
SPECIAL MEETING – MONDAY, JULY 22, 2019 – 6:00 P.M. – COMMISSIONERS ROOM 231, HENRY A. SKEWIS ANNEX, MARQUETTE, MI 49855.

1. CALL TO ORDER – SALUTE TO THE FLAG – PLEDGE OF ALLEGIANCE.

Call to Order by Chairperson Gerald O. Corkin at 6:00 p.m. – Room 231 Henry A. Skewis Annex, Marquette. Salute to the Flag followed by the Pledge of Allegiance.

- All Present: Comm. DePetro, Comm. Derocha, Comm. Adamini, Comm. Nordeen, Comm. Alholm & Chairperson Corkin.

2. APPROVAL OF THE MINUTES

3. PROCLAMATION, PRESENTATIONS AND AWARDS

4. APPROVAL OF THE AGENDA:

Board action: Comm. Alholm moved to adopt the agenda as presented. Second by Comm. DePetro. Motion adopted (6-0)

5. PUBLIC COMMENT: Chairperson Corkin opened the meeting for public comment.

- **Nolan Duquette**, Negaunee, spoke in support of Boreal Aviation.
- **Roger Bentlage**, spoke in support of Boreal Aviation.
- **Mark Hagen**, spoke in support of Kubick Aviation Services.
- **Ed Glasgow**, **Technical Advisory/Supervisor, Boreal**, spoke in support of Boreal Aviation.
- **Kevin Leitz**, **Business Development, Kubick Aviation**, explained their vision.
- **Robert Henning**, **Calibration Lab Manager, Boreal**, spoke in support of Boreal Aviation.
- **Chelsea Hennessey**, **Director of Business and Operations, Boreal**, spoke in support of Boreal Aviation.
- **Kathy Busby**, **Administrative Assistant, Boreal**, spoke in support of Boreal Aviation.

With no further public comment to come before the board, this portion of the meeting was closed.

6. REVIEW OF CLAIMS AND ACCOUNTS

7. PUBLIC HEARING

8. PRIVILEGED COMMENT

9. INFORMATIONAL ITEMS

10. ACTION ITEMS:

a. Reviewing Fixed Based Operator ~Final Proposals for Sawyer

Summary of Request: The Fixed Based Operator Negotiating Committee completed negotiations with Boreal Aviation and Kubick Aviation Services for future Fixed Base Operator (FBO) services at Sawyer International Airport. The County Board tasked Scott Erbsch, County Administrator, Wendy Marcotte, Civil Counsel, and Susan Vercoe, Finance Manager with negotiating final proposals for the FBO services. Chairman Gerald Corkin sat in with both negotiations. The Committee met with each company individually and kept all discussion confidential during the process. Each company was asked to submit a final proposal for evaluation by the committee and the County Board.

Each company was advised that the final proposal would be made public upon distribution to the County Board of Commissioners (Board). Each company was also advised that the final decision by the Board may not be made strictly on the financial component, but may include consideration of the Board's vision for FBO operations going forward an which company best met that objective.

The committee is pleased to present to the Board this summary of the final proposals and a list of strengths we observed. Without question, both Boreal Aviation and Kubick Aviation Services are qualified to provide Fixed Based Operator services to both the General Aviation community as well as the corporate and commercial clients.

Term: Both companies requested consideration for an initial 10-year lease with two 5-year options.

Financial Summary: Finance Manager Sue Vercoe prepared the attached summary to simplify the fixed revenue proposal component of each proposal. Our focus is on the fixed revenue because the other dollars generated from fuel sales, landing fees, ramp fees, and other services fluctuate on an annual basis. Additionally, many fees are set by the Board. Currently, the County collects a total of \$44,320.08 from the leases for building leases for 427, 423, 424, 425, and 626.

Boreal's proposal would increase the annual rent to \$67,384.80 which is a \$23,064.72 annual increase in rent. Boreal also included an additional annual payment of \$25,000.00 to Marquette County for use in airport operations, facility improvement, capital investment or other. Over a 10-year period this will equate to \$923,848.00 in revenue.

Kubick Aviation Services proposal would increase the annual rent to \$76,824.00 which is a \$32,503.92.00 annual increase in rent. Kubick's proposal also includes a 2% rent escalator beginning in year three through the remaining 10-year lease. Over a 10-year period this will equate to \$826,215.00 in revenue.

Leasehold Improvements:

Boreal Aviation, Inc. proposes a \$65,000.00 investment in the current County owned General Aviation Terminal; additionally, Boreal plans to improve the hangar by adding wall and ceiling paneling.

Kubick Aviation Services proposes a \$25,000.00 investment into the current county owned General Aviation Terminal in year one. Rather than investing in substantial improvements to the current building, Kubick would prefer to build a new General Aviation Terminal/Hangar facility. From Kubick's perspective, this would streamline the operations and improve communications and accessibility. Kubick will not be in a position to determine whether such construction makes sense for several years. If conditions proved suitable for such a development, terms and conditions would be negotiated by both parties before any construction would occur.

Marketing: Both Companies propose a \$10,000.00 annual cash marketing contribution.

Fixed Based Operator Fees as approved by the County Board of Commissioners:

Both companies accept the fee schedule as approved and implemented by the County Board. Both companies propose that the fuel flowage rates should be reviewed and potentially increased.

Strengths:

Boreal Aviation, Inc.:

- Has been in operation for over 20 years at K.I. Sawyer
- Willingness to invest in County owned facility
- Recognized customer service concerns and established an advisory committee to address customer service challenges
- 14 local employees
- Engaged with EAA Chapter and Marquette Flying Club (MCFC)
- Willing to take a lead role at Sawyer Days

Kubick Aviation Services:

- Proven success as a Fixed Based Operator in Iron Mountain with significant growth since inception
- May lead to increased revenues for the County (based on increases in fuel sales, landing fees, and other services)
- Entrepreneurial spirit and vision, anticipate growth in Iron Mountain would continue in Marquette
- Owner is based in the Upper Peninsula and would take an active role in operations
- Engaged with the local flying clubs in Iron Mountain
- Very strong customer service culture
- Successful marketing strategies, as well as a full time employee devoted to marketing

Summary: Regardless of which operator is selected, Sawyer International Airport will enjoy an increase in revenue for the fixed leases. Since both companies are well qualified to be Sawyer International Airport’s Fixed Based Operator, the central question before the Board is deciding which proposal is more likely to result in the greatest benefit to the County long-term. Either choice will provide immediate improvements to Sawyer International Airport.

Board action: Comm. DePetro moved to Award the Fixed Based Operator Lease to Boreal Aviation; the lease will state the following: Annual Rent in the amount of \$67,384.80; additional annual payment of \$25,000.00 to Marquette County for use in airport operations, facility improvement, capital investment or other. Over a 10-year period this will equate to \$923,848.00 in revenue. Second by Comm. Alholm. Motion adopted (6-0)

11. LATE ADDITIONS

12. PUBLIC COMMENT: Chairperson Corkin opened the meeting for public comment.

- **Chad Kubick, Kubick Aviation Services**, thanked the Board for their consideration and the opportunity to submit a proposal.
- **Tom Kline, Boreal Aviation, Inc.** thanked the Board for an opportunity to serve the next 10 years.

With no further public comment to come before the board, this portion of the meeting was closed.

13. COMMISSIONER COMMENTS, STAFF COMMENTS AND ANNOUNCEMENTS:

None

14. CLOSED SESSION

15. ADJOURNMENT: There being no further business to come before the County Board, the meeting was adjourned at approximately 6:44 p.m.

Linda K. Talsma
Marquette County Clerk

Gerald O. Corkin, Chairperson
Marquette County Board of Commissioners