

**COUNTY OF MARQUETTE, MICHIGAN  
Sawyer International Airport**

**Airport Advisory Committee Meeting  
Thursday, July 1, 2010, 4:00 P.M.**

**Airport Services Center,  
Second Floor Conference Room  
Gwinn, MI 49841**

**1. Call to Order**

**2. Public Comment**

**3. Approval of the Agenda**

**4. Approval of Minutes (June Regular Meeting)**

**5. Items for Discussion**

- A. 10 Year ACIP
- B. Acrobatic Box Update
- C. WAAS Update
- D. Runway Broom
- E. Long Range Planning

**6. Informational Items / Project Updates**

- A. Terminal Bathroom
- B. FAA Runway Reduction
- C. Memo Regarding Telkite Land Purchase and Marketing Agreement
- D. Airport Runway Lighting Project Update

**7. Public Comment**

**8. Staff and Committee Member Comment**

**9. Adjournment**

**COUNTY OF MARQUETTE, MICHIGAN**  
**Sawyer International Airport**  
**Airport Advisory Committee Meeting**

**Thursday, June 3, 2010, 4:30 P.M.**  
**Meeting Minutes**

**Members Present:** Committee Chairman Bob Struck, and Committee Members Jim Cihak, Scott Schulz, Fred Benzie, And Sikkema, Frank Rosado

**Members Absent:** John LaCourt, Steve Rodgers

**Staff Present:** Keith Kaspari and Scott Erbisch

**Call to Order:** The meeting was called to order at 4:35 p.m.

**Public Comment:** None

**Approval of the Agenda:** Fred Benzie suggested adding FBO Lease as item 5D. A motion was offered by Jim Cihak and seconded by Frank Rosado to approve the modified agenda. The motion passed.

**Approval of Minutes (May Regular and Special Meeting):** A motion was made to approved the May Regular meeting minutes by Jim Cihak and seconded by Scott Schulz. The motion passed. A motion was made by Scott Schulz and seconded by Fred Benzie to approve the May Special Meeting minutes. The motion passed.

**Items for Discussion**

- A. WAAS Update: Keith Kaspari advised that Runway 19 is now published (handout provided) and that Runway 1 is set to be operational May 5<sup>th</sup>, 2011.
- B. Runway Broom: Scott Erbisch discussed the memo provided to the Committee regarding a request to assist in paying to have the broom brought to Sawyer. C  
  
Committee members provided the following thoughts and suggestions:
  - Fred Benzie suggested that the County offer to pay (\$1,000) if after five (5) years the County did not purchase a blower.
  - Jim Cihak suggested that staff offer to contact all other U.P. airports so that the company could showcase the equipment to a broader range of potential clients.
  - Frank Rosado suggested to keep trying without paying to see if they will come. The company does want to sell equipment.
- C. Long Range Planning: Discussions began regarding long range planning for the airport. Staff discussed the various handouts that provided survey and budget information for other similar sized airports.
  - Jim Cihak asked if staff new of other airports that captured a millage? He further suggested, and it was agreed by other committee members, to find out the process for seeking a millage and to place on an upcoming agenda.

- Fred Benzie asked for additional budget information which staff advised would be forwarded to the committee. It is difficult to make some budget suggestions without knowing as much about the budget as possible.
  - Fred Benzie suggested that consideration be made to utilize NMU to assist in surveying the community to get feedback on just how a millage may or may not be received. It would give a good perspective of what/where the challenges may be.
  - Frank Rosado commented that since utilities are a large expense for the airport, could they look at modifying when air handlers and air conditioning operates in the Control Tower, ASC, and Passenger Terminal.
  - Andy Sikkema stated that the Committee should identify the core functions of the airport and what would be impacted should the budget be reduced.
  - Staff advised that they would seek the information on the millage process.
  - The Committee also agreed to start the Airport Advisory meeting at 4:00 p.m. and designate the first hour to regular business and the last hour to long range planning discussions.
  - A suggestion was also made to look into having a flyer made that seeks feedback on what the airport means to them.
- D. FBO Lease: Fred Benzie advised that he understood that the FBO lease discussion began in December and that there does not appear to be an end date to these discussions. He does not want to get into the discussions of the negotiation, but feels that if no action is made soon, that the Committee should recommend that the County Board be updated on the process.

Scott Erbisch advised that FBO discussions were still ongoing, but that he anticipated it going to the County Board within a few weeks, but at the latest at a July 2010 meeting.

## **6. Informational Items / Project Updates**

- A. Terminal Bathroom: Scott Erbisch advised that the engineering contracts have been signed and the design work has started. He further advised that staff would have an opportunity to review the plans prior to being put out for bids.
- B. FAA Runway Reduction: Keith Kaspari advised that we have still not heard from the FAA on our request to, at a minimum, allow for general maintenance of the 3,300 lf of runway that they have removed from eligibility for grant dollars. Staff would be meeting with FAA officials at Sawyer in the upcoming weeks and felt that we may get their decision at that time.
- C. Lease/prospects Updates: Scott Erbisch provided an update on the Frontier Medical Devices project and the Aircraft deconstruction project.
- D. Response to County from the FAA: None discussion on this item. Handout provided.
- E. Commercial Flight Schedules: Keith provided additional comment on the handouts of the upcoming flight schedules.

## **7. Public Comment: None**

## **8. Staff and Committee Member Comment:**

Keith Kaspari provided updates on the following:

- Annual live burn training in Escanaba in May.
- Based aircraft information.
- Status of the phase II lighting project.
- Status of Phase IV runway slab work.
- Military Airport Program (MAP) project update. No funding decisions have been made on our most recent application.

**9. Adjournment:** At 6:07 p.m. a motion was made by Jim Cihak and supported by Scott Schulz to end the meeting. Motion passed.

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**10 YEAR CAPITAL IMPROVEMENT PROGRAM (CIP) FY-2011 to FY-2015**

Airport Name: Sawyer International Airport		Data Prepared:	
Associated City: Marquette (Genm) Michigan		Prepared By: Keith Kaspari, Airport Manager and Ron Engel, Senior Transportation Engineer, Mead & Hunt, Inc.	
Sponsor: The County of Marquette, Michigan		Contact Information:	
Airport Three Letter ID: SAW / MGT		Congressional District: 1	Due Date: TBD

Item #	Description	Fiscal Year	Total Cost	Entitlement	Apportionment	Discretionary	State Non-FAA	Local	Other	PFC	Remarks/Item Justification
	SRE: Purchase Large Snowblower	2011	\$750,000	\$712,500			\$18,750	\$18,750		\$18,750	
	Airfield Pavement Marking	2011	\$75,000	\$71,250			\$1,875	\$1,875		\$1,875	Included in previous CY-2008 PFC Application
	Pavement Joint Sealant Replacement Phase I (Construction)	2011	\$250,000	\$237,500			\$6,250	\$6,250		\$6,250	
	RWY 1 Approach Pymnt Rehab VOR/GS Access Rd.	2011	\$365,000							\$365,000	Included in previous CY-2008 PFC Application
	<b>TOTALS</b>	<b>2011</b>	<b>\$1,440,000</b>	<b>\$1,021,250</b>			<b>\$26,875</b>	<b>\$26,875</b>		<b>\$26,875</b>	
	RWY Shoulders and RWY Edge Lighting Rehab:	2012	\$2,500,000	\$1,000,000		\$1,375,000	\$62,500	\$62,500		\$62,500	
	<b>TOTALS</b>	<b>2012</b>	<b>\$2,500,000</b>	<b>\$1,000,000</b>		<b>\$1,375,000</b>	<b>\$62,500</b>	<b>\$62,500</b>		<b>\$62,500</b>	
	Pavement Joint Sealant Replacement Phase II (Construction)	2013	\$800,000	\$760,000			\$20,000	\$20,000		\$20,000	
	RWY Pymnt (Asphalt) Rehab Phase I (Design Only)	2013	\$225,000	\$213,750			\$5,625	\$5,625		\$5,625	
	TWY Pymnt Rehab - Echo & Control Phase I (Design)	2013	\$30,000	\$28,500			\$750	\$750		\$750	
	<b>TOTALS</b>	<b>2013</b>	<b>\$1,055,000</b>	<b>\$1,002,250</b>			<b>\$26,375</b>	<b>\$26,375</b>		<b>\$26,375</b>	
	RWY Pymnt (Asphalt) Rehab Phase II (Construction)	2014	\$3,000,000	\$1,000,000		\$1,850,000	\$75,000	\$75,000		\$75,000	
	(Project Includes Repainting All Airfield Markings)										
	<b>TOTALS</b>	<b>2014</b>	<b>\$3,000,000</b>	<b>\$1,000,000</b>		<b>\$1,850,000</b>	<b>\$75,000</b>	<b>\$75,000</b>		<b>\$75,000</b>	
	TWY Pymnt Rehab - Echo & Control Phase II (Construction)	2015	\$560,000	\$532,000			\$14,000	\$14,000		\$14,000	
	SRE: Purchase Plow Truck / Material Spreader Combo Unit	2015	\$500,000	\$475,000			\$12,500	\$12,500		\$12,500	
	<b>TOTALS</b>	<b>2015</b>	<b>\$1,060,000</b>	<b>\$1,007,000</b>			<b>\$26,500</b>	<b>\$26,500</b>		<b>\$26,500</b>	
	<b>TOTALS</b>								<b>Total PFC</b>	<b>\$582,250</b>	



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**Airport Services Center:** 125 G Avenue • Gwinn, MI 49841 • [www.sawyerairport.com](http://www.sawyerairport.com)

**Airport Administrative Office**  
(906) 346-3308

**Water/Wastewater Department**  
(906) 346-3137

**Maintenance Department**  
(906) 346-4336

## Memorandum

**To:** Airport Advisory  
**From:** Scott Erbisch *SE*  
**CC:** Keith Kaspari, Airport Manager  
**Date:** June 26, 2010  
**Re:** Runway Broom Update – MB Company

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I spoke with a representative of the MB Company regarding the scheduling of a demonstration for its pull behind runway broom at Sawyer in January 2010. The company representative did want to come to Sawyer, but advised that they would have some expenses in bringing the unit to the airport and is requesting that the airport pay \$2,000 towards the transportation costs.

It appears that to officially lock in either company to come to Sawyer Airport there will be a cost. Staff will request approval from the County Administrator to appropriate funds for this demonstration.



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(906) 346-4336

## Memorandum

**To:** Airport Advisory Committee  
**From:** Scott Erbisch *SE*  
**CC:** Keith Kaspari, Airport Manager  
**Date:** June 26, 2010  
**Re:** Long Range Planning – Millage Information Update

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At the June 3, 2010 Airport Advisory Committee meeting, it was discussed and requested to have staff look into the process/steps necessary for getting a Millage on the ballot. Staff started this process by contacting the County Clerk as well as the County's Civil Counsel. Unfortunately, Civil Counsel has not completed its review of the process. Civil Counsel has advised that staff would have the review completed before the August 2010 Airport Advisory Committee meeting.



# County of Marquette

Courthouse Complex  
234 W. Baraga Avenue  
Marquette, Michigan 49855  
Fax: (906) 225-8155  
www.co.marquette.mi.us

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County Administrator  
225-8151  
Finance & Accounting  
225-8175  
Human Resources & Risk  
225-8162  
Information Systems  
225-8170

## MEMO

To: Marquette County Board of Commissioners

From: Steve Powers  
Scott Erbisch  
Harley N. Andrews

Re: Telkite Agreements

Date: June 16, 2010

### BACKGROUND

On August 7, 2001, this Board unanimously approved a "Sawyer Exit Strategy" prepared and submitted by staff which outlined a course of action by which the County could significantly reduce its role as a property owner and developer at Sawyer. In part, that strategy called for the County to divest itself of all Sawyer properties that were not considered essential to generating revenue for the support of the airport, the retention and ongoing maintenance of which would create a drain on limited County resources.

Subsequent efforts to implement that strategy involved discussions and negotiations with several private sector developers and individuals, with the County ultimately deciding to enter into several contractual relationships with Telkite Inc., (subsequently assigned to Telkite Enterprises, LLC). Those contracts as they now exist are as follows:

1. Agreement For Sale, Purchase, Lease And Development Of Real Estate, effective January 21, 2004, as amended by the First Amendment to Agreement For Sale, Purchase, Lease and Development Of Real Estate, effective June 1, 2005.

Pursuant to these documents Telkite agreed to purchase from the County 33 EDC Buildings, most of which were vacant and unused, for the sum of \$4,000,000.00, to be paid in four installments, the last of which was due on or before June 30, 2006. Those payments were made, and the buildings were conveyed to Telkite.

By these documents the County also agreed to convey to Telkite approximately 1003.17 acres of what is referred to as "EDC Raw Land," for the sum of \$500,000.00. The detailed terms of that sale were set forth in a separate Agreement, which will be discussed below.

Finally, those documents provided that the County and Telkite would enter into an Exclusive Marketing Agreement, by which the County would grant to Telkite the exclusive right to market the County owned ALP buildings, the golf course, and the County owned unimproved land within the ALP.

2. **Exclusive Marketing Agreement**, effective June 1, 2005.

The original term of this Agreement was for a period of five (5) years, beginning June 1, 2005, and ending on May 31, 2010. Upon meeting any one of three performance standards specified in the Agreement, Telkite has the option to extend that Agreement for up to five (5) additional five year terms, or a total of thirty (30) years. For each year during the initial five year term and each year during the first five year extension, the County agreed to provide \$100,000.00 in marketing assistance funds to cover financial obligations incurred by Telkite in performing its marketing obligations with respect to the ALP Buildings and the ALP raw land parcels. This funding is to be spent in accordance with an annual marketing budget to be developed and agreed upon by the County and Telkite. As compensation for its services, Telkite is to receive 30% of the Net Lease Revenue received by the County from leases of the ALP buildings generated by Telkite, subject to certain exceptions, for the duration of those leases and any extensions thereof.

In no event shall the County's obligation to provide marketing assistance funding exceed the sum \$100,000.00 per year for the first ten (10) years, or a total of \$1,000,000.00.

3. **Agreement For Sale And Purchase Of EDC Raw Land Parcels**, effective June 1, 2005.

This is the Agreement which specifies the terms and conditions under which Telkite is to purchase the 1003.17 acres of EDC Raw Land for the sum of \$500,000.00. In short, this Agreement provides that Telkite was to complete this purchase in five years. It could purchase parts of this property during the five year period by paying the County the sum of \$498.42 per acre. It was to complete the purchase of all of this property by not later than June 1, 2010. If the County could not, for any reason, convey satisfactory title to any given parcels, then Telkite was to complete the purchase of those parcels for which the County could provide good title. To date, Telkite has made one purchase of a relatively small parcel of this property.

## CURRENT STATUS

### 1. Development Agreement

Telkite has fully and timely performed its obligations to purchase the EDC Buildings and has paid to the County the \$4,000,000.00 purchase price.

### 2. Marketing Agreement

With respect to the Marketing Agreement Telkite has fully performed its obligations, and has substantially exceeded one of the applicable performance standards necessary to entitle it to a five year extension of that Agreement. Specifically, at the end of each five year period there must be an additional 40,000 square feet of ALP Buildings under lease as a result of Telkite's efforts in order for Telkite to be entitled to extend the Agreement for another five year term. So, for example, at the end of the first five year term there must be 40,000 square feet under lease attributable to Telkite's efforts in order to allow the first five year extension. At the end of the first five year extension, there must be 80,000 square feet under lease in order to allow a second extension. At the end of the second five year extension, there must be a minimum of 120,000 square feet under lease in order for there to be a third five year extension, and so on.

At the end of the first five year term (ending on May 31, 2010) there was to be a minimum of 40,000 square feet under lease attributable to Telkite's efforts. In fact, by that date Renewafuel was under lease for two buildings totaling 57,776 square feet; Argonics was under lease for 74,629 square feet; and, Ice In The Bin was under lease for 4,088 square feet. That total of 146,493 square feet (plus a couple of other smaller buildings) is over 3 ½ times the minimum required to allow Telkite to renew for the first five year extension.

In addition, while not yet under lease you have approved lease terms for Frontier Medical Devices, Inc., of 10,290 square feet, and for ADI, Inc., of approximately 73,000 square feet, but because those leases have not yet been executed they are not counted as properties being under lease as of May 31, 2010.

In short, Telkite has more than met its performance standard, is entitled to a five year extension of the Marketing Agreement, and has indicated that it wishes to do so.

### 3. EDC Raw Land Purchase Agreement

With respect to the Agreement for the sale and purchase of the 1003.17 acres of EDC Raw Land, Telkite has not performed its obligations, and has requested an extension of that Agreement for an additional five (5) year period, to end on May 31, 2015. Its reasons for making that request basically relate to cash flow issues resulting from the economic downturn and the

difficulties in obtaining third party financing for any types of development projects in the current economy.

## ISSUES

The issues presented, then, are whether to grant Telkite's request for an additional five (5) years to complete the purchase of the 1003.17 acres of EDC Raw Land, and if so, upon what terms and conditions.

## STAFF ANALYSIS OF ISSUES PRESENTED

It must first be noted that there would be no out of pocket expense to the County to extend the contract for the purchase of this vacant land. It would not be like retaining buildings, which require ongoing maintenance to prevent deterioration, and which require insurance coverage. Further, in the last five years there have been no expressions of interest from developers or anyone else regarding the purchase of any of these properties.

Second, it is essential that the County continue its marketing efforts for the ALP properties, to build on the successes achieved to date, to continue that momentum, and to maintain those contacts and leads that have been developed during the last five years. These efforts to continually increase the revenue stream for the support of the airport are vital.

Third, Telkite, in the person of Vikki Kulju, has had notable success in marketing ALP buildings for the County. Because of her long association with Sawyer she has personal knowledge of every building and their potential uses, and has longstanding knowledge of and relationships with the State and Federal programs available to assist potential developers. She has also, during her years of association with Sawyer, developed and maintained a long list of leads and contacts which are an essential component of any marketing effort. She has been instrumental in the marketing successes achieved to date.

However, the lack of receipt of the anticipated payment for the EDC Raw Land at this time does have some effect on the County's ability to provide marketing expense funding of \$100,000 per year for the next five years. That is not, however, necessarily a bad thing. The fact that there are now fewer County buildings available (at least at the present time), coupled with marketing efficiencies developed with five years of marketing experience, may now allow adequate marketing of County buildings at a reduced funding level. Further, several of the available buildings are now in a condition that will require some expenditures to render them suitable for marketing. Therefore, we believe it would be appropriate to reduce the funding for marketing expenses in the hope that by so doing, it may free up some resources to use to enhance the marketability of remaining buildings.

## STAFF RECOMMENDATIONS

1. Amend the Raw Land Purchase Agreement as requested by Telkite to extend the deadline by which it must complete purchase of all EDC Raw Land to not later than June 1, 2015, **contingent upon**

2. Amending the Marketing Agreement to provide that the County will allocate an amount not to exceed \$50,000 per year for each of the next five years for marketing expenses relating to the County owned ALP buildings and raw land. Obviously, this allocation could be amended during any given year if there is some activity or event that reasonably requires additional funding, such as the loss of a major existing tenant or a potential new tenant that requires extraordinary marketing efforts; and,

3. Authorize the Board Chair to execute the documents necessary to implement these contract amendments.

Telkitememo.001