

**DATE:** 3/23/2022  
**TIME:** 3:31-5:10 PM  
**RE:** Planning and Development Subcommittee Meeting (PDSC)  
**ATTENDEES:** Tom Fleming, Jason Licon, Aaron Ehle, Josh Birks, Scott Schorling, Diane Jones, Troy Bliss; Paul Steinway, Jon Steinway

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### Begin Meeting Record 3/23/2022

#### Agenda Item #1: Meeting Minutes – February 23, 2022

- **Update on unresolved Topics**
  - Staff is working with Fort Collins-Loveland Water District on a water line easement along the boundary of the Airport.
  - Staff and stakeholders are exploring options to establish customs services at the Airport.
- **Tom moved to approve the minutes. The motion, seconded by Diane, passed unanimously.**

#### Agenda Item #2: MPS Hangars New Lease Agreement

- The 20-unit MPS Properties hangar building, owned and operated by Paul and Jon Steinway, has been the subject of lease extension/new lease negotiations since 2019.
  - Until recently the Airport and MPS Properties have been unable to find common ground on an agreement.
- The 40-year lease is set to expire in 2033.
- The current rent rate for the lease is \$0.19 per square foot annually. This is less than half of the current rent rate of \$0.448 for comparable new leases.
- Airport staff have reached a tentative agreement to replace the current lease with a new 30-year lease.
  - This association land lease will allow MPS Properties to condominiumize the units so that they are able to sell them individually, not just rent them out. Association leases are common with other developments at the Airport.
    - Under the agreement, the Airport/Cities would have right of first refusal to purchase units at the same price as the negotiated price between MPS and a private buyer.
  - **This has not been done before and will set a precedent for extending the lease terms of other developments.** A formal policy on how and when leases are extended would be beneficial.
  - The new lease, if approved, would have a footprint approximately 2.5 times the size of the current footprint.
    - As time has gone on, the ability for Airports to obtain funding for pavement maintenance or repairs around private hangars has diminished.
    - By expanding the footprint, the Airport is transferring this responsibility to MPS properties. All pavement that exclusively serves the development is included in the new lease footprint.
    - Pavement maintenance/repair standards may need to be included in the agreement. Staff will investigate to see if the standard agreement contains enough specificity.
  - The new lease, if approved, includes a rent escalation schedule to bring the rates into parity with current lease rates over the next 11 years.

- The current lease, with CPI escalations every 5 years, has generated approximately \$3,310 per year in revenue for the Airport.
- The new lease would generate approximately \$25,439 per year, plus annual CPI escalation
- The escalation schedule is intended to allow the owners to increase the rent rates of current tenants to increase gradually, lessening the negative impact. The Airport has no control over the rental rates of privately-owned hangars.
- Staff is recommending that a structural evaluation be performed on the building prior to finalizing the new lease.
- Diane requested that when this is presented to the Airport Commission, a more detailed chart that includes per square foot lease rates will be included.
- Paul Steinway:
  - This has been a challenging negotiation. For several years, we attempted to negotiate an agreement with Airport staff at rates lower than this, but were not able to reach a deal that staff would recommend to the Airport Commission.
  - Airport staff made it clear that they wanted to include similar lease terms as recent new leases, which lead to the increase in the lease footprint and the escalation schedule to gradually bring the rent rates in line with new leases.
  - Between now and the end of the current lease term (2033), the Airport will generate approximately \$160,000 in additional revenue.
  - Our current rent rates are \$400 per month per unit. This should allow us to keep our lease rates below the rates for new construction, but we believe some of our current tenants will be priced out of the market because of this new lease agreement.
  - This lease will allow us to sell individual units, with the belief that the owners will invest in improving the facilities.
- **Tom moved to recommend approval of the lease agreement to the Airport Commission, with the condition that Diane's request for a more detailed financial analysis chart be included in the materials presented to the Commission. The motion, seconded by James, passed unanimously.**

### Agenda Item #3: Airport Action Plan for 2022

- Following refinement as a result of this meeting, the Airport Action Plan will be presented to the Airport Commission at the April 1<sup>st</sup> meeting for potential approval.
- The plan contains priority and secondary objectives for 2022, with some items that will extend beyond the end of the year.
- It's important to tie budgetary and staffing resources to these objectives if we are serious about getting them done.
- **Priority Objectives:**
  - Enhance and increase airport staffing
    - Must be able to handle day to day tasks and larger projects/initiatives.
      - The amount of work that needs to be done is more than the current staff can handle and those demands will continue to grow.

- The staffing plan from 2019 is being updated now.
- Complete planning and design of the new terminal building
  - We have a deadline to use CARES Act funding, so this must get done.
- Complete planning relevant to the hangar proposal submitted by Jet Center, which led to the ongoing request for proposals (RFP)
  - We will be presenting an update to the Commission and asking for direction on April 1<sup>st</sup>.
- Enhance political support for the remote tower project
  - Create awareness of the importance of the project to the Airport and its users.
  - This is a catalyst project for commercial air service and the new terminal.
  - Momentum has been slowed by COVID and lack of focus on technological solutions by the FAA.
- Develop local support for an education and training center/facility focused on Innovation, Technology, and Aviation
  - Pursue potential ARPA funding
- **Secondary Objectives**
  - Enhance commercial air service
    - Always ongoing, but can be enhanced with additional resources.
  - Establish the airport as a true Multi-modal transportation hub, including exploration of Union Pacific Railroad opportunities
  - Complete the 2022 scheduled capital improvement projects
    - This is ongoing and has changed several times
    - Incorporate projects/initiatives that are not eligible for grant funding
  - Develop sub-area land plans and procedures for on-airport development
    - Fuel farm
    - West side of the Airport
    - Procedures and policies for development, redevelopment, and lease extensions
      - Effectively inform the Airport Commission so that they can make good decisions
- Possible missing objectives
  - Customs
- It's important to keep in mind that there will be unanticipated tasks and projects that will consume an unknown amount funding and staff time.
- We need to consolidate action steps with the steps to success and put them in the right order
- A matrix that contains relevant information about action steps, timeframes, resourcing, and responsibilities would be helpful in conveying this information
- Some of these items will likely extend beyond the end of the year. It's important to convey that to the Commission.
- **Diane moved to recommend that Airport Action Plan be presented to the Airport Commission for approval pending refinement based on the suggestions that were made by the PDSC. The motion, seconded by Scott, passed unanimously.**
- **End Meeting Record**