

AIRPORT ADVISORY BOARD MEETING

October 17, 2018

5:30 P.M.

SHAWNEE REGIONAL AIRPORT

2202 AIRPORT DR.

SHAWNEE, OK

AGENDA
AIRPORT ADVISORY BOARD
OCTOBER 17, 2018 5:30 PM
SHAWNEE REGIONAL AIRPORT TERMINAL
2202 AIRPORT DR.
SHAWNEE, OK

CALL TO ORDER

DECLARATION OF A QUORUM

- ITEM ONE:** Consideration and Approval of Minutes from the September 19, 2018 Meeting
- ITEM TWO:** Discussion and Consideration of Amendment to Current Land Lease - Delta Wing Equipment, LLC a Subsidiary of Pacific Air Holdings, LLC
- ITEM THREE:** Discussion and Consideration of Amendment to Current FBO Lease – Red Cloud Aviation
- ITEM FOUR:** Discussion and Consideration of Amendment to Current Commercial Non-Aeronautical Lease – Enterprise Holdings, Inc.
- ITEM FIVE:** Discussion and Consideration of Publication and Establishment of a Public Comment Period Regarding Proposed Amendments to Minimum Standards and Requirements for Commercial Aeronautical Services and Non-Commercial Aeronautical Tenant Activities and Rules and Regulations for the Operation of Shawnee Regional Airport
- ITEM SIX:** Citizen Comments
(A three-minute limit per person)
(A twelve-minute limit per topic)
- ITEM SEVEN:** Staff Report
1. Current Fuel Price Comparisons
 2. Shawnee Regional Airport Fuel Sales
 3. Sales Trends
 4. Other Matters
- ITEM EIGHT:** New Business
- ITEM NINE:** Board Comments
- ITEM TEN:** Adjournment



To: Shawnee Regional Airport Advisory Board
Kevin Huddleston, Chairman
Will Smallwood, Vice Chairman
Barry Fogerty
Donald "Andy" Freeman
Bert Humphreys
John Klaser
James Smith

From: Bonnie A. Wilson, CM
Airport Manager

Date: September 28, 2018

Subject: Delta Wing Equipment, LLC a Subsidiary of Pacific Air Holdings, LLC
Land Lease Amendment

Summary

Delta Wing Equipment, LLC (Delta Wing) a subsidiary of Pacific Air Holdings, LLC, currently leases twenty-thousand (20,000) square feet of land from the Shawnee Regional Airport. Delta Wing has requested an Amendment to the current lease increasing the total square footage to a new total of 57,006 square feet, to allow for the construction of a public parking facility adjacent to the East side of the hangar; two sloped ramps adjacent to the North and South hangar entrances respectively; and relocation of an existing manual vehicle gate and associated fence materials generally along the North West corner and West perimeter of the hangar. An amended Exhibit A depicting the proposed expanded lease line is attached to this memorandum for reference.

The proposed rental rate for the additional square footage of \$0.15 per square foot per year will be commensurate with the rate per square foot for aeronautical use land leases at Shawnee Regional Airport.

Recommendation

The additional land is required to provide both aircraft and ground vehicle access to and from the hangar constructed under the terms and conditions of the current lease agreement. The additional rental income associated with the expanded lease hold equates to \$5,550.00 per year for a new total of \$8,550.90, through September 30, 2019, at which point the rental rate is subject to increase based on the inflation rate established by consumer housing price index and/or any appraisals done on the Airport's behalf.

Action Requested

Authorize staff to present a recommendation to the Shawnee Airport Authority to amend the Lease Agreement between the City of Shawnee and Pacific Air Holdings, LLC, d.b.a. Delta Wing Equipment, LLC.



To: Shawnee Regional Airport Advisory Board
Kevin Huddleston, Chairman
Will Smallwood, Vice Chairman
Barry Fogerty
Donald "Andy" Freeman
Bert Humphreys
John Klaser
James Smith

From: Bonnie A. Wilson, CM
Airport Manager

A handwritten signature in blue ink, appearing to read "Bonnie A. Wilson", is placed over the printed name of the Airport Manager.

Date: October 4, 2018

Subject: Red Cloud Aviation Lease Expansion

Summary

Red Cloud Aviation (RCA) currently leases: a bulk hangar, a T-Hangar, office space and space within the airport terminal for a flight simulator. RCA has requested an opportunity to lease an additional 1,740 square feet of recently vacated space Hangar # 13 to allow for repair of aircraft components and associated parts and equipment.

RCA proposes to invest up to \$57,000.00 in capital improvements to the leased area to include: structural repairs, insulation, HVAC, and plumbing. RCA is willing to complete the renovations within one-hundred eighty (180) business days of receiving approval for plans and specifications from the City of Shawnee and authorization to commence construction.

RCA is seeking to apply the costs of the repairs and renovations against a twenty cent per square foot (\$0.20/sq. ft.), per month rental rate over a lease term of no less than ten (10) calendar years commencing on the date of beneficial occupancy of the space.

At the end of the initial term the rate per square foot for any renewal terms will be adjusted to the then current rental rate for conditioned space offered for commercial aeronautical use and the improvements will revert to the Shawnee Regional Airport. RCA is also requesting the opportunity to renew the lease for two five-year extensions, contingent on both parties agreeing to any rate adjustments.

RCA is also requesting the right of first refusal to lease any additional space within Hangar #13 that may become available during the course of the lease term, on the condition that RCA will surrender commensurate aircraft storage space at the Shawnee Regional Airport on the date of beneficial occupancy of Hangar #13 and the associated office space in its entirety.

For the purposes of comparison, a list of current rates for various commercial and non-commercial storage, hangar, and office leases is provided as an attachment to this memorandum.

Recommendation

The vacant storage space in Hangar # 13 has been subject to routine flooding due to the damaged hangar floor drain system as a result the structural steel and siding is rusted through in many locations. Without significant capital investment in repairs, the integrity of the building will continue to deteriorate putting the main hangar and conditioned office space at risk.

The prior tenant leasing the storage area, Delta Wing (a subsidiary of Pacific Air Holdings), paid \$70.00 per month / 840.00 per year for the unimproved space. The current annual rental revenue from all tenants leasing space within Hangar # 13 is \$19,330. This amount is insufficient to support capital repairs, or improvements by the Shawnee Regional Airport.

The potential rental revenue of \$4,176.00 per year is significantly offset by the value of improvements proposed, all of which will revert to the Shawnee Regional Airport at the end of the initial ten (10) calendar year lease term.

Action Requested

Authorize staff to present a recommendation to the Shawnee Airport Authority to enter into a Lease Agreement between the City of Shawnee and Red Cloud Aviation.

Lease Comparison Data								
Location	Type	Date of Rate	Monthly Rate	Square Feet	Rate/Sq Foot /Month	Lease Holder	Expiry	
Hangar # 13 Storage Space	Commercial Aeronautical Use	November 2015	70.00	2,765	\$0.03	Pacific Air Holdings / Delta Wing	September 2018	Per Lease 2,765 Square Feet @ \$70/month; usable space is actually
Hangar # 13 Storage Space w/in Hangar Proper	Commercial Aeronautical Use	June 2014	\$53.33	768	\$0.07	Scissortail Skydiving	May 2019	
T-Hangar Storage Room	Non-Commercial Aeronautical	June 2018	\$61.92	400	\$0.15	Larry Heath	May 2019	
Air Flite (Bulk Hangar)	Commercial Aeronautical Use	March 2010	\$208.00	2,080	\$0.01	Air Flite	February 2050	Former OK Jet Works building. A \$50k contribution was received from SEDF for Assumed from Shawnee AirCo Inc. - Lease Terms: \$0.12 / square foot per year for 20 years, total sum of \$32,640
Air Flite (Maintenance Facility and Office) 2320 Airport Drive	Commercial Aeronautical Use	June 1989	\$136.00	13,600	\$0.01	Air Flite	January 2050	
Hangar # 14	Commercial Aeronautical Use	June 2018	\$198.50	1,650	\$0.12	Martin Aircraft, LLC	May 2019	Natural gas prorated based on number
Hangar # 15	Commercial Aeronautical Use	July 2018	\$335.00	3,600	\$0.09	FlyOkAir	January 2020	Tenant Pays Utilities
Hangar # 16	Commercial Aeronautical Use	July 2018	\$644.42	5,320	\$0.12	Red Cloud	December 2020	Tenant Pays Utilities
Hangar # 13 Office Space	Commercial Aeronautical Use	March 2014	\$960.00	960	\$1.00	Scissortail Skydiving	March 2024	Recorded as a Reduced Rental Fee (\$5,760 per year for five years) in light of agreed upon improvements. No specific
Mezzanine Office Space	Commercial Aeronautical Use	August 2018	\$62.50	247	\$0.25	Red Cloud	July 2019	
Simulator Room Terminal	Commercial Aeronautical Use	August 2018	\$29.00	116	\$0.25	Red Cloud	July 2019	



To: **Shawnee Regional Airport Advisory Board**
 Kevin Huddleston, Chairman
 Will Smallwood, Vice Chairman
 Barry Fogerty
 Donald "Andy" Freeman
 Bert Humphreys
 John Klaser
 James Smith

From: **Bonnie A. Wilson, CM**
 Airport Manager

Date: **October 15, 2018**

Subject: **Enterprise Holdings, Inc. Capital Improvement and Lease Amendment**

Summary

Enterprise Holdings, Inc., (EHI) is requesting the opportunity to expand and improve the current leasehold at the Shawnee Regional Airport (SNL) to accommodate EHI customer parking and improve their service facility and equipment.

Specifically, EHI is seeking to include four (4) current parking stalls in their current lease, and construct an additional eight (8) patron parking stalls to the East of the existing leased area. If the project is approved, EHI will mark these seventeen (17) parking stalls as rental car customer parking. The cost of the improvements is estimated at \$20,000.00. A depiction of the proposed expansion is included as Attachment 1 to this memorandum.

EHI is also seeking the opportunity to reconstruct and enhance the current vehicle washing and service bay facility on the North Ramp of SNL. This plan includes construction of fixed facility, catchment basin, a plumbed connection to the City of Shawnee waste water system, including the installation of an approved oil water separator, and improvements to the base and surrounding ramp area. EHI will utilize Airport Drive to access this location ceasing their current practice of transiting the aircraft parking ramp. The estimated cost of the proposed construction is \$30,000.00.

EHI is willing to make the investment and undertake the construction described in return for (i) a ten (10) year extension of their current lease; (ii) an amendment to the leased area to include the four (4) stalls currently adjacent to the leasehold, west of the proposed new construction; and (iii) a one-time increase in the rental rate of 10% (\$76.50/month) at the commencement of the sixth (6th) year of the extended term.

There is no rate escalation or recalculation element in the current lease. The current lease agreement is set to expire May 31, 2023. If approved the ten-year extended term will expire May 31, 2033.

Recommendation

EHI provides the majority of their services to non-airport users, though rental car services are a standard amenity sought by the business aviation community. The current public parking facility at SNL is inadequate to meet the needs of both airport and rental car customers. SNL and the City of Shawnee do not have the financial resources to expand the existing parking facility to meet the current demand. Construction of certain public parking facilities may be supported by federal grants in aid, but would only qualify for assistance after all aviation/airfield needs have been met. As the only rental car service in the City of Shawnee, EHI provides an essential service to the business community and the local citizens.

Staff is recommending EHI be offered a ten-year lease term extension with no increase in the rental rate during the first five (5) years/sixty (60) months of the extended term; and an increase of 10% to the rental rate at the commencement of the second five (5) year period (month 61 of the extended term).

Staff is also recommending the requested expansion of the current leasehold to include four (4) exiting parking stalls adjacent to the current leasehold.

The proposed offer will be contingent on: (i) completion of construction per requirements and standards as established and approved by the City of Shawnee, Oklahoma; and (ii) the expenditure of no less than the estimated \$50,000.00 in capital improvements as described above.

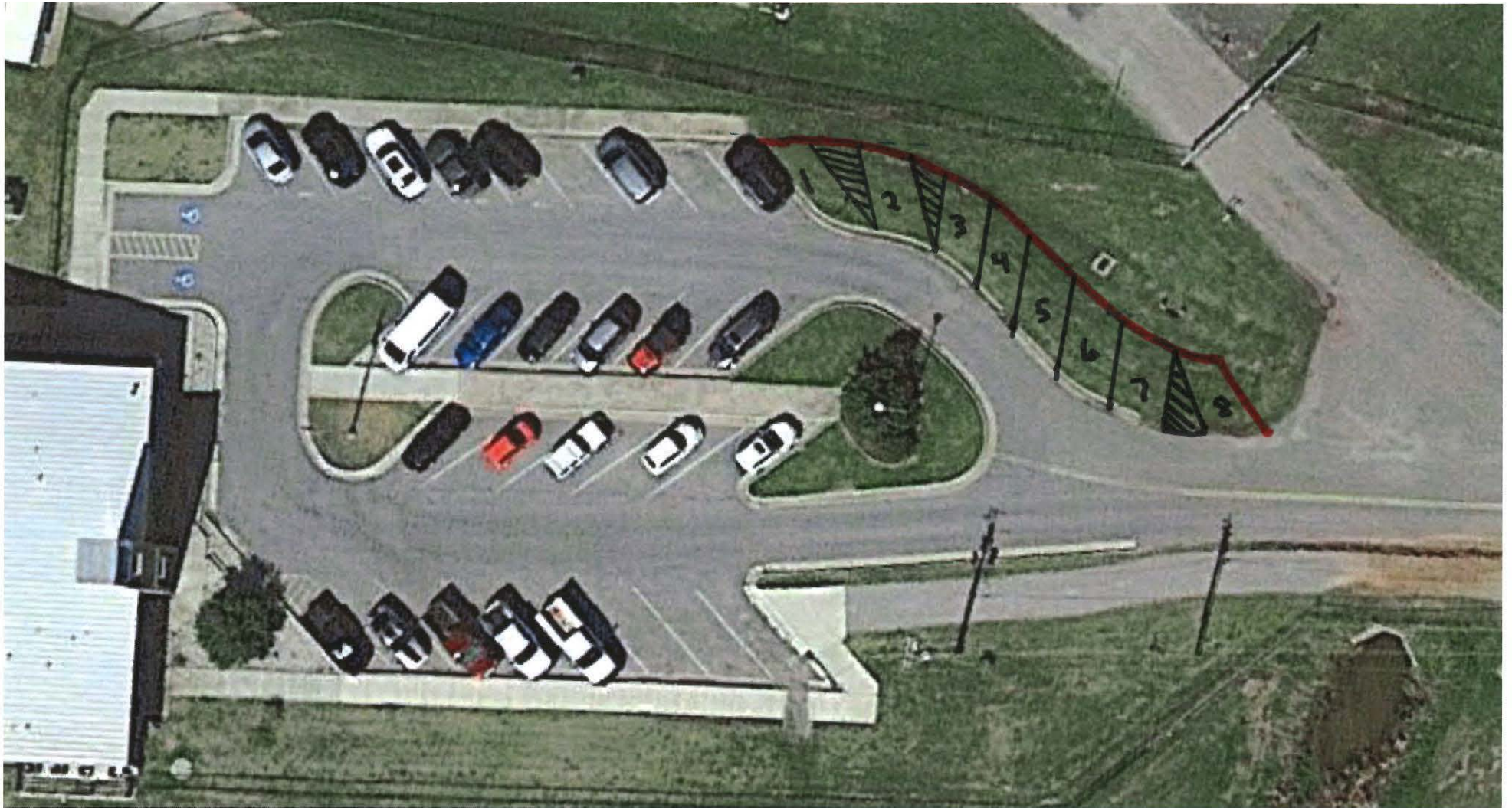
Action Requested

Authorize staff to present a recommendation to the Shawnee Airport Authority to amend the Lease Agreement between the City of Shawnee and Enterprise Holdings, Inc., as described.

Enterprise

Shawnee Airport

≈ 8 new spots





To: **Shawnee Regional Airport Advisory Board**
Kevin Huddleston, Chairman
Will Smallwood, Vice Chairman
Barry Fogerty
Donald "Andy" Freeman
Bert Humphreys
John Klaser
James Smith

From: **Bonnie A. Wilson, CM**
Airport Manager

Date: **October 8, 2018**

Subject: **Establishment of a Public Comment Period Regarding Proposed Amendments to Minimum Standards and Requirements for Commercial Aeronautical Services and Non-Commercial Aeronautical Tenant Activities and Rules and Regulations for the Operation of Shawnee Regional Airport**

Summary

The most recent edition Minimum Standards and Requirements for Commercial Aeronautical Services and Activities Shawnee Oklahoma were issued December 18, 2000. The most recent edition of the companion Rules and Regulations for the Operation of Shawnee Regional Airport was amended via Resolution by the Shawnee Airport Authority December 5, 2016. These two documents address similar development parameters and operational requirements, though they have not been written or updated in a coordinated manner.

Staff has prepared a new draft document that combines the major elements of the two base documents into one, includes updated information related to Shawnee Airport Authority policies, State of Oklahoma statutes, and Federal Aviation Administration regulations. The draft document is entitled Minimum Standards and Requirements for Capital Development on Shawnee Regional Airport Property, Commercial Aeronautical Services Commercial Non-Aeronautical Services and Non-Commercial Aeronautical Activities at the Shawnee Regional Airport or "Minimum Standards and Rules".

Recommendation

If adopted the proposed draft Minimum Standards will impact existing as well as future Shawnee Regional Airport business partners. Therefore, staff is recommending that the draft document be provided to the public for consideration and comment for a thirty day period, and that a public meeting, hosted by the Airport Advisory Board be held at the midpoint of the comment period to receive comments and provide additional information that may be requested by the public.

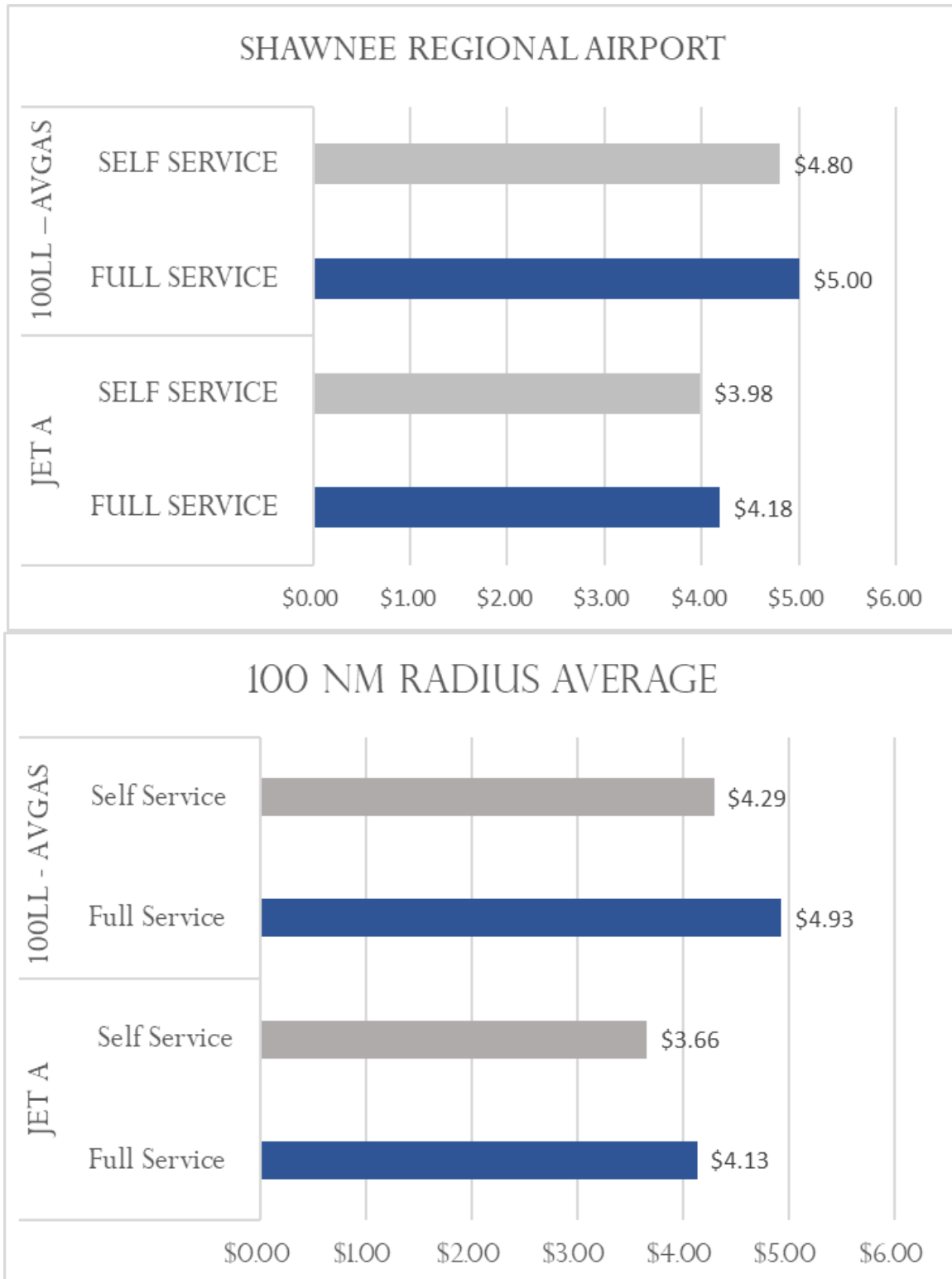
Following publication and the public forum, a revised draft document may then be presented to the Airport Advisory Board for consideration and recommendation for adoption by the Shawnee Airport Authority as a revised City of Shawnee Ordinance.

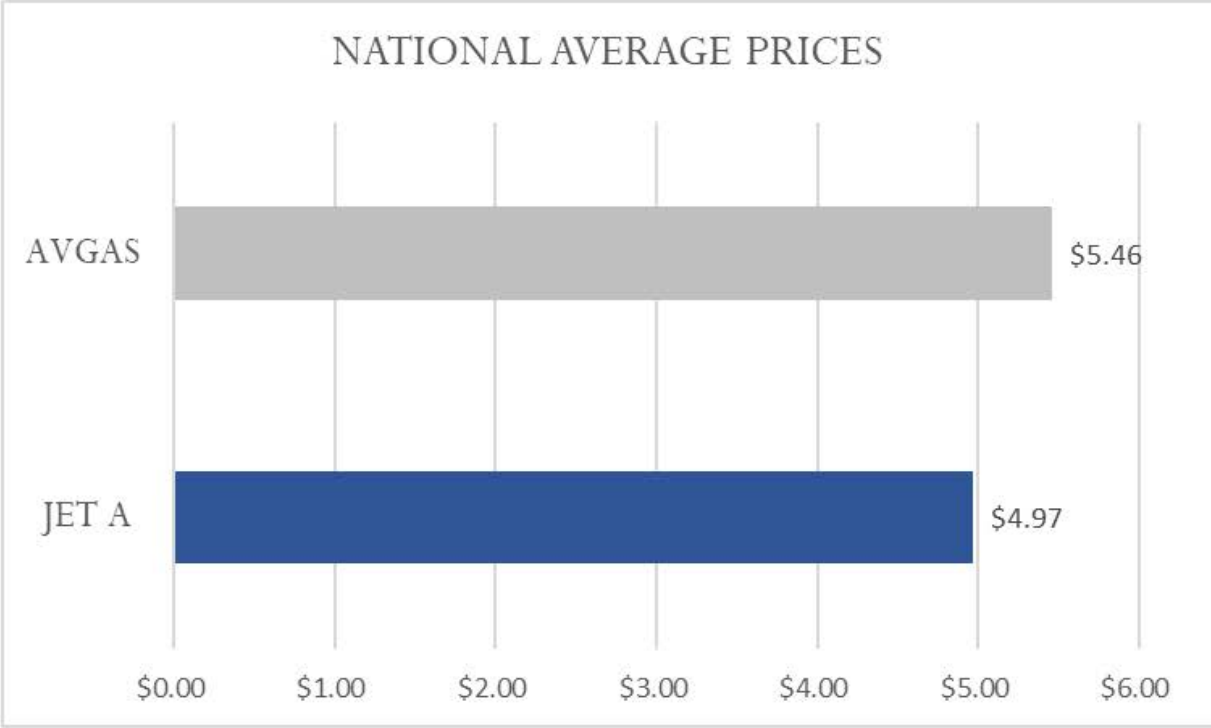
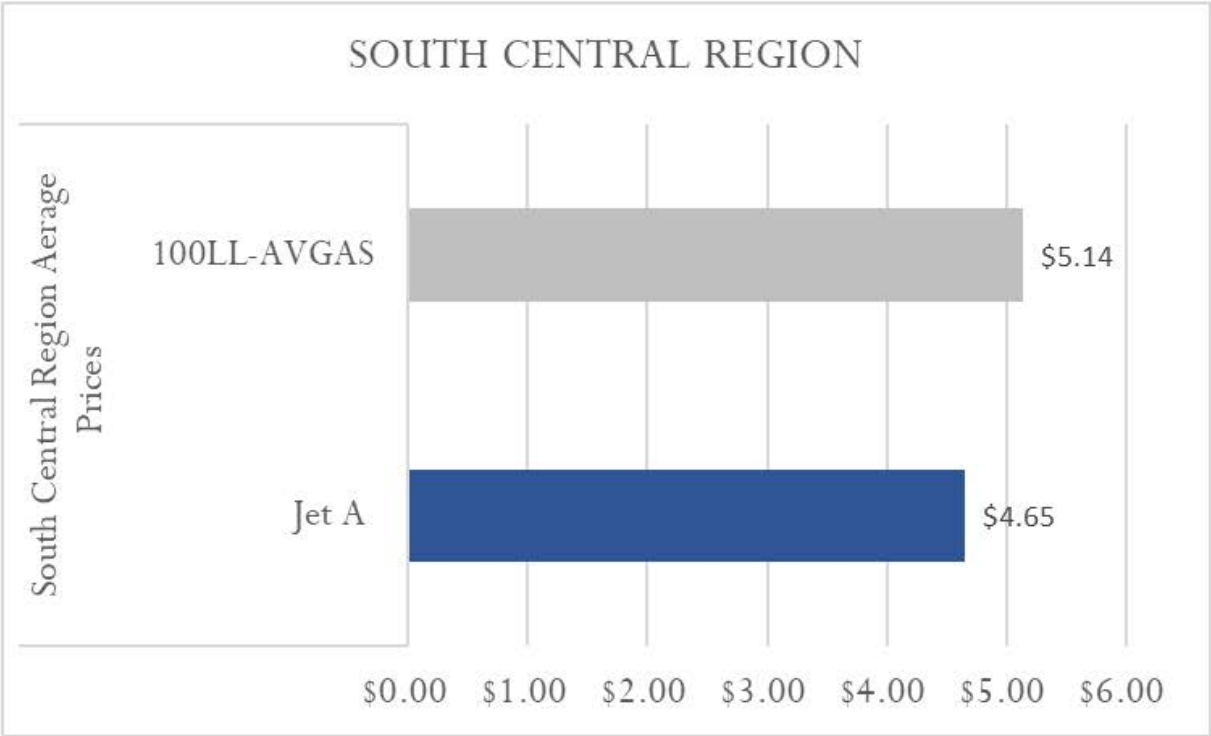
Action Requested

Authorize staff to publish the revised Minimum Standards, schedule a public meeting, and prepare a final document.

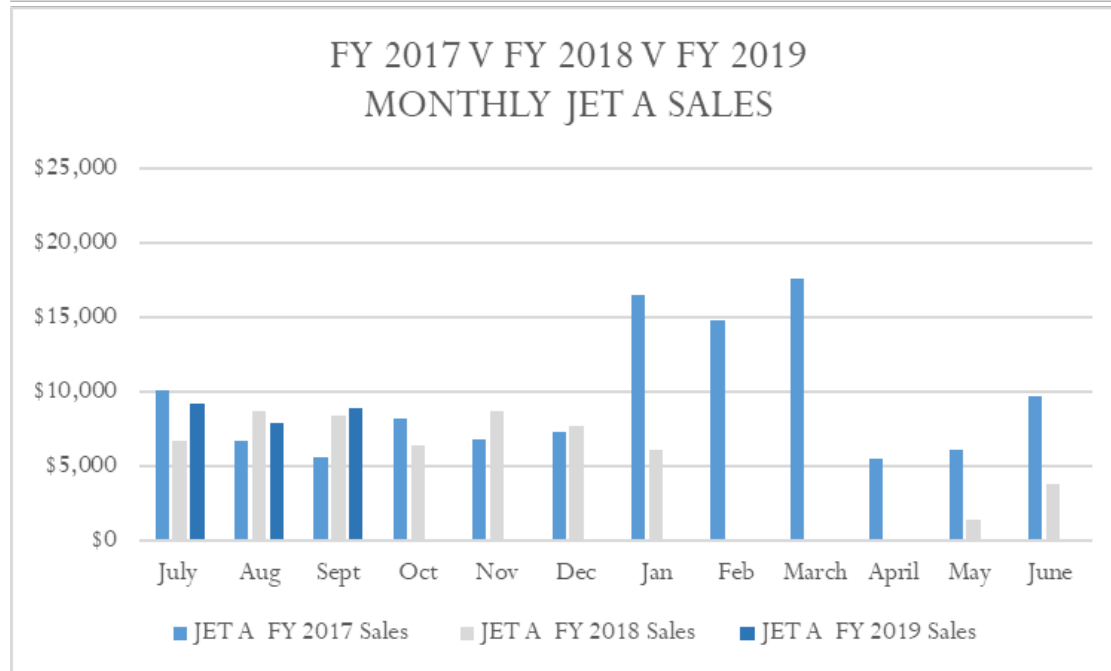
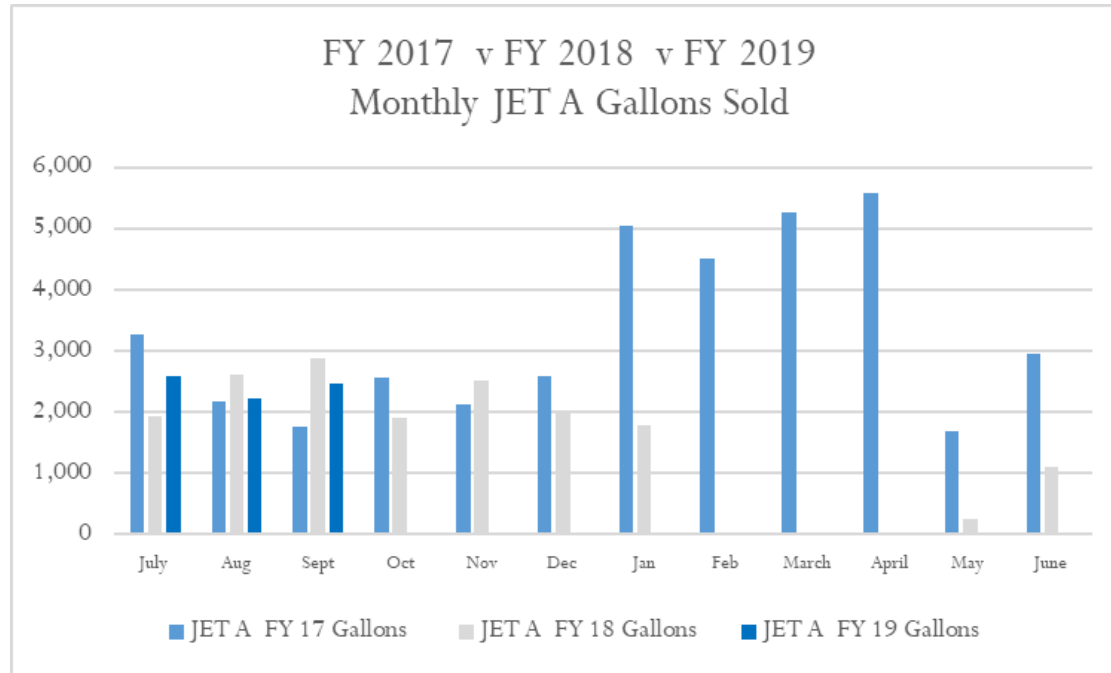
Staff Report
October 17, 2018

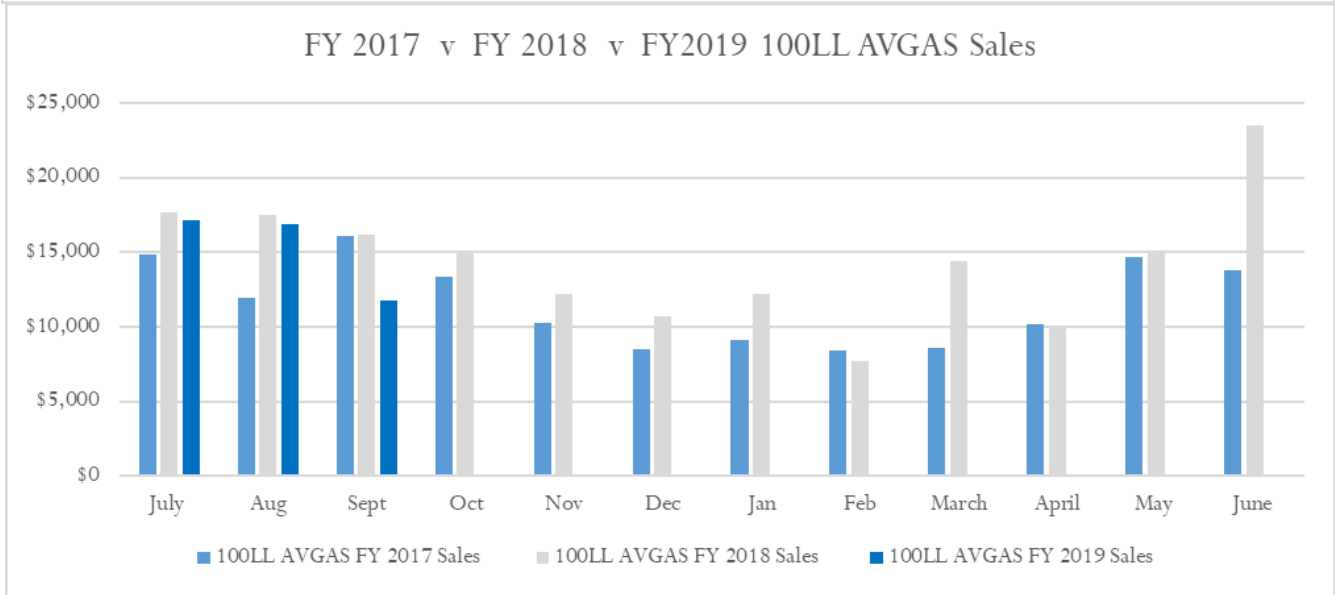
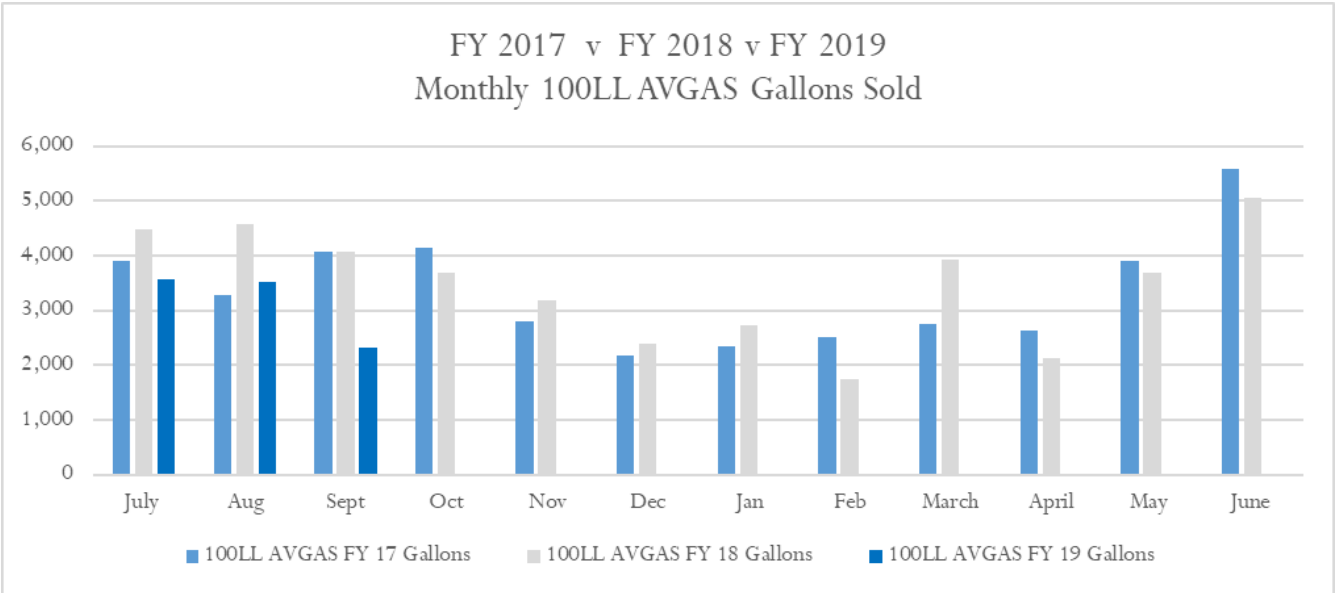
1. Current Fuel Price Comparisons ([Data Reported on 100LL.COM](http://100LL.COM))





2. Shawnee Regional Airport Fuel Sales





3. Sales Trends June 2018 – September 2018

JET A Per Month Averages		100LL Per Month Averages	
Monthly Transactions	13	Monthly Transactions	106
Self Service	8.81%	Self Service	86.62%
Full Service	89.11%	Full Service	13.38%
Destination Shawnee	46.37%	Destination Shawnee	16.94%
Tenants	17.44%	Tenants	64.14%
Thru Traffic	32.02%	Thru Traffic	16.04%
Average Net	\$2,319.15	Average Net	\$2,953.89
Destination Net	46.69%	Destination Net	12.08%
Tenant Net	24.31%	Tenant Net	47.12%
Thru Net	20.27%	Thru Net	15.82%
Average Gallons	2,341.14	Average Gallons	3,134.08
Destination Shawnee	47.85%	Destination Shawnee	17.76%
Tenants	26.70%	Tenants	61.44%
Thru Traffic	22.28%	Thru Traffic	19.48%

JET A Transactions											
June 2018		9	July 2018		14	August 2018		15	September 2018		12
Self Service	0	0.00%	Self Service	4	28.57%	Self Service	1	6.67%	Self Service	0	0.00%
Full Service	9	100.00%	Full Service	10	71.43%	Full Service	14	93.33%	Full Service	11	91.67%
Destination Shawnee	3	33.33%	Destination Shawnee	8	57.14%	Destination Shawnee	8	53.33%	Destination Shawnee	5	41.67%
Tenants	3	33.33%	Tenants	3	21.43%	Tenants	1	6.67%	Tenants	1	8.33%
Thru Traffic	3	33.33%	Thru Traffic	3	21.43%	Thru Traffic	6	40.00%	Thru Traffic	4	33.33%
Total Net		\$964.42	Total Net		\$2,297.61	Total Net		\$3,007.28	Total Net		\$3,007.28
Destination Net	\$236.50	24.52%	Destination Net	\$1,532.23	66.69%	Destination Net	\$1,931.00	64.21%	Destination Net	\$943.02	31.36%
Tenant Net	\$463.54	48.06%	Tenant Net	\$608.91	26.50%	Tenant Net	\$208.98	6.95%	Tenant Net	\$473.00	15.73%
Thru Net	\$264.38	27.41%	Thru Net	\$156.46	6.81%	Thru Net	\$867.30	28.84%	Thru Net	\$541.62	18.01%
Total Gallons		1,107.00	Total Gallons		2,482.57	Total Gallons		3,303.00	Total Gallons		2,472.00
Destination Shawnee	275.00	24.84%	Destination Shawnee	1,602.13	64.54%	Destination Shawnee	2,062.00	62.43%	Destination Shawnee	979	39.60%
Tenants	539.00	48.69%	Tenants	708.04	28.52%	Tenants	243.00	7.36%	Tenants	550	22.25%
Thru Traffic	293.00	26.47%	Thru Traffic	172.40	6.94%	Thru Traffic	998.00	30.21%	Thru Traffic	630	25.49%
100LL AVGAS Transactions											
June 2018		111	July 2018		117	August 2018		103	September 2018		91
Self Service	103	92.79%	Self Service	99	84.62%	Self Service	87	84.47%	Self Service	77	84.62%
Full Service	8	7.21%	Full Service	18	15.38%	Full Service	16	15.53%	Full Service	14	15.38%
Destination Shawnee	18	16.22%	Destination Shawnee	19	16.24%	Destination Shawnee	16	15.53%	Destination Shawnee	18	19.78%
Tenants	65	58.56%	Tenants	80	68.38%	Tenants	69	66.99%	Tenants	57	62.64%
Thru Traffic	19	17.12%	Thru Traffic	14	11.97%	Thru Traffic	18	17.48%	Thru Traffic	16	17.58%
Total Net		\$2,962.17	Total Net		\$3,480.82	Total Net		\$3,226.49	Total Net		\$2,146.06
Destination Net	\$374.52	12.64%	Destination Net	\$733.46	21.07%	Destination Net	\$471.58	14.62%	Destination Net	\$523.51	24.39%
Tenant Net	\$1,805.76	60.96%	Tenant Net	\$2,293.07	65.88%	Tenant Net	\$1,988.27	61.62%	Tenant Net	\$1,264.40	58.92%
Thru Net	\$781.89	26.40%	Thru Net	\$456.98	13.13%	Thru Net	\$766.64	23.76%	Thru Net	\$358.15	16.69%
Total Gallons		3,185.13	Total Gallons		3,574.38	Total Gallons		3,445.79	Total Gallons		2,331.00
Destination Shawnee	402.71	12.64%	Destination Shawnee	733.46	20.52%	Destination Shawnee	508.85	14.77%	Destination Shawnee	538.55	23.10%
Tenants	1,941.68	60.96%	Tenants	2,293.07	64.15%	Tenants	2,161.16	62.72%	Tenants	1,350.35	57.93%
Thru Traffic	840.74	26.40%	Thru Traffic	456.98	12.78%	Thru Traffic	775.78	22.51%	Thru Traffic	378.60	16.24%

4. Other Matters

Construction Progress Report

Weekly Outlook – Shawnee Regional Airport

As of Wednesday, October 3, 2018, the necessary preliminary project requirements have been installed and are in place. With the pending weather at that time, the decision was made to temporarily postpone all excavation activities until the weather pattern moved through. Between October 4, and October 12, Shawnee has received 1.5” of accumulated rainfall with rain expected to continue through October 14, 2018.

The decision postponing the excavation was primarily to minimize the significant mess potential it would have created had the excavation started.

That being said, the intent is to begin the excavation portions of the work beginning October 16, 2018 and continue through completion including the installation of the FAA Aggregate base course. We have full intention at this point to take advantage of all applicable good weather days to try to get back to the original schedule completion time.

Planned Grand Opening and Ribbon Cutting

Heartland Aeronautical Experience is seeking a date for a Grand Opening event in support of the Aerospace Career Museum at KSNL. Scheduling will be dependent on the availability of dignitaries.