \$8,000. Council Member Schulenberg seconded the motion. Motion carried 4-1.

4) Adjournment

Council Member Fitzgerald made a motion to adjourn the meeting. Council Member Ollig seconded the motion. Motion carried 5-0.

The meeting adjourned at 4:45 p.m.

Steve Stotko
Mayor
City of Winsted

ATTEST:

Amanda Zeidler, MCMC
Deputy City Clerk
City of Winsted