

SPECIAL AND CONTACT COMMITTEE MEETING MINUTES

May 23th, 2016

The Special and Contact Committee met Monday, May 23th, 2016 at 6:32 PM in the Council Chambers at the Knisely Centre. In attendance were Special and Contact Committee Members, Mrs. Aimee May, Mrs Cheryl Ramos, and Alternate Committee Member Mr. John Zucal. Chair Kelly Ricklic had an excused absence.

Guests were Mayor Joel Day, President of Council Sam Hitchcock, Safety Director Greg Popham, Service Director Ron McAbier, Auditor Beth Gundy, Treasurer Tom Gerber, Council Member Mr. Darrin Lautenschleger, Council Member Mr. Dean Holland, Council Member Mr. Rob Maurer, Council Clerk Julie Courtright, and Mr. Don Kennedy.

In the absence of Special and Contact Committee Chair Mr. Kelly Ricklic, Mr. John Zucal served as acting Chair for this meeting.

The meeting was called to order at 6:32pm with two matters on the agenda.

The first matter of business is entertaining a discussion for a recommendation for additional hangar space at Harry Clever Field, followed by:

Notices to Council from the Ohio Division of Liquor Control, 6606 Tussing Road, P. O. Box 4005, Reynoldsburg, Ohio 43068-9005

A notice to Council from the
Ohio Division of Liquor Control,
Dated May 13, 2016

NEW type

Permit Class D1

and ASKING THAT OBJECTIONS BE MADE

NO LATER THAN June 13, 2016

TO BACKYARD HOSPITALITY GROUP LLC II
DBA SMOKE THE BURGER JOINT
131 Bluebell Dr SW
New Philadelphia, Oh. 44663

Mr. Zucal made the following statement:

I did provide for each of you at your seats a copy of what Mr. Kennedy had prepared in addition to what's already been discussed in the Airport Commission, which Mr. Holland is also a member of, in regard to the proposal for new hangar space. Mr. Zucal then turned the meeting over to Mr. Don Kennedy, secretary of The Airport Commission.

Mr. Kennedy had the following report:

The Airport Commission has been working for the past 18 months or so to try to find a way to provide more hangar space at our airport. We have had a waiting list for years. People that want to come to New Philadelphia bring their airplanes to our airport. The airport is an asset to the City. Back in about 2007 the FAA funded on Delaware Drive the site preparation for a new hangar. I believe the figure was somewhere in the

(cont.) \$130,000 to \$150,000. The site preparation was at the Delaware Drive hangar, which we refer to as the "brown hangar". The site is there, we never acted on it to put a hangar there. The Airport Commission would like to build a hangar. What I propose is that the City go out and borrow the funds from a local bank. Because of a change in the Airport Operator's lease last year we were able to secure 100 percent of the rents to the City for any new hangars that are built. These hangars would rent for \$200 a month. I feel confident that once we build it I can fill that, that by the time it's finished it will be fully rented. In your packet I put a 15 Year Payout Plan to spend the money that I'm estimating that it's going to cost to build a 12 bay hangar. I would like to build a 12 bay hangar rather than a 10 bay hangar. It will pay for itself.

Mr. Zucal had the following response for Mr. Kennedy:

The fact that the Airport Commission did ask Don and some of the other members when they were considering a move towards the hangar addition project that we get some sort of commitment. Not a formal commitment, not a binding contract, but just a "level of interest survey".

Mr. Kennedy had the following response for Mr. Zucal:

I contacted the people that Airport Manager Eric Hubbard gave me on the list. I got 7 responses back immediately, stating that they have an interest of moving their plane in from the big bay hangar. I didn't want to take existing planes that are in the big bay and fill it and take money away from our operator, but I did have a couple people in the big bay hangar say that they'd like to have their own hangar space. That does open up some space in the big bay hangars. This morning I got a commitment from a guy who is out at the Millersburg airport. He says if we build a hangar, he will move his airplane to New Philadelphia. He's a local businessman who would rather be here than where he is. What I proposed to the Airport Commission was the City fund the building of this hangar and 100 percent of the rents go right back into the City coffers to pay off the note. The estimates I gave you are my estimates, not engineer's estimates. Could I be off on these? Yeah, I could. I estimated a 12 bay hangar at \$350,000. Depending on whether this has to be the prevailing wage. When the bids come back they could be for as much as \$375,000, \$390,000, with 100 percent of the rents from the tenants coming back to the City, it will be paid for.

Mr. Zucal had the following response:

Mr. Kennedy's reason for being here tonight is he doesn't want to go to any further work. He's already spent a lot of time saying "is this something we should pursue or does Council and the administration have no interest?" If pursuing it is the case then he's not going to do it out of order. He does have a communication dated April 7th from Mayor Day. He and Mr. Holland have already had conversations with the Mayor about this.

Mayor Day had the following response:

The thing that we asked Don was that you've got to get commitments from people in order to make this work, and you have. The fact is we do need to generate more activity at the airport and this will help us do that. We'll have the means to pay off the note that we would take out in order to build it. To me, I think it's something we should do.

Auditor Beth Gundy had the following question:

If you say you're going to get 100 percent of the rents does that mean that it's all going into the General Fund?

Mr. Kennedy had the following response:

It will pay the note.

Ms. Gundy had the following response:

Right now it's split between General and Airport Capital.

Mr. Zucal had the following response:

I would request a line item of that to a dedicated fund, that whenever that comes in for those rents that it would be utilized directly, that it won't be used for any other purpose.

Service Director McAbier had the following question:

So, if we're getting \$200, 2 are going to go out in large bays, what's the rent for the large bay because then we're kind of breaking even on those.

Mr. Kennedy had the following response:

You're only getting 50 percent of the rent. Right now all you're getting is \$125 a month for large bay rentals so you're getting \$62.50. Those will be filled right back up once the 12 bay hangar is full. It will give us more space and the option for more activities.

Mrs. May had the following question:

Do you have any issues now or does he collect the rent on those hangars?

Mr. Kennedy had the following response:

No, everybody is up to date and their rent is secure.

Mr. Zucal had the following response:

There are some pilots that already said we'll pay cash up front, we'll get this thing taken care of.

Mr. Kennedy had the following response:

A couple guys have said that they would pay 5 years right up front. I didn't ask people to do that. I asked people in my intent letter, and they definitely wanted a hangar.

Mrs. Ramos had the following question:

When I was on the Airport Commission the discussion at that point and time was the pilots were going to raise their money to pay for the hangar, so what happened with that?

Mr. Kennedy had the following response:

Trying to find the private funding for a project like this is difficult. That would be my backup plan. I felt this was a City airport. The Airport Commission has never come to Council and asked them to do anything other than what their 5 or 10 percent match is now. This is something that Council funded back in 2007 to build this site with drainage and prepare this site with the turnarounds. I thought it's just natural.

Mr. Zucal had the following response:

The FAA, when we've had discussions about that, as well as our Michael Baker Firm, we want to be really careful about a public entity reaching out and asking pilots to privately fund what would become public property. That's a little bit of an entanglement I don't feel comfortable with. I would feel much better if we use a public entity funding our own projects than recouping that through what we charge to the pilots for rental space.

Mrs. Ramos had the following question:

So, if they could pay their rent ahead that would mean rent and that would knock down the interest because my figures on this interest were almost half the project cost. It was a lot of interest for the 15 year note. The other thing, you said people are interested in spaces. Are these private pilots or are these businesses?

Mr. Kennedy had the following response:

The size of this hangar would mean that it could be both. You have some businesses that have single engine airplanes. This is not going to be a hangar that you're going to put a King Air in or a Lear Jet. These are mainly small, single engine, some small twins, but they could be a mixture of businesses. To give you an idea it will probably be 80 percent private pilot.

Mr. Zucal had the following response:

I believe the target audience for it is our hobby pilots.

Mr. Kennedy made the following statement:

When you get a pilot that spends the amount of money it costs for an airplane just to maintain it, they don't want their airplane sitting outside just from the standpoint that they don't want hail damage or windstorm damage. They want a hangar. They want some security with an airplane. You can get \$100,000 in avionics in some of these airplanes at the drop of a hat. They don't want it sitting on the tarmac where somebody at night can go in and pull their radios out in a matter of seconds. The avionics are \$100,000. Some of these airplanes cost \$600,000 or \$700,000. I know some pilots that are thinking of buying them but when you don't have a space for them to store their airplane, they're going to go to Canton, Millersburg, they will go where they can have a secure facility, and we are lacking that at Harry Clever Field.

Mrs. May had the following question:

Is the site prep completely done?

Mr. Kennedy had the following response:

We're ready to build on it.

Mrs. May had the following question:

In the event that the hangar is not full, where does that payment money come from?

Mr. Kennedy had the following response:

You have money coming into the airport now from current rents. Even at the 50 percents that could be funneled over there if you had it, but again I think the need is there. I think it will be filled either immediately or in a very short time.

Mr. Zucal had the following response:

If those rents weren't being covered we still have rental income Mr. Kennedy is saying from those hangars that are being used that we typically could use for projects and improvements. They would now have to slip over and be used against what the deficit would be. So there is motivation for all the pilots involved to get those hangars filled.

Mrs. Ramos had the following statement:

I would like to see a very substantial deposit on the rent. I mean like 2 and a half years or even 5 years.

Mr. Kennedy had the following response:

That's going to be hard to do. Pilots are already spending a couple thousand dollars a year for their insurance, a couple thousand a year for an annual, and to ask somebody to prepay their rent. I had one businessman say "hey, I'll step up and do it". Now, can I get you 12 of those? Realistically not.

Mr. Zucal made the following statement:

We're in no way trying to fast track this through. Our purpose tonight was to at least entertain this, to have this discussion, to get administrative support from both the Auditor and the Mayor. As to whether or not to move forward with it, I understand what you're saying and I believe we can utilize some tool. I do believe we can

(cont.) formalize the commitment process.

Mr. Holland made the following statement:

We have a family twin engine that we presently hangar in Canton. We want to move it here and we can't because we don't have a space. We have tried on multiple occasions to relocate here and just have not been able to do that. We also requested that a hangar or two be considered for larger aircraft. That presents different problems because of length of aircraft but their might be an opportunity for someone to move from an existing hangar to the new hangar, we therefore would have the opportunity to relocate our aircraft.

Mr. Zucal made the following statement:

When we downsized too a few years ago with the conditions we had at Harry Clever Field, we do have our physical conditions of being a landlocked facility to a large degree, but exactly what you're saying, Mr Holland, we did make a commitment to the hobby airport and to those pilots like Don, like Dean. I don't own an airplane, I don't have one so I have no vested interest. My concern would be what are we doing to continue to have them see the airport as an attractive place to fly in and out of? They can maintain their planes there. They do fuel there. We get a fuel check each month. Those are the people we want to help, so that would be a step towards doing that.

Mr. McAbier had the following questions:

Over the life of that note what does the occupancy rate have to be to secure that note? Also, what would be for the term of that loan rent versus maintenance cost?

Mr. Kennedy had the following response:

This will be a brand-new steel building, you shouldn't have to do anything to it for 30 years.

Mr. Hitchcock made the following question:

Mr. Kennedy, in your experience do you foresee the possibility of maybe even having a waiting list?

Mr. Kennedy had the following response:

Once we construct this one, I think we can build two and fill it, so, do I see a waiting list? Yes. There are business pilots such as Dennis Snyder that use the airport. We've got some corporate pilots down there now. Back in 2005 I spent 2 and a half years on the Airport Commission trying to get someone to build a condo hangar and Council wouldn't hear it. That's what I want to avoid. I think it would be for the betterment of our community if we took the initiative to do something like this.

Mr. Zucal had the following response:

I would recommend that we go ahead and plan on having another meeting on this. We have another item on the agenda we have to get to tonight. It's a request from the Ohio Division of Liquor Control for the Clerk to respond back. Smoke the Burger Joint, if you're familiar there's one in Canton, they want to build in New Philadelphia on Bluebell Drive. Mr. Ricklic has assured me that there doesn't seem to be any problem with that. I don't believe we would want to impede economic development in that area. It would be business in town, my presumption is a good thing.

Mrs. Ramos had the following question:

What exact type of restaurant is it?

Mr. Zucal had the following response:

All of their burgers are smoked.

Mr. Zucal had the following question:

So, would we entertain that we go ahead and move forward with that in Committee and then have the role call by the Clerk to formalize that for all of City Council?

MRS. MAY MOTIONED FOR THE LIQUOR LICENSE REQUEST TO BE HEARD BY CITY COUNCIL

MRS. RAMOS SECONDED THE MOTION

3 YEAS

CITY COUNCIL WILL VOTE ON THE REQUEST DURING TONIGHT'S REGULAR SESSION

Meeting adjourned at 6:58 PM