

**OSCODA-WURTSMITH AIRPORT AUTHORITY  
BOARD OF DIRECTORS  
Board Meeting Minutes  
February 13, 2020**

**I. CHAIRMAN BOYAT CALLED THE MEETING TO ORDER AT 10:00 A.M.**

**II. ROLL CALL:**

KEVIN BOYAT	PRESENT
KEVIN BELIVEAU	PRESENT
ROB HUEBEL	PRESENT
AARON WEED	ABSENT
JOHN SWISE	PRESENT
MIKE MUNSON	PRESENT
DAVE DAILEY	PRESENT

**OTHERS PRESENT**

GARY KELLAN  
JACK BROWN  
BRENDA MCNEILL  
WILLIAM PALMER, OSCODA TWP.  
MARK MILLER  
JENNY HAGLUND - OSCODA PRESS  
PATRICIA - OSCODA PRESS

**III. ADOPTION OF AGENDA**

Chairman Boyat requested a motion to adopt the agenda.

**Mr. Munson made a motion to adopt the agenda. Mr. Huebel supported the motion. No further comments. Motion carried by voice vote.**

**IV. APPROVAL OF MINUTES - January 9, 2020 Regular Meeting**

Chairman Boyat requested approval of the minutes.

**Motion made by Mr. Huebel to approve the minutes of January 9, 2020 as presented. Mr. Dailey supported the motion. No further comments. Motion carried by voice vote.**

**V. Financial Business**

**A. Financial Activities Report for January 2020**

Mr. Swise and Mr. Kellan reviewed bank statements and financial transactions during the month of January 2020. A listing of bills processed for payment during January, totaling \$157,916.22,

was provided to the board. Mr. Kellan informed the Board that the total list of bills includes approximately \$57,693.00 for one-time expenses - - including annual insurance premiums and engineering fees in support of implementing capital improvement projects. Therefore, the total for general operating expenses during January was approximately \$67,146.49

**Mr. Munson made a motion to approve the January 2020 financial activities report as presented including payment transactions totaling \$157,916.22. Mr. Beliveau supported the motion. Mr. Dailey, Yes, Mr. Swise, Yes, Mr. Beliveau, Yes, Mr. Munson, Yes, Mr. Huebel, Yes, Mr. Boyat, Yes. Motion carried.**

**B. FY 2020 – 1<sup>st</sup> Quarter Budget Report; and**

**C. FY 2020 – 2<sup>nd</sup> Quarter Budget Amendments - Resolution 2020-01:**

In preparation for this meeting, budget reporting matrices were provided to Board members. The subject reports demonstrate revenue and expenditure activities during the first quarter of FY 2020 (10/1/2019 through 12/31/2019). Staff recommended budget adjustments as follows:

General Operating Budget – Revenue:

1. Bank Interest: Chemical Bank interest rates have increased resulting in the cited line item accumulating more revenue than originally budgeted. Therefore, Staff recommended a \$10,000 increase for this line item.
2. Tenant Water & Sewer Revenue: The Charter Township of Oscoda (CTO) operates the municipal water and sewer service systems that serve Airport Authority tenants. CTO has recently adopted policy whereby billing and collection of fees for said services will now be transacted with property owners.

As a result, the Airport Authority is tasked with paying, collecting and accounting for 41 tenant utility service accounts. New line items were proposed for tracking tenant utility service fee collections (revenue) and bill payments (expenditures). Mr. Kellan reported that tenant utility bills for December totaled \$4,788.31. Based upon that information, staff suggested the annual allocations to be initially established at \$60,000. Future budget adjustments might be proposed as trend information develops.

General Operating Budget – Expenditures:

1. Travel and Transportation: Mr. Kellan recommended \$5,000 to be added to the travel and transportation activities line item. He added that the additional funding is recommended in response to unanticipated travel pursuant to the Michigan Launch Initiative, an additional employee attending the Great Lakes Trade Expo – in preparation

for herbicide licensing and the travel associated with transporting a recently acquired dump truck from Massachusetts.

2. Insurance: A report demonstrating the types of insurance coverage maintained by OWAA and the resulting premium expenses for the year 2020 (totaling \$81,923.00) was provided to the board. The FY 2020 budget currently allocates \$65,000 for insurance coverage. Therefore, Mr. Kellan recommended for the insurance line item to be increased by \$17,000, bringing it to 82,000.00.
3. Tenant Water & Sewer: As described above, new line items were proposed for tracking tenant utility service billing collections (revenue) and payments (expenditures). Therefore, an off-setting expenditure line item was proposed for balancing the revenue line item.
4. Field Maintenance and Equipment: Mr. Kellan reported that drainage from within and around the general aviation fuel storage facilities is captured in catch basins that then direct fluid outflow through an oil water separator system. The oil water separator system is equipped with filters and a waste collection tank. During the June 2019 meeting, the Airport Board provided authorization to hire the lowest bidding contractor - Northern A-1 Services to perform cleaning and maintenance on the oil water separator filtration and collection equipment. That work did not get completed during FY 2019 and was therefore carried over into FY 2020. In response, Staff recommended allocating an additional \$20,000 to the FY 2020 Field Maintenance and Equipment line item.

#### Capital Improvements – Revenue:

Grant – FAA Tech Ops – Reimbursable Agreement: OWAA secured approximately \$63,597.00 in grant funding, via MDOT-Aeronautics, to help pay for FAA technical operations support during the runway resurfacing project. That funding was underutilized therefore a refund is owed to MDOT – Aeronautics. When MDOT-Aeronautics has completed final accounting of all cost sharing for our runway resurfacing project they will issue an invoice for unused portions of the grant. This pending matter is now being carried forward into FY 2020. Therefore, Mr. Kellan recommended that sufficient funds ( \$35,100.96) be allocated within FY 2020 budget for settling the anticipated reimbursement.

Grant – EGLE: OWAA has secured a \$60,000 grant from the Michigan Department of Environment, Great Lakes and Energy (EGLE). The funding is being utilized for performing an environmental site assessment on properties that are envisioned for aircraft maintenance hangar development. Approximately \$8,870 of the grant was expended during FY 2019. Staff anticipates project completion and close out during FY 2020. Therefore, it is recommended that the related FY 2020 revenue and expenditure line items be increased to cover the anticipated

pass through of grant funds. Mr. Kellan recommended that the line items be increased from \$20,000 to \$49,500.

Snow Removal Equipment Purchase: The Assistant Airport Manager and crew have been fabricating mechanical snow melt and pavement drying equipment. The recommended budget amendment seeks to allocate \$5,000 for parts and supplies in support of assembling the mechanical snow removal equipment.

Environmental Site Assessment: As described above for the proposed ‘ Grant – EGLE’ revenue line item, this budget amendment includes expenditure funding associated with completing the ‘EGLE’ funded environmental site assessment during FY 2020.

Grant – FAA Tech Ops – Reimbursable Agreement: As described above, the budget amendment also includes an allocation of \$35,100 for reimbursing MDOT- Aeronautics for underspent grant funding.

**Mr. Munson made a motion to accept the FY 2020 - 1<sup>st</sup> Quarter Budget Report. Mr. Swise supported the motion. Mr. Swise, Yes, Mr. Beliveau, Yes, Mr. Munson, Yes, Mr. Huebel, Yes, Mr. Dailey, Yes, Mr. Boyat, Yes. Motion carried.**

**Mr. Beliveau made a motion to approve the proposed budget adjustments with adoption of Resolution 2020-01. Mr. Huebel supported the motion. Mr. Beliveau, Yes, Mr. Munson, Yes, Mr. Huebel, Yes, Mr. Dailey, Yes, Mr. Swise, Yes, Mr. Boyat, Yes. Motion carried.**

**VI. Current Business**

**A. Buildings 5006 and 5065 Demolition Cost Estimates:** Members of the Airport Board were provided with Spicer Group cost estimates for demolishing Buildings 5006 and 5065. Those cost estimates are summarized below:

Bldg. 5006 Alone	Bldg. 5065 Alone	Demolishing Both Bldgs. As a Combined Contract
287,575.00	304,075.00	581,750.00

Mr. Kellan asked for discussion regarding moving the projects forward with the estimated costs that were provided. He reported that OWAA has approximately 2.3 million dollars in cash reserves. Mr. Kellan also reminded the board that during the previous meeting approval was given to approach the LDFA to discuss the possibility of sharing the subject demolition expenses.

Mr. Huebel asked Mr. Kellan if the estimates that were given seemed to be in line with previous demolitions. Mr. Kellan agreed that he in fact researched previous demolition projects, factored in inflation and came up with an average of \$200,000 to \$250,000 per building.

**Mr. Huebel made a motion to move forward with soliciting combined and individual bids for the demolition of Buildings 5006 and 5065. Mr. Swise supported the motion. Mr. Munson, Yes, Mr. Huebel, Yes, Mr. Dailey, Yes, Mr. Swise, Yes, Mr. Beliveau, Yes, Mr. Boyat, Yes. Motion carried.**

## **VIII Airport Manager Comments**

### **A. Michigan Department of Treasury Letter**

Mr. Kellan informed the Airport Board that Michigan Department of Treasury has again issued a letter citing OWAA for total annual operating expenditures exceeding revenues for three consecutive years. The Treasury letter seeks explanation and a corrective action plan. Mr. Kellan presented copies of a responding letter that had already been sent to Michigan Department of Treasury.

In short, that responding letter informs the Department of Treasury that OWAA has inherited an extensive inventory of former military buildings and equipment. As such, the scheduled annual depreciation expenses for those assets is between \$ 1.2 M and \$ 1.3 M. Therefore, it is asset depreciation expenses that causes total expenditures to continue exceeding total annual revenue.

### **B. Iosco Apron- Phase II Resurfacing Project**

Mr. Kellan reported the bid solicitation is underway for resurfacing approximately 50,450 SYDS of concrete on Iosco Apron. A pre-bid site visit took place earlier in the week. He reported a total of four companies were present for the site visit.

### **C. Taxiway E – Phase I Resurfacing Project**

Mr. Kellan reported the bid solicitation is underway. A pre-bid site visit took place earlier in the week. He reported that only one company was present for the site visit.

### **D. Michigan Launch Initiative**

Mr. Kellan reported having traveled to Kennedy Space Center with Mr. Dailey during early February where they attended meeting about spaceport development and potential customers. They visited a planning and engineering company, called BRPH, that has extensive experience with spaceport development projects. Mr. Kellan also reported having participated in “behind the scenes” tour of Kennedy Space Center operations - - which include launch pads and command and control center facilities.

Mr. Dailey added that he met a lot of interesting people during the visit. He reported on a high point during the trip, a program called Higher Orbit. The program involves high school students competing to have their research projects tested in outer space conditions. He discussed learning of, as well as adding input to, ways of making space projects more efficient while saving time and money.

Mr. Kellan also reported having sent board members a copy of a press release that was sent out by the Michigan Aerospace Manufacturers Association (MAMA). The letter announced that MAMA was now accepting letters of interest associated with competing to establish a site for satellite command and control operations. Mr. Kellan reported that a letter of interest has already been sent to MAMA on behalf of Oscoda Township Board of Trustee. Mr. Kellan sought direction from members of the Airport Board regarding OWAA submitting a companion letter in support of Oscoda Township letter. Members of the Airport Board generally expressed approval for Staff to proceed with sending a Letter of Interest for establishing a satellite command and control center at Oscoda-Wurtsmith Airport.

#### **IX. Board Member Comments**

None

#### **X. Public Comments**

Mr. Miller asked Mr. Kellan, if while attending the events at the Kennedy Space Center, did he see his peers from Marquette and Sault St. Marie? Mr. Kellan reported that the County Administrator for Marquette County and their Economic Development Coordinator attended as well as the Economic Development Coordinator from Chippewa County Airport. He added that Mr. Don McMaster, President of Alpena Community College and Jim Makowski, Retired Colonel of the Readiness Training Center also attended from Alpena.

Mr. Miller also asked who the Airport is competing with across the United States. Mr. Kellan responded that he did not have the information with him at the time.

Mr. Palmer shared his attendance was to gain information from the trip to Cape Canaveral. He felt it was worth the investment in paying for representatives to attend the event. He appreciated the further detail provided by Mr. Dailey regarding the events.

Mr. Palmer shared information from a recent Planning Commission meeting. Preliminary approval for a site plan was given for a 40,000 sq. ft. building for Phoenix Composite. He added that the business seems to be doing well. Mr. Palmer also shared information regarding the three PFAS plants in Oscoda. He reported that two of the plants are utilizing the storm system and Oscoda Township is having difficulty getting the Air Force to pay for the use of the system. The township is currently looking at two proposals from Engineering Companies Rowe and F&V

to perform two different options of studies regarding the future of Oscoda-Wurtsmith storm sewer systems. One option involves removal and the other is for establishing an assessment to pay for continuing operation and maintenance of the Wurtsmith storm sewer system. The Engineering Companies indicated that based upon underlying soil conditions much of the storm sewer system is not really necessary. Mr. Palmer said he thought that if Mr. Weed had attended this meeting he was going to approach the Airport Board on whether or not they would be interested in participating in the cost of said studies. Mr. Palmer reported the Oscoda Township Board is still seeking further clarification on the cost estimates being provided by the Engineering companies.

Mr. Huebel asked Mr. Palmer to clarify what he meant by removal of the storm sewer system. Mr. Palmer responded that portions of the storm sewer where being considered for removal.

Mr. Kellan stated that any shared information from Oscoda Township will be presented to the Airport Board for further consideration.

## **XI. Review of Bills and Payments**

February- Aaron Weed

March- Kevin Beliveau

## **XII. Adjournment**

Mr. Munson made a motion to adjourn. Support was provided by Mr. Huebel . All in favor, the meeting was adjourned at 11:00 a.m.

Prepared by Brenda McNeill, Administrative Assistant

Respectfully submitted by Gary Kellan, OWAA Board Secretary