

MINUTES
CITY OF CLEVELAND
MUNICIPAL AIRPORT AUTHORITY
March 22, 2022
9:00 A.M.



Be it recorded that the Cleveland Municipal Airport Authority met in a regular session on Tuesday, March 22, 2022, at 9:00 a.m. in the Cleveland Municipal Council Room

MEMBERS PRESENT: Steve Wright, Ben Chandler, Verrill Norwood, and Robbie Garrison

MEMBERS ABSENT: Tom Rowland

CITY STAFF: Mark Fidler (Airport Manager), Beverley Lindsey, Assistant to City Manager/Administration, Laura Duncan (Recording Secretary)

FBO STAFF: Cheryl Balazi

CONSULTANTS:

GUESTS: Daryl Haynes, Alex Haynes, and Adam Bratcher

MEDIA: Tim Sinard

CALL TO ORDER

The meeting was called to order by the Chairman, Steve Wright, at 9:01 a.m.

ROLL CALL

Chairman Steve Wright called the roll and is recorded above as Members Present and Absent.

ACCEPTANCE OF MINUTES

Chairman Wright called for a motion to accept the minutes from the May 21, 2021 meeting. Board Member Norwood made a motion to accept, seconded by Robbie Garrison and all were in favor.

UPDATES

Director's Report

Hangar S-4 (Life Care Center of America) construction progress:

Hangar construction's estimated completion in late April-early May. Upon completion, LCCA's Embraer Phenom 650, Canadair Challenger 301, and Cessna 182 will be moving from CHA to RZR.

Director's Report

North Property Development update:

Following completion of the North Property Development Project, we now have a new customer, Larry Kugler, constructing an 80x96 hangar on the northside of the new taxiway. Hangar construction should commence late this spring with completion anticipated in mid-fall of this year.

Director's Report

Security Camera Installation:

Our new digital security camera system installation has been completed and is fully functional at this time. The 17 Terabyte memory on the digital video recorder retains images for an extended period of time and the new high-resolution cameras provide coverage of the terminal building, the ramp, the fuel farm, the maintenance hangar, and T-hangars. It is a significantly improved system that is more reliable than the temperamental system it replaced.

Director's Report

Runway painting and asphalt crack sealing contract:

KRZR has been awarded a grant to have the runway and taxiway markings repainted, the asphalt cracks repaired and the asphalt seal coated. A firm date has not been established but preliminary schedule estimates indicate an early June date. A total of 9 days is estimated to complete the work, 4 days of which are devoted to runway painting. The runway will have to be closed during the painting event. Appropriate NOTAMs and emails will be issued.

Director's Report

Beaver dams on the West Side of RZR:

Beavers have constructed at least 2 dams on the west side of the airport property along the Lynn Devault Parkway which has resulted in water pooling in the drainage artery and leading to Chatata Creek. Approximately 35 days ago I contacted Tennessee Wildlife Services which is attending to the eradication of the dams and beaver nesting sites. The technicians said that it would probably take at least 60 days to get the beaver population reduced significantly, at which time they will demolish the dams.

Director's Report

Hangar N-14 purchase:

As we had discussed late last year, Michael Quayle's offer to sell CMAA his 2nd hangar came to fruition on December 31, 2021. ON that date, Mr. Quayle, Mayor Brooks, and I met at the closing attorney's office whereupon the City purchased the hangar on behalf of CMAA. The hangar has been a tremendous asset and remains completely occupied most of the time with both base and transient aircraft.

FBO REPORT

Cheryl reported that fuel sales are steady, January and February were a little slow, but that it is normal for that time of year and is starting to pick back up. Fuel pricing is going up, but they are staying competitive. Flight school is also picking up for the season.

UNFINISHED BUSINESS

NEW BUSINESS

- A. Retro Motion authorizing Chairman Steve Wright to sign a grant contract for the FY22 Airport Maintenance Grant in the amount of \$15,000.
- B. Retro Motion authorizing Chairman Steve Wright to sign a funding request and grant contract for the ACRGP Grant in the amount of \$23,000.
- C. Retro Motion authorizing Vice-Chairman Tom Rowland to sign a funding amendment request in the amount of \$166,700 for the North Development Area (Construction Phase)
- D. Retro Motion authorizing Chairman Steve Wright to sign a grant contract amendment in the amount of \$166,700 for the North Development Area (Construction Phase)
- E. Retro Motion authorizing Chairman Steve Wright to sign a Maintenance Agreement with the State of TN Department of Transportation for Airfield Pavement and Markings Maintenance.
- F. Retro Motion authorizing Chairman Steve Wright to sign a funding request and grant contract for the ARPA Grant in the amount of \$59,000.

Chairman Wright called for one Motion to approve all Retro Motions A-F. Verrill Norwood so moved seconded by Robbie Garrison and unanimously approved.

- G. Consideration of increasing fees for T-Hangars 7.5% in accordance with T-hangar lease agreements (from \$275 to \$295.63 and \$350 to \$376.25 respectively).

Mark proposed that with an increase across the board at 7.5% it would increase revenues by about 30K. Mark said that the Land Lease Rates are very competitive and the T-Hangar's are right on. Robbie asked when the last increase in rates was and Mark responded that there has not been an increase since the airport opened in 2012. Ben suggested that the rates needed to be reviewed annually, and also stated that while we are competitive in the market we also have the nicest hangars by far. Steve asked when the increase would go into effect and Mark said July 1, 2022.

Ben Chandler made a motion to approve the increase in rates and to review the pricing annually seconded by Robbie Garrison and unanimously passed.

- H. Consideration of Xpress Aircraft Maintenance LLC as aircraft maintenance provider at KRZR and commencing lease of Maintenance Hangar N-1 as the base of operations.

Darryl Haynes, Owner, Alex Haynes, Piolet, and Adam Bratcher, Mechanic from Xpress Aircraft were there to propose leasing the Maintenance hangar and moving the Base of their Operations to Cleveland. They will have 3 full-time employees, they have let the customer base know of the potential move and they all seem okay with it, as they are used to flying to Knoxville already.

Robbie asked if they had the appropriate insurance and Adam replied yes, they already have insurance, but will make sure that they have exactly what is needed to make the move to Cleveland.

Steve asked what the time frame would be and Darryl responded they are ready to start moving at any time. Mark said that we had some other customers to consider and that we were looking at July if not sooner.

Steve asked for a motion to allow Mark to enter negotiations to enter a lease agreement with Xpress Aircraft. Ben made a motion to Consider Xpress Aircraft Maintenance LLC as an aircraft maintenance provider at KRZR and commencing lease of Maintenance Hangar N-1 seconded by Verril and unanimously passed.

I. Discussion of Azure Flight Support Contractual arrangement with CMAA for services at KRZR.

Mark said that Azure had sent in their new contract proposal for next year. The proposed rates will be for a 1-year contract with the option to renew for the 2nd year. Currently, we are reimbursing Azure for all direct expenses. In addition to those reimbursements, Azure is asking for a \$7,000 per month management fee. Under this contract they will be moving Cheryl Balazi to the Samerna base, so we would have her available as needed, but not as full-time staff, and they would promote another employee to the Manager position. These changes would save the airport roughly \$2,000 per month so would only be equal to a \$5,000 per month increase over what we are currently paying them in reimbursements. This is a total \$60,000 increase. Shawn and the City Staff looked over the proposal and said that the city would break even with a \$50,000 increase, and for \$60,000 we could just take on the employees as city employees and run the FBO. Azure turned down the counteroffer of \$50,000.

The board now has the decision to either approve the new proposal or recommend that the city take on the employees.

Ben said he has never been a proponent of the city being in the FBO business.

Mark did say he thought that \$84,000 was a steep management fee especially when Azure has not lived up to previous promises with marketing, maintenance, and bringing in customers.

Ben said that if the proposal was approved he would like to see a monthly meeting with Azure to make sure they are living up to their end of the deal. He also expressed interest in personally being involved with these monthly meetings.

Mark also presented the board with a quote to have new hangars built. He said that if the City were to take on the Azure employees and save the \$10,000 a year they would have a good chance of getting funds approved to start building these much-needed T-Hangars.

Robbie questioned what all our options were. Mark responded that currently there are not any other FBOs looking to take over KRZR, but that we wouldn't have to stay in the FBO

forever if they turned down the proposal and the City took on the employees. Mr. Haynes spoke up and said that it is in the long-term plan for Xpress Aircraft to be a maintenance shop and FBO. They currently do not have FBO experience, but they are interested in expanding into that business in the future.

Robbie asked Verrill what he was thinking and Verrill stated that he did not want to be in the FBO business.

Ben made a motion to resign the contract with Azure with their new proposed terms where we will re-evaluate every 12 months and have monthly meetings with Azure, seconded by Verril and unanimously passed.

BOARD MEMBER REPORTS

Steve Wright – Said he was glad Mark is back and recovering and that we are blessed Mayor Rowland is still with us and he is looking forward to him returning to our meetings. He also mentioned for everyone to continue to remember Kevin Wright, that he fell and has a broken hip.

Tom Rowland – None

Ben Chandler – wanted to say again that he would love to be a part of the meetings with Azure to hold them accountable for their marketing and their end of the deal.

Verrill Norwood – None

Robbie Garrison – None

Mark added that he would like to express our condolences to Verrill on the loss of his wife.

Next meeting May 20, 2022

Adjournment: 10:27

Respectfully submitted,

Laura Duncan,
Recording Secretary

Handouts:

Monthly Revenue & Expense Reports
KRZR T-Hangar and Private Hanger Lease Information
Xpress Aircraft email with services and references
Azure Proposal for Contract Renewal Email
Proposal from Erect Tube Inc on building aircraft hangar