

# Airport Operations and Management Assessment

Gratiot Community Airport (AMN)  
Alma, MI



May 2020

Report prepared by

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# 1. Introduction

Mead & Hunt was asked by the Gratiot County of Board of Commissioners,(County Board) to undertake an evaluation of the Gratiot Community Airport (Airport or AMN) to assess possible ways to improve the efficiency, management, and revenue generation for the Airport. Additionally, a summary of the impacts of possible closure of the Airport with regards to the responsibility of Gratiot Community Airport Authority (Airport Authority) members was also requested. This report provides the summary of this analysis and outlines possible items for consideration by the County Board and the Airport Authority that address each of these areas.

This report is organized around four primary sections and the summary as noted below:

- Section 2 - Foundational Information
- Section 3 – Airport Obligations and Authority Membership
- Section 4 - Management and Efficiency Issues
- Section 5 - Revenue and Expense Considerations
- Section 6 - Summary

Many of the concepts that are addressed in this report are interwoven with each other due to the nature of how the Airport currently operates. As such, an attempt has been made to separate the issues; however, in many instances, this is not feasible, therefore some topics will be addressed together.

This report will attempt to quantify some of these considerations, so the County Board and the Airport Authority have data to support their decision making in the future. The information and the resulting findings contained in this report are based upon the consultants' experience with other airports, both in the State of Michigan and across the United States, consultation with the Michigan Department of Transportation Office of Aeronautics (MDOT AERO) and the Federal Aviation Administration (FAA), review of historic documents and interviews with an assortment of local stakeholders. It is important to remember that in the aviation industry, there is a saying that "if you've seen one airport, you've seen one airport." This is important to keep in mind because what is very true across the aviation industry is that no two airports operate in the same exact manner and this applies to everything from the type of management, ownership, revenue sources, level of operations, type of use, and the list goes on. Consequently, several places in this report will provide a comparison of the Airport to other airports in the region as general representation of the way these airports operate and their results. In each instance, this cannot be taken as an equal comparison since all the variables previously mentioned become factors that contribute to their individual situation and their decision-making process.

## **2. Foundational Information**

This section contains a summary of important data that is key to the overall assessment of the airport. As the section title implies, this data provides the foundation from which the Airport and its operation can be assessed.

### **A. Data Collection Effort**

The data collection effort for this study encompasses numerous elements that are important to building the understanding of the current airport infrastructure, operations, management, and perceptions of the airport by those involved in its operation and use. To address all these issues required a very broad data collection effort. This focused on looking at the ownership, the physical attributes of the airport, annual aircraft operations, and expenses and revenues. To support the data collection, information was obtained through a variety of resources including the County, the City of Alma, the airport manager, and the Fixed Base Operator (FBO), as well as MDOT AERO and the FAA. A portion of the data was obtained from a variety of documents while other data was obtained from interviews, which are outlined below.

#### **Interviews**

To obtain a comprehensive picture of the operation of the Airport, more than a dozen interviews were conducted with representatives from each municipality within the Airport Authority, the airport manager and the FBO, and various economic interests within the community. These interviews were conducted by Mead & Hunt staff and were intended to solicit insight from the interviewees on their opinions regarding the operation, management, and funding of the Airport as well as any other insights they cared to share with the interviewer.

Additionally, interviews with peer airports were conducted to provide some general information which could be used to compare the operations and management of the airport for the purposes of assessing possible improvements or changes to the current processes. These interviewees were asked to share information regarding their operation and management, as well as budgets for their airport for use in these comparisons. Several airports that were contacted and asked to participate in the interviews declined. Consequently, the peer review provided three general aviation (GA) airports which include:

- Roben-Hood Airport in Big Rapids which is owned by the City of Big Rapids
- Mt. Pleasant Municipal Airport in Mt. Pleasant which is owned by the City of Mt. Pleasant
- Mason Jewett Field in Mason which is owned by the Capital Region Airport Authority

Each of these airports provides interesting information in terms of their operation or management that provides opportunities for insight for the County Board and the Airport Authority to consider as they make decisions on methods to manage and operate the Airport.

## **Background Information**

In addition to the information obtained in the data collection effort, it is also important to understand the context of AMN geographically as well as the ownership structure. Additionally, understanding the role of the Airport to the national and state aviation system is also helpful as it contributes to the conversation associated with the importance of the Airport and funding opportunities. Each are discussed below.

### **Geographic Location**

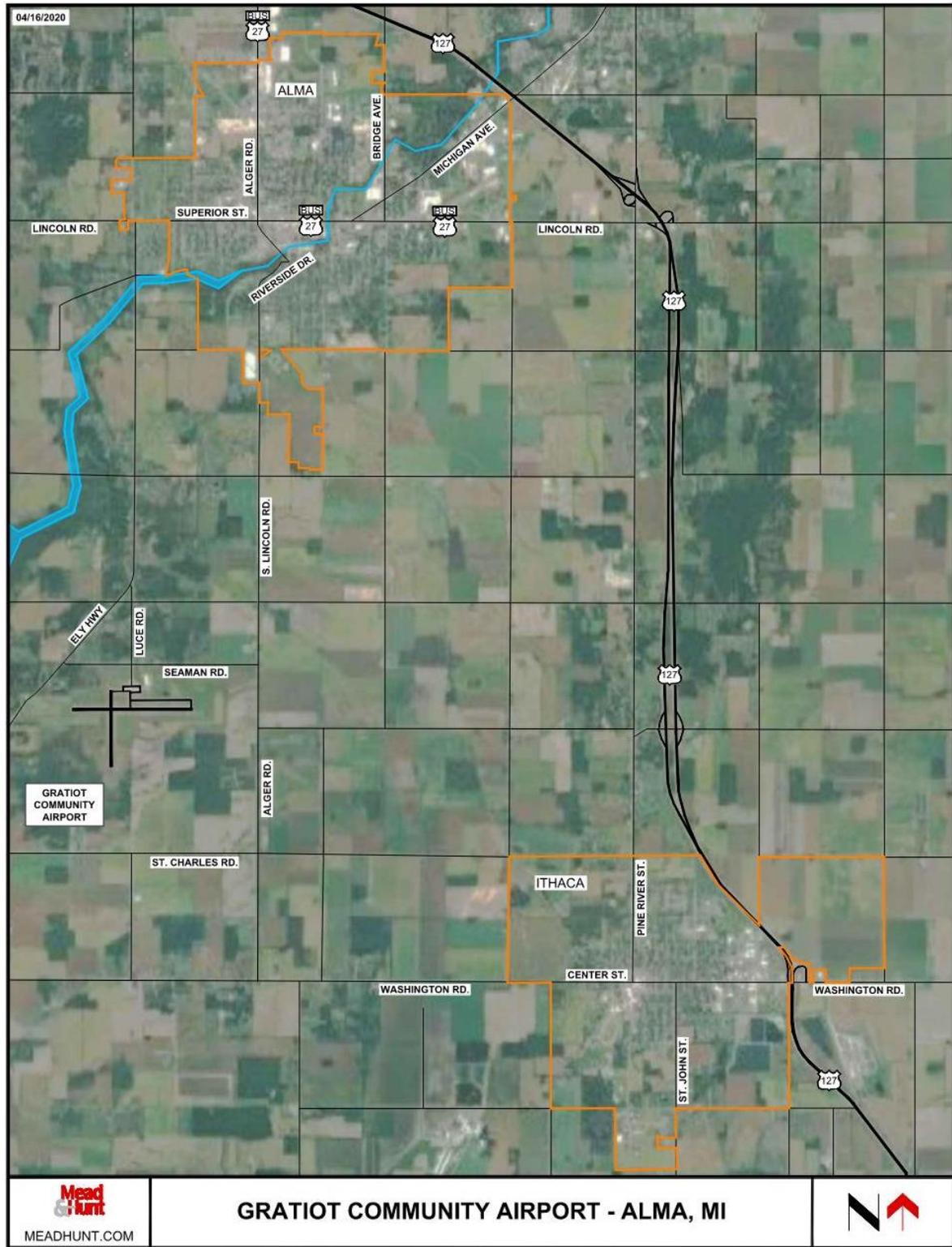
**Figure 1** shows the proximity of the airport to the City of Alma and the City of Ithaca, while **Figure 2** illustrates its location within Gratiot County. As can be seen from these graphics, AMN is approximately five driving miles from the downtown area of the City of Alma and approximately six driving miles from downtown Ithaca. Proximity to US-127 is approximately four and a half miles (4.5 miles) using Exit # 119 at Polk Road. This geographic location is important as it has a likely impact on the potential business use of the facility. Additionally, the Airport itself is located approximately 21 miles from the City of Mt. Pleasant which provides the closest options for chain lodging accommodations and rental car options which may be a consideration for users of the Airport.

### **Ownership**

Understanding the ownership of the Airport is also an important element of the study. The Gratiot Community Airport was developed on the existing site on approximately 662 acres of property that was acquired in 1965-1966 for the purposes of relocating the Airport. Approximately 150 acres of additional property is encumbered by aviation easements for approach protection and obstruction removal purposes. These original deeds were obtained in the name of the City of Alma, who was the signatory agency for the federal grants from the FAA. This is important because property purchased with federal funds have limitations on their use and disposal that are key to the discussion of reuse and possible closure of the Airport.

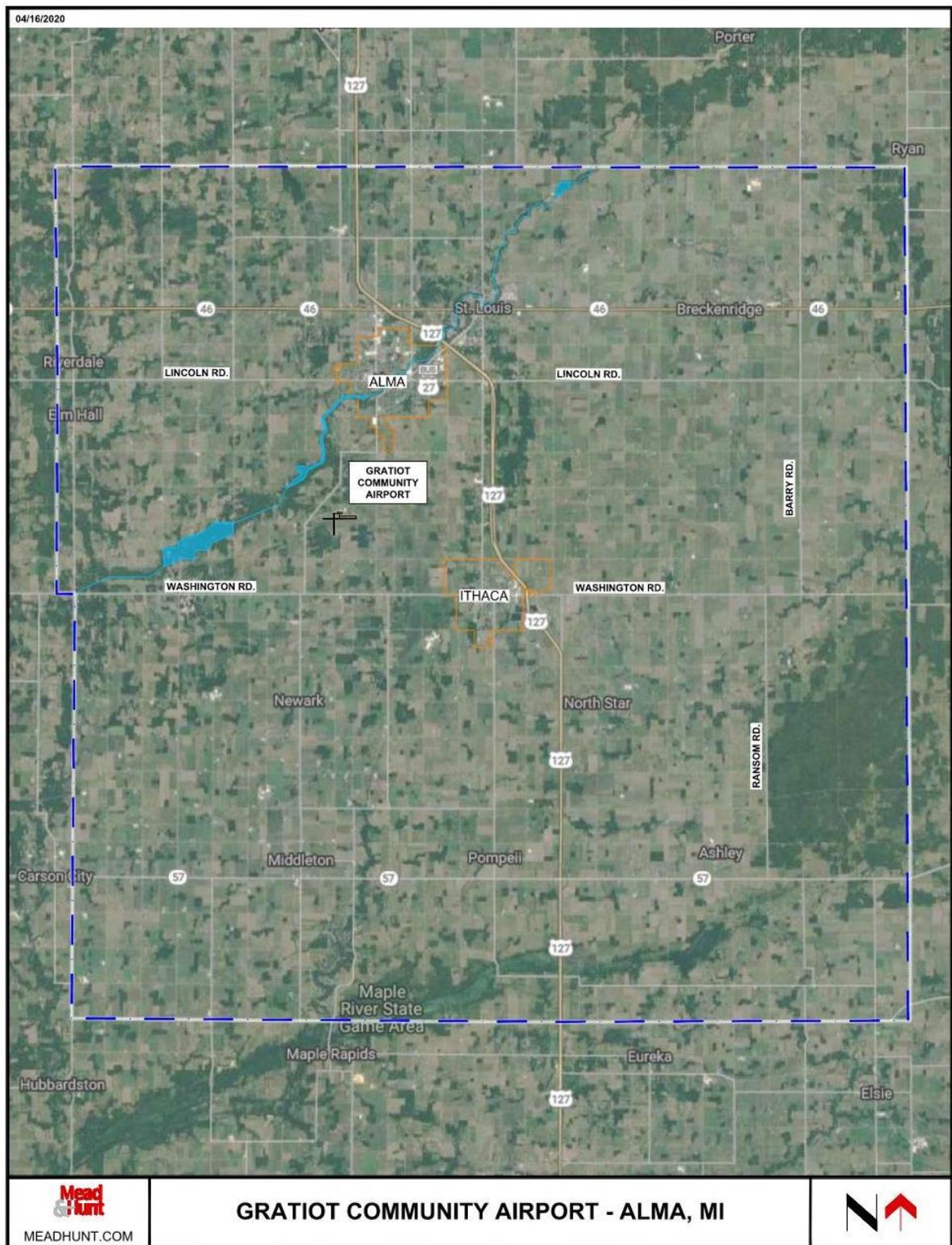
When the Gratiot Community Airport Commission was formed on April 6, 1981, one half of the interest in these properties were conveyed to Gratiot County from the City of Alma (**Appendix A**). This was recorded with the Gratiot County Register of Deeds on October 27, 1981 as recorded in Liber 367 Page 564 (**Appendix B**). From 1981 until early 2009, the Airport was co-owned and operated by the City of Alma and Gratiot County under this Commission Agreement. On February 18, 2009, the Gratiot Community Airport Commission was dissolved with the creation of the Gratiot Community Airport Authority. The agreement creating the Airport Authority was amended on January 30, 2012, which is the current agreement, under which the Airport Authority operates (**Appendix C**).

Figure 1 – Proximity of Gratiot Community Airport to Cities of Alma and Ithaca



Source: Mead & Hunt, Inc.

Figure 2 – Location of Gratiot Community Airport within Gratiot County



Source: Mead & Hunt, Inc.

Under the 2012 Agreement, the formal members of the Airport Authority include the County of Gratiot, Cities of Alma, St. Louis and Ithaca and the Townships of Pine River and Arcada. Each of which has a single representative of the Authority Board, consisting of the six member municipalities. Under the agreement, the Cities of Ithaca and St. Louis and the Townships of Pine River and Arcada are responsible to contribute at least \$2,000 per year to the operational budget for the Airport, with the remainder of the required total obligation of the Airport to be calculated and split between the City of Alma and Gratiot County, to cover the necessary expenditures for the fiscal year, beyond those revenues generated by on-airport revenues such as hangar leases and agricultural leases. In 2018, the City of Ithaca, the City of St. Louis, Pine River Township and Arcada Township all contributed \$4,000 each which is double the amount required by the Authority Agreement. This is also an important piece of information for the analysis.

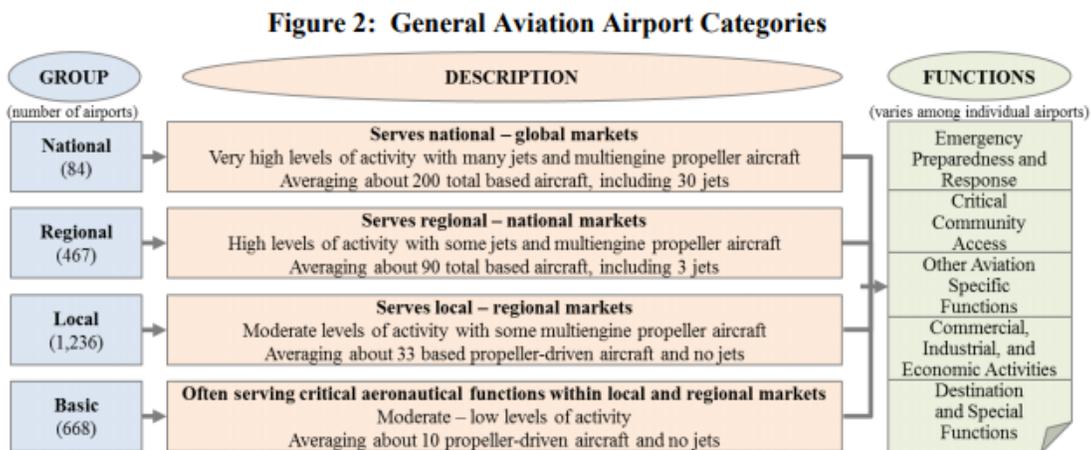
**B. Role in the National Airspace System and the Michigan Aviation System**

The Airport has been identified to be part of both the National Airspace System (NAS) and the Michigan Aviation System. The role of the Airport in each of these systems is important to address as it substantiates both what responsibilities the Airport and the Airport Authority have for maintaining the Airport, as well as the identified role the Airport has within each system.

**National Role in the National Plan of Integrated Airport System**

The Airport is part of the NAS and is considered federally obligated because it has used federal funds from the Airport Improvement Program (AIP) from the FAA. The airport is eligible to receive these funds because it is identified as part of the NAS through the National Plan of Integrated Airport System (NPIAS) as being one of more than 3,000 airports within the system. As part of the NPIAS, AMN is further classified as a General Aviation (GA) airport and the FAA ASSET Study further defines the Airport to be a Local Category Airport. As shown in **Figure 3** from the FAA ASSET Study report, this designation places the Airport in a category with over 1,000 additional airports from across the country.

**Figure 3 – FAA General Aviation Airports: A National Asset (ASSET Study)**



Source: FAA General Aviation Airports: A National Asset (ASSET Study)

Specifically, the Local category is determined by the following ASSET criteria:

- 1) 10+ instrument operations and 15+ based aircraft; or
- 2) 2,500+ passenger enplanements

Since the Airport does not support commercial passenger service, only the first criteria is applicable. To move up in categories to the Regional Classification would require the Airport to have substantially more activity and serve a larger regional area:

- 1) Metropolitan Statistical Area (Metro or Micro) and 10+ domestic flights over 500 miles, 1,000+ instrument operations, 1+ based jet, or 100+ based aircraft; or
- 2) The airport is located in a metropolitan or micropolitan statistical area, and the airport meets the definition of the commercial service.

Achieving these criteria is not realistic for the Airport at this time or in the foreseeable future, therefore planning that AMN will stay as a Local Category Airport is appropriate at this time.

Since its inception, these classifications have helped organize the GA airports within the system. Prior to the issuance of the ASSET study, all GA airports were classified as the same. Most recently, these classifications were used to allocate the payments under the Coronavirus Aid, Relief, and Economic Security (CARES) Act according to each airport's category. The Airport is set to receive \$30,000 of CARES Act funds as a Local GA Airport.

#### **Michigan Role Based Upon Michigan Aviation System Plan, 2017**

The State of Michigan has their own system plan, the Michigan Aviation System Plan 2017 (MASP), that provides guidance on the importance of each airport within the state system. Michigan has 226 public-use airports. The MASP study provides an additional classification system that is based upon eight service goals and generally three tiers of service for each goal. Reviewing how the Airport measures compared to these eight goals is important as it presents a picture of how the Airport contributes to the state system of airports.

The Tiers provide a three-step ranking with Tier 1 being most important to the system and Tier 3 being the least important. The specific goals and the Airport's current ranking for each goal is show in **Table 1**. Based on these individual tiers, the overall airport classification is a Tier 1 airport, based upon the land area coverage, which indicates that AMN should have infrastructure to meet a MASP Airport Reference Code of B-II. These requirements are noted below in comparison to the current infrastructure at the airport.

**Table 1 – Summary of Gratiot Community Airport MASP 2017 Tier Classifications**

<b>MASP 2017 Goal</b>	<b>Tier Classification</b>
Serving significant population center	Tier 3
Serving significant business center	Tier 3
Serving significant tourism/convention center	Tier 3
Providing access to the general population	Tier 3
Providing adequate land area coverage	Tier 1
Preserving regional capacity	Tier 2
Serving seasonally isolated areas	Tier 3
Inclusion in the NPIAS	Tier 3

*Source: MASP 2017*

As part of the MASP 2017, MDOT AERO updated their Community Benefits Assessment (CBA) which is an economic impact calculator to demonstrate the economic value of the individual airports across the State of Michigan. The CBA affords MDOT AERO and individual airports the ability to assess their value on an on-call basis. As part of the Michigan Airport Programming (MAP) meetings in the fall of 2019, airports were asked to complete new input worksheets to calculate the value of the airport for 2019. This CBA calculation revealed that AMN has an estimated value to the local community of over \$6M in total economic impact including direct and indirect effects considered. **Appendix D** contains a copy of the worksheet with the data inputs and a copy of the *2019 Community Benefits Assessment Report* that outlines the various elements of the assessment that calculated jobs, income and output.

### **C. Current Infrastructure**

Understanding the current facilities at AMN is important to the analysis effort as it sets the stage for what needs to be maintained, as well as what can be offered to the users of the facility. **Figure 4** illustrates the Airport Report Card that was developed in the MASP 2017 and provides a comparison to the MASP Airport Reference Code requirements as well. As illustrated, the airport currently meets or exceeds the requirements to meet the MASP Aircraft Reference Code targets, except for providing aircraft maintenance. Below is a summary of some of the important infrastructure and statistical information that is relevant to the analysis of the operation and management of the airport. The Pavement Condition Index (PCI) is listed below to show the condition of the runway. This measurement is a 0-100 scale with 100 being brand new pavement. A rating of 70 is usually a threshold for consideration of some form of rehabilitation of the surfaces. **Table 2** summarizes the key infrastructure that influences the use of the airport.

**Table 2 – Primary Infrastructure Information**

<b>Runway</b>		<b>Infrastructure</b>	
Primary Runway 9/27		5,000' x 75' paved surface with a PCI of 75 in 2017	
		Paved partial parallel taxiway with a PCI of 76 in 2017	
Crosswind Runway 18/36		3,197' x 75' paved surface with a PCI of 68 in 2017	
<b>Instrument Approach Procedures</b>		<b>Minimums</b>	
Runway 9 – RNAV (GPS)		300' above ground and 1-mile visibility	
Runway 18 – RNAV (GPS)		500' above ground and 1-mile visibility	
Runway 27 – RNAV (GPS)		300' above ground and 1-mile visibility	
Runway 18 – VOR		400' above ground and 1-mile visibility	
<b>Fuel Services</b>			
100 Low Lead (100LL)		Jet-A	
<b>Based Aircraft</b>			
37 Based Aircraft as of 10/26/2019 verified via basedaircraft.com			
31 single-engine		6 multi-engine	

Source: basedaircraft.com; AMN Airport Layout Plan

The length of Runway 9/27 supports many corporate style aircraft and the RNAV (GPS) approaches provide pilots with additional visual support when operating into the Airport in inclement weather conditions with reduced visibility. This is important to support attraction of corporate aircraft operations. As for the fuel services, while the Airport currently offers both types of fuel, the issues with the 100LL fuel tank have created problems for pilots wishing to fuel after hours since the credit card reader is inoperative. This will be addressed with the installation of the new fuel system and credit card reader. This issue is discussed later in the report with some opportunities for changes to its operation.

#### **D. Aircraft Operations**

Reviewing the activity at AMN is important because it provides insight into types of aircraft that use the Airport as well as their frequency. First, the Terminal Area Forecasts (TAF) are reviewed to look at the historic levels of activity and the projected levels per the FAA. The TAF is built from top-down, taking the overall operations that are anticipated for the entire country and spreading those operations over the regional, state and individual airport level. As noted in **Table 3**, the FAA has maintained a fairly consistent level of operations for the Airport over the past 20 years. Looking forward, operations were also held relatively flat. Events related to the COVID-19 pandemic may impact these forecasts. Although it is too early to tell, it is assumed the impact will be negative.

It should be noted that the based aircraft counts from the TAF, do not agree with the based aircraft counts reported on Basedaircraft.com. This is most likely because the Basedaircraft.com counts do not allow an aircraft to be counted in more than one location (i.e. snowbirds who may pay rent for a hangar in Michigan and Florida) and the aircraft must be airworthy. In many instances, the TAF may report aircraft that are based at the airport but may be under repair, where Basedaircraft.com requires them to be in a flyable condition to be reported. This often results in discrepancies in reported numbers.

Figure 4 – MASP 2017 Airport Report Card for Gratiot Community Airport

Airport Report Card			Airport Name: Gratiot Community Airport	
ALMA			FAA Identifier: AMN	
			2017 MASP Tier: 1	
			Current FAA Airport Reference Code (ARC): C-II	
			2017 MASP Airport Reference Code (ARC): B-II	
Facility Goal	Airport Development Item	Currently Has	2017 MASP ARC	
			B-II Development Goals	Met?
Primary Runway System	Length (feet)	5,004	4,300	Yes
	Width (feet)	75	75	Yes
	Surface Type	Paved	Paved	Yes
	Primary Taxiway System	Partial Parallel	Full Parallel if >20,000 ops	Yes
Lighting and Visual Aids	Runway Lighting System	MIRL	MIRL	Yes
	PAPI	Yes	Yes	Yes
	REIL	Yes	Yes	Yes
	MALSR	No	No	Yes
	Rotating Beacon	Yes	Yes	Yes
	Lighted Wind Indicator	Yes	Yes	Yes
	Segmented Circle	Yes	Yes	Yes
Approach Protection	Approach Protection Plan	Yes	Yes	Yes
Basic Pilot and Aircraft Services	Restrooms (24 hours)	Yes	Yes	Yes
	Fuel	Yes	Yes	Yes
	Aircraft Parking	Yes	Yes	Yes
	Aircraft Maintenance	No	Yes	No
	Available Staff	Yes	Yes	Yes
All-Weather Access	Instrument Approach	Non-Precision	Non-Precision	Yes
	Weather Reporting (AWOS/ASOS)	Yes	Yes	Yes
	Weather Briefing Access	Yes	Yes	Yes
Year-Round Access	Open Year-Round	Yes	Yes	Yes
	Snow Removal	Yes	Yes	Yes
Landside Access	Public/Private Transportation	Yes	Yes	Yes
<b>Notes:</b> For A-I airports with paved runways, the standard width is 60 feet. Runway length goal shown is subject to FAA/AERO justification determination. A VASI in lieu of a PAPI is acceptable. VASI/PAPI/REIL on one runway end is acceptable. An Airport Zoning Ordinance is considered an acceptable Approach Protection Plan. Aircraft parking consists of either a hangar, tie-down, or parking area. Weather briefing access may be provided by a Weather Briefing System, computer, internet access, or cell phone coverage.				
<b>Additional Airport Notes:</b>				
Pavement Condition Index (PCI)		Existing PCI	Minimum PCI Goal	PCI Performance
Based on FAA Aircraft Approach Category (AAC): 'C'	Runway	77	60	Meeting goal
	Taxiway	82	50	Meeting goal
Source: ASM/Facility Information Worksheets/MDOT Airport Directory/FAA Form 5010/MDOT APMS/FAA Digital-Chart Supplement (d-CS)				

Source: Gratiot Community Airport – Individual Airport Report, 2017

**Table 3 – Terminal Area Forecast Information**

Year	Itinerant Operations	Local Operations	Total Operations	Based Aircraft
2000	4,790	7,200	11,990	48
2005	3,570	5,354	8,924	39
2010	4,000	5,500	9,500	35
2015	4,000	5,500	9,500	26
2020	4,000	5,500	9,500	42
2025	4,000	5,500	9,500	42
2030	4,000	5,500	9,500	42
2035	4,000	5,500	9,500	42

Source: FAA Terminal Area Forecast Detail Report, Forecast Issued January 2020

To support the discussion of the data contained in the FAA Traffic Flow Management System Counts (TFMSC), the concept of aircraft reference codes must be outlined. The design of airfield surfaces is based on standards set forth in FAA AC 150/5300-13A, *Airport Design*, that are derived from the physical and operational characteristics of the type of aircraft intended to use a surface. The Aircraft Approach Category (AAC) relates to the approach speed of an aircraft and is categorized by a letter. The second component, the Airplane Design Group (ADG), categorizes aircraft by wingspan and tail height and is categorized by a Roman numeral. **Table 4** presents the classification of AAC categories and ADG groups.

**Table 4 – Aircraft Reference Code Components**

Aircraft Approach Categories		
Category	Approach Speed	
Category A	Less than 91 knots	
Category B	91 knots or more, but less than 121 knots	
Category C	121 knots or more, but less than 141 knots	
Category D	141 knots or more, but less than 166 knots	
Category E	166 knots or more	

Airplane Design Groups		
Group	Tail Height	Wingspan
I	Less than 20 feet	Less than 49 feet
II	From 20 feet to less than 30 feet	From 49 feet to less than 79 feet
III	From 30 feet to less than 45 feet	From 79 feet to less than 118 feet
IV	From 45 feet to less than 60 feet	From 118 feet to less than 171 feet
V	From 60 feet to less than 66 feet	From 171 feet to less than 214 feet
VI	From 66 feet to less than 80 feet	From 214 feet to less than 262 feet

Source: FAA AC 150/5300-13A, *Airport Design*

The TFMSC data provides a snapshot of the aircraft operations that fly into or out of the Airport when on an instrument flight plan. In many instances this data is important as it sheds light on the corporate aircraft that use an airport since most corporate flights are operating on instrument flight plans which allows their activity to be accounted for in the TFMSC database. The figures in the TFMSC database are often much

lower than those figures noted above from the TAF data. This is largely because the TAF figures consider all activity at the airport, not just the instrument flight plan flights. For example, the TAF considers activity at an airport where a pilot may be doing repetitive take-offs and landings (touch and goes) for training as well as those operations that are conducted by based aircraft within a 50-mile radius of the airport, whereas the TFMSC data only accounts for those aircraft flying under an instrument flight procedure. Using the data for 2019, **Table 5** illustrates the summary of the different aircraft types and the number of operations.

**Table 5 – Summary of TFMSC for Calendar Year 2019**

Operations by Aircraft Reference Code		Operations by Engine Type	
A-I	86	Piston	86
A-II	2	Jet	49
B-I	25	Turbine	88
B-II	109	Other	7
C-I	1		
Other	7		

*Source: FAA Traffic Flow Management System Counts Data, 2019*

**Figure 5** provides a summary of the aircraft reported in the TFMSC database for calendar year 2019. As this data illustrates, the aircraft with the most operations, per the TFMSC data, is the King Air 300 which is a turbo-prop aircraft with 72 reported operations. When reviewing the data by overall categories, aircraft in the B-II category have the most instrument approaches into the airport; however most of the operations reported in the TAF are likely B-II and smaller aircraft, with the majority being A-I aircraft. It is important to note that the operations by the King Air 300 are most likely attributed to the King Air 300 that is based on the airfield and operated by AAS, LLC.

What these operational statistics illustrate is that there is use of the Airport by limited corporate activity and more recreational activity based upon the aircraft types. When the activity at the Airport is compared to the three peer airports, their niche markets become more obvious. As **Table 6** illustrates, looking at comparable TFMSC data for the three peer airports, Mason-Jewett Field is more closely aligned to activity that is more recreational whereas Mt. Pleasant and Big Rapids are more heavily visited by corporate aircraft.

**Table 6 – Comparison of Peer Airport with TAF and TFMS Activity Data**

<b>Elements</b>	<b>AMN</b>	<b>TEW</b>	<b>MOP</b>	<b>RQB</b>
<b># of Total Ops per FAA TAF</b>	9,500	6,500	10,340	4,040
<b># of Ops by ARC per TFMS Data</b>				
A-I	106	392	229	148
A-II	2	-	29	6
B-I	31	25	68	60
B-II	142	-	188	160
C-I	7	-	142	4
C-II	-	-	38	7
C-III	-	-	2	-
Total Ops	288	417	696	385
<b># of Ops by Class per TFMS Data</b>				
Piston	110	409	241	182
Turbine	117	8	127	177
Jet	61	-	328	26
Total Ops	288	417	696	385
<b>Based Aircraft per FAA 5010 Form</b>				
Single Engine	31	78	13	18
Multi Engine	6	5	2	2
Jet	0	1	1	0
Total	37	84	16	20
<b>Critical Aircraft per Current ALP Documents</b>	Super King Air 300	Piper Cherokee	Learjet 31	Beech 200 Super King

Source: FAA TFMS (2019), FAA TAF (2019)

**Figure 5 – Traffic Flow Management System Counts – 2019**

Aircraft	Airplane Approach Category	Airplane Design Group	Physical Class	Departures	Arrivals	Total Operations
EA50 - Eclipse 500	A	I	Jet	1	1	2
BE33 - Beech Bonanza 33	A	I	Piston	21	14	35
BE35 - Beech Bonanza 35	A	I	Piston	1	1	2
BE36 - Beech Bonanza 36	A	I	Piston	0	1	1
BE55 - Beech Baron 55	A	I	Piston	1	1	2
C172 - Cessna Skyhawk 172/Cutlass	A	I	Piston	6	7	13
C210 - Cessna 210 Centurion	A	I	Piston	1	0	1
C303 - Cessna T303 Crusader	A	I	Piston	2	2	4
C310 - Cessna 310	A	I	Piston	4	3	7
M20P - Mooney M-20C Ranger	A	I	Piston	2	1	3
P28A - Piper Cherokee	A	I	Piston	5	3	8
P28B - Piper Turbo Dakota	A	I	Piston	1	1	2
P28U - Piper Cherokee	A	I	Piston	0	1	1
PA30 - Piper PA-30	A	I	Piston	1	0	1
PA32 - Piper Cherokee Six	A	I	Piston	1	0	1
PA34 - Piper PA-34 Seneca	A	I	Piston	2	1	3
PA46 - Piper Malibu	A	I	Piston	0	1	1
S22T - Cirrus SR-22 Turbo	A	I	Piston	1	1	2
SR22 - Cirrus SR 22	A	I	Piston	5	6	11
TBM9 - Socata TBM	A	I	Turbine	3	3	6
PC12 - Pilatus PC-12	A	II	Turbine	1	1	2
BE40 - Raytheon/Beech Beechjet 400/T-1	B	I	Jet	1	1	2
C25M - Cessna Citation M2	B	I	Jet	2	2	4
C501 - Cessna I/SP	B	I	Jet	1	1	2
C510 - Cessna Citation Mustang	B	I	Jet	1	1	2
B58T - Beechcraft Baron Turbo	B	I	Piston	1	1	2
C402 - Cessna 401/402	B	I	Piston	2	2	4
C414 - Cessna Chancellor 414	B	I	Piston	2	2	4
C421 - Cessna Golden Eagle 421	B	I	Piston	1	1	2
AC90 - Gulfstream Commander	B	I	Turbine	1	1	2
BE10 - Beech King Air 100 A/B	B	I	Turbine	2	2	4
BE9L - Beech King Air 90	B	I	Turbine	1	2	3
C25C - Cessna Citation CJ4	B	II	Jet	11	11	22
C56X - Cessna Excel/XLS	B	II	Jet	2	2	4
C680 - Cessna Citation Sovereign	B	II	Jet	1	1	2
C68A - Cessna Citation Latitude	B	II	Jet	7	7	14
B350 - Beech Super King Air 350	B	II	Turbine	1	0	1
BE20 - Beech 200 Super King	B	II	Turbine	3	2	5
BE30 - Raytheon 300 Super King Air	B	II	Turbine	48	46	94
H25B - BAe HS 125/700-800/Hawker 800	C	I	Jet	0	1	1
LJ45 - Bombardier Learjet 45	C	I	Jet	3	3	6
EC15 - unknown	Helo	Helo	-	1	0	1
EC55 - Eurocopter EC-155	Helo	Helo	-	2	1	3
H60 - Sikorsky SH-60 Seahawk	Helo	Helo	-	2	1	3
-1 - unknown	No Data	No Data	-	1	0	1
<b>Total:</b>				<b>156</b>	<b>140</b>	<b>296</b>

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Sources: Traffic Flow Management System Counts (TFMSC), Aviation System Performance Metrics (ASPM)

Source: FAA Traffic Flow Management System Counts - 2019

This aircraft operation data can be supplemented by the annual reporting that the FBO, Three Point Aviation, has provided in their period airport reports. **Table 7** summarizes the annual aircraft using the Airport, based upon those registering in the official Airport Registry. This listing is by no means an exhaustive representation of the aircraft using AMN as many pilots do not register when landing at the Airport since they are not required to log their activity in the registry. It should be noted, the number of flights registered should be doubled to account for overall operations since a take-off or landing is considered an operation. Consequently, an aircraft that lands at the Airport and then departs is considered to have conducted two operations.

**Table 7 – Flights Registered in Official Airport Registry 2016 - 2018**

	2016	2017	2018
<b>Flights Registered</b>	156	214	311

*Source: Three Point Aviation, 2016-2018 Airport Registry*

## E. Revenues and Expenses

As noted in the Ownership Section, the method of Airport funding is prescribed by the Authority Agreement. In reviewing recent budgets for the airport, the Airport Authority has been able to maintain a relatively consistent operating environment. In fact, upon review of the information contained in the Gratiot Community Airport Authority Information Package 2008 and the most recent three years of information (2017-2019), there has been minimal change over the twelve-year period. **Table 8** summarizes the overall revenues and expenses for comparison for six different years to show the range over the past twelve years.

**Table 8 – Comparison of Revenue and Expenses from 2008 - 2019**

Year	Revenues	Expenses
2007 Actual	\$123,582	\$166,849
2011 Actual	\$203,024	\$166,224
2012 Actual	\$102,735	\$161,893
2017 Actual	\$121,738	\$172,295
2018 Actual	\$167,190	\$170,660
2019 Budget	\$144,468	\$170,660

*Source: Gratiot Community Airport Authority Financial Records*

## F. Local Business Environment and Services

Another important element to document is the context of the local community since it can have a direct impact on the current and potential use of the Airport.

### Potential Users of the Airport

First and foremost, it must be acknowledged that Gratiot County (County) is known for its agricultural industry. As outlined in the December 2018 *Gratiot at a Glance*, (**Appendix E**) nearly 70% of the County is currently used for farmland which is generating commodities valued at \$242.7 Million. Aerial application is a key component that supports approximately half of this industry which is related to the production of row crops.

In addition to traditional agricultural activities, there are also a considerable number of employers in the County as evidenced by the summary provided in the Greater Gratiot Economic Profile 2017. This list of principal base employers representing significant industries by their locations exhibits a diverse economy ranging from higher education to manufacturing to health care. This is important as each of these various sectors have the potential to users of the Airport.

### **Services to Support Passengers**

One of the challenges the Airport faces is limited resources available to serve pilots and passengers who choose to travel to the Airport. These services typically include things such as lodging and transportation options for those staying for an extended period as well as services for pilots such as proximity to meals, access to transportation and comfortable waiting areas. While there are some locally owned lodging options, there are no national brand name hotels in the County. If a traveler is looking for that as an option, they may be more likely to fly into Mt. Pleasant where they have ready access of more than a dozen options in proximity to MOP. Access to rental cars is similar, they are based in Mt. Pleasant so to obtain one at Gratiot Community, they must be brought from the Mt. Pleasant area to the Airport. The Mt. Pleasant airport manager mentioned that they often have rental cars dropped at their airport that are intended for Gratiot Community due to miscommunication. For the pilots, there is no secret that they want to be able to be comfortable while they are waiting for their passengers. This includes having comfortable waiting areas at the Airport, as well as having access to transportation to leave the Airport, often to obtain a meal. With AMN being located some distance from either Alma or Ithaca, a visiting pilot must make a very concerted effort to travel into town and seek out options for dining where in other airport locations, those types of dining options are much closer and more readily accessible.

While these issues are not absolute deal breakers to either attract or deter a pilot coming to the Airport, it can certainly influence their decision-making process. There are some things that the County/Airport Authority can do to address these issues such as providing reliable transportation, recommendations on places to eat, and a comfortable pilot waiting area. The current waiting area in the terminal building is not as welcoming as it could be. Improvements to the furniture and general appearance of the interior of the building may make for a more welcoming and comfortable atmosphere for waiting pilots and passengers. Additionally, providing options to passenger amenities may also be advantageous. For example, in Mt. Pleasant, where they have a considerably higher level of corporate activity, the airport manager has existing relationships with various restaurants in the community that are willing to make catering deliveries to the airport so he has ready access to that information for corporate users when they arrive at the airport. The arriving pilots are not forced to figure those types of housekeeping items out for themselves. It is a level of customer service that is appreciated and keeps a user coming back to that facility.

Other issues such as access to a chain hotel or proximity to rental cars are likely beyond the County/Airport Authority control but should be kept in mind when considering the overall attractiveness of the Airport to the traveling public. Additionally, having access to these amenities are also not a guarantee that aircraft will be attracted to the Airport. Users of the airport must have a base need to travel to the Gratiot County area which is then supported by these other factors that contribute to their decision-making process to select a destination airport.

## **G. Existing Management and Maintenance of the Airport**

One final area that should be outlined as part of the foundational information is the way the Airport is currently being managed and maintained. These functions are spread over four different entities which may have opportunities for consolidation, although possibly at an increased cost. General costs associated with these services are taken from the *Proposed Operating Budget Summary for 2019* that was provided by the City of Alma (**Appendix F**). This summary provides not only the anticipated budget for 2019 but the actual budget numbers for 2017 and 2018 for reference.

The Airport Authority is the first entity and it provides the general oversight of the airport facility and delegates its day-to-day administration of the management duties to the City of Alma and the FBO McDonald Air Services, LLC (McDonald Air Services). An additional entity, the local Experimental Aircraft Association (EAA) chapter is contracted for lawn mowing of the airport, with a three-year contract at a price of \$9,775 per year.

The City of Alma provides three functions which are billed to the Airport Authority for reimbursement of services. First, there are administrative duties that are performed by the City of Alma's Assistant City Manager. This includes tasks such as negotiation of airport leases, development of annual capital improvement plans and annual budgets, coordination with MDOT AERO on projects and federal funding, and coordination with the Airport Authority on these same matters. Approximately 100 hours of the Assistant City Manager's time is allocated to this effort, with a budget of approximately \$3,500 annually. The City of Alma also provides financial services to collect fees, administer the leases, and auditing. In 2018 these fees were billed at \$3,000 and were budgeted at that same level for 2019. Finally, the City of Alma also provides the services necessary to maintain the buildings and grounds outside of those services contracted to the EAA or McDonald Air Services. In 2017, these services cost \$10,777 and in 2018 dropped to \$9,000. For the 2019 budget, these City of Alma services totaled \$15,200. These functions, while reimbursed monetarily by the Airport Authority, take time away from the City staff that could likely be dedicated to other activities that are more specific to the City of Alma.

The services provided by McDonald Air Services are addressed with two separate contracts. One contract provides for their services to provide day-to-day airport management services which includes fuel sales and operations of the terminal building. The other contract is for the winter snow removal activities. The management contract costs the Airport Authority \$18,780 annually while the snow removal contract was \$25,130 in 2018 and budgeted for the same in 2019. This accounts for \$43,910 paid to McDonald Air Services.

### **3. Airport Obligations and Authority Membership**

This study was asked to provide insight on the topic of closure of the Airport as well as the impacts of a municipality leaving the Airport Authority. These issues are discussed in this section of the report; however, it should be noted that the comments that follow should not be considered as a legal opinion. These findings are based upon the consultants' experience with other airports, consultation with MDOT AERO, and review of historic documents. For a formal legal opinion, consultation with an attorney is recommended.

#### **A. Airport Obligations**

To understand the obligations of the Airport Authority, as the Sponsor for the Airport, there are essentially three sources that were consulted to determine what obligations apply. These include:

- Instruments of approved property transfer
- Deeds of conveyance
- Grant Assurances

#### **Deeds and Property Transfers**

The first two items, the transfer of property and the associated deeds of conveyance, are applicable in this instance since the Airport has undergone several iterations of ownership over the past fifty-five years. The agreements referenced in **Appendices A, B, and C**, document that there has been an evolution in the ownership of the Airport which has obligated various entities, at various times, to the operation of the Airport.

The primary constant is obviously the City of Alma, as the sole airport sponsor in 1965-66 when the property was purchased to establish the Airport at the Seaman Road location. The City was the sole sponsor from 1965 until 1981 when Gratiot County became a co-owner of the Airport with the creation of the Gratiot Community Airport Commission. This arrangement remained in place for twenty-eight years until 2009 when the Gratiot County Airport Authority was formed and subsequently amended in 2012. With the 2012 amendment, the ownership is now shared by the six municipalities including Gratiot County, the Cities of Alma, Ithaca and Saint Louis, and the Townships of Arcada and Pine River. These various agreements provide the benchmarks of applicability for some aspects of the responsibility for the Airport.

When determining responsibility, there are some situations where the timing of participation in the Airport ownership may be important. A good example of a responsibility related to timing are those issues often related to environmental concerns. For example, as part of a recent project at the Jackson County Airport – Reynolds Field, the timing of ownership between the City of Jackson, the former owner of the airport and Jackson County, the current owner of the airport was key. While owner of the airport, the City of Jackson operated a municipal landfill on airport property. As part of the recent construction project, the landfill was found to be leaching contaminants into the surrounding ground water. A portion of the land fill needed to be removed as part of the construction project. The City of Jackson was required to assist with the mitigation of the landfill material since creation of the landfill occurred while under their ownership. Consequently, applying this scenario to the Gratiot Community Airport, it is expected that if some form of contamination was found of the airfield, that could be clearly be determined to have happened between 1965 and 1981,

it's likely that the current Airport Authority may choose to hold the City of Alma accountable for any remediation. Likewise, if something were found to have been contaminated between 2012 and present day, then the six municipalities who are current Airport Authority members would likely be held responsible for the issue.

### **Grant Assurances**

There are other instances, such as the final element, grant assurances, where the FAA sees the Airport Sponsor as an evolving entity that is the responsible party at the current date. For example, the Airport property was purchased with federal funds in 1965/1966 with the City of Alma as the sole sponsor. There are federal obligations associated with the Airport property since it was purchased with those federal funds. If the City of Alma were to leave the Airport Authority, the responsibility to uphold the grant assurances associated with those original federal funds would transfer to the current Airport Sponsor, which is the Airport Authority. As these two examples indicate, there is not necessarily a clear distinction of where the responsibility begins or ends, it is dependent upon the issue. This is further complicated by the topics of grant assurances themselves which are discussed below.

The current Airport Authority, as well as the City of Alma and Gratiot County, have received federal assistance, through the FAA Airport Improvement Program (AIP) (1981 – present) and the Airport Development Aid Program (ADAP) (pre-1981). As a recipient of these funds, the Airport Authority, as the current Airport Sponsor, assumes the responsibilities of grant obligations associated with those historical funds and any funds utilized in the future. With each grant that is accepted by the Airport Authority, or the Commission or City of Alma before that, the acceptance of those funds require that the Sponsor agree to accept certain obligations related to the use of the funds, and more importantly, the manner in which the airport will be operated to meet the federal requirements.

For example, a few of the major obligations that an airport sponsor can incur when taking federal funds through the AIP process include:

- Prohibition of exclusive rights
- Use of airport revenue
- Proper maintenance and operation of airport facilities
- Protection of approaches
- Keeping good title of airport property
- Compatible land use
- Availability of fair and reasonable terms without unjust discrimination
- Adhering to the approved airport layout plan
- Self-sustainability
- Sale or disposal of Federally acquired property
- Preserving rights and powers
- Using acceptable accounting and record-keeping systems
- Compliance with civil rights requirements

These assurances, along with the rest that now total 39 assurances, as outlined in **Appendix G**, will be part of the grant document that the Airport Authority will execute as part of the 2020 project to update the Airport Layout Plan and design the new fuel farm.

## **B. Airport Closure or Privatization**

As specifically outlined in Section B.1 of the *Airport Sponsor Assurances* dated February 2020, grant assurances associated with general airport infrastructure projects remain in effect for not more than twenty (20) years. This will apply to the design and subsequent installation of the new fuel farm. However, that does not apply to real property acquired with federal funds. There is no limitation on the assurances which obligates the Airport Authority for the approximately 660 acres of property that was acquired in 1965-1966 with federal funds or the approximately 150 acres of aviation easements.

### *B. Duration and Applicability.*

#### *1. Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.*

*The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.*

Section B.3 of the *Airport Sponsor Assurances* provides additional guidance that only certain assurances apply to the Airport Layout Plan Update being funding in 2020 since it is a planning project.

### *B. Duration and Applicability.*

#### *3. Airport Planning Undertaken by a Sponsor.*

*Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 25, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project; there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport.*

Consequently, with the execution of the 2020 Federal grant and the acceptance of those funds, the Airport Authority, or its heirs or assigns, will be obligated to the operation of the Airport, under the 39 grant assurances for up to the next twenty years. Additionally, if the Airport Authority wanted to absolve itself of the ownership of the Airport, it may consider the following options.

The first option would be to find another willing party to assume ownership. Since the Airport is already part of the NPIAS system, this owner would likely need to be a public entity. This public entity could take over ownership and operation of the Airport, just as the Airport Authority did from the Airport Commission and prior to that, the City of Alma.

The second option would be for the Airport Authority to maintain ownership of the property; however, operation could be privatized. The FAA is currently offering a pilot program, per the FAA *Modernization and*

*Reform Act of 2012* to allow up to 10 airports to apply for the opportunity to participate in a pilot program to be operated by a private entity. Several airports have participated in the program. Currently, the most notable airport using the program is Luis Munoz Marin International in Puerto Rico, with a 40-year lease to a private operator. In this instance, the ownership has not been transferred, only the operational responsibility.

The other option may be to seek closure of the Airport. Since the AMN is federally obligated, the Airport Authority would need to follow the guidance in FAA Order 5190.6, *Airport Compliance Manual*. Airport sponsors released from federal obligations would subsequently be removed from NPIAS. *Chapter 22 Release from Federal Obligations* of FAA Order 5190.6 outlines the general conditions and process for consideration of release. In Section 22.4 it specifically notes that the criteria for granting approval of a release request include:

- (1). The reasonableness and practicality of the sponsor's request.*
- (2). The effect of the request on needed aeronautical facilities.*
- (3). The net benefit to civil aviation.*
- (4). The compatibility of the proposal with the needs of civil aviation.*

Section 22.20 explains that the approval authority for release of an entire airport rests with the FAA Associate Administrator for Airports (ARP-1). To request such a release, the sponsor must provide the Associate Administrator for Airports with a copy of the sponsor's request, including related exhibits and documents, and a copy of the FAA Airports regional statement supporting and justifying the proposed action. Sections 22.24, 22.25, 22.26 outline the information that must be included in the written release for the FAA to consider such a request which generally includes the following:

- All obligating agreement(s) with the United States.
- The type of release or modification requested.
- Reasons for requesting the release, modification, reformation or amendment.
- The expected use or disposition of the property or facilities.
- The facts and circumstances that justify the request.
- The requirements of state or local law, which the ADO or regional office will include in the language of the approval document if it consents to, or grants, the request.
- The involved property or facilities.
- A description of how the sponsor acquired or obtained the property.
- The present condition and present use of any property or facilities involved.
- The fair market value of the property.
- Proceeds expected from the disposal of the property and the expected use of the revenues derived.
- A comparison of the relative advantage or benefit to the airport from the sale of the property as opposed to retention for rental income.

- Provision for reimbursing the airport account for the fair market value of the property if the property is not going to be sold upon release, for example, if the municipality intends to use it for a new city office building or sports complex.
- A description of any intangible benefits the airport will realize from the release. The sponsor may submit a plan substantiating a claim of intangible benefits to the airport accruing from the release, the amount attributed to the intangible benefits, and the merit of applying the intangible benefits as an offset against the fair market value of the property to be released.
- Drawings which illustrate the property in question.
- Environmental review per applicable process to meet the National Environmental Protection Act (NEPA) requirements.

The FAA specifically notes in Chapter 22, Section 22.25 that a sponsor can only cite the benefits to the airport as justification for the release, whether tangible or intangible. Any sort of nonaviation interest for the sponsor or the local community – such as making land available for economic development – does not constitute an airport benefit that can be considered in justifying a release and disposal.

To summarize this effort, if the Airport Authority would attempt to close the Airport, a clear demonstration would need to be made that the state aviation system and the national system no longer benefit from its use. Since AMN is acknowledged by the Michigan Aviation System Plan as a Tier 1 Airport, as discussed in **Section 2.B** of this report, there is a demonstrated need for the Airport at the state level. As also noted in **Section 2.B**, AMN continues to be listed in the NPIAS, and is noted in the FAA ASSET Study as a Local Airport which further demonstrates a need for the Airport to support the national airport system. Both factors point to a need to maintain the Airport.

The development of the information above may prove to be costly for the Airport Authority, compared to the return for airport closure. For example, the environmental review process would likely require at least an environmental assessment or even an environmental impact study. Either of these are likely to be costly, ranging from hundreds of thousands of dollars to more than a million to complete, depending upon the environmental impacts. There are also substantial costs associated with the sale, and subsequent reimbursement of funds to the FAA for the 660+ acres of property owned in fee and the 150+ acres of aviation easements. There may also be costs associated with payments to private owners who have structures constructed on the airport. Depending upon the individual lease agreements, these private owners may be entitled to payments to support relocation to a new airport facility or reimbursement if their structures are unable to be relocated. As part of this study, the consultant did not review the current leases to assess this issue. There are also the costs associated with the process to develop the release request which can be considerable as well since includes development of the narrative package, a fair market value appraisal and boundary survey, and a summation of the assorted leases as noted previously.

### **C. Authority Membership**

As mentioned previously in **Section 3.A**, the responsibility of individual municipalities, as members of the Airport Authority, may vary depending upon the specific issue. As noted in the previous examples, there may be limited liability that will follow an Airport Authority member should they leave the Airport Authority; however, there are some instances where there may be long term liabilities. The Airport Authority

Agreement, as amended January 30, 2012 provides methods for members to enter and exit the Airport Authority, under Section 5 – Addition and Reduction of Member Municipalities. A key consideration is certainly the provision that to leave the Airport Authority, a member municipality must be in good financial standing, therefore any past due payments, in accordance with Section 4 - Operational Funds, would need to be paid in full. The current Cities of Ithaca and Saint Louis and the Townships of Arcada and Pine River are each expected to contribute \$2,000 annually toward the operation of the airport with the County and the City of Alma providing equal shares to account for the remainder of the necessary budget, supplemented by the revenues generated at the Airport. Should a member cease to make their payments, there is no provision in the Agreement that details what course of action the Airport Authority would take with the municipality to remedy the situation. This is a situation that the Airport Authority may wish to consider in the future with an amendment to the Agreement or creation of a policy to address this issue.

Another airport authority within Michigan has faced this issue for nearly a decade with several authority members electing to stop making their required contribution to the operation of the authority and the airport. Only a single member of that authority continued to make the necessary payment to cover all the operating expenses associated with the airport. The other municipalities wish to be removed from their authority, and therefore, have ceased making payments. Since their agreement, much like the Gratiot Community Airport Authority, requires them to be in good financial standing to be removed from the Authority, they are stuck in the limbo where they cannot leave the authority, yet they don't contribute financially to its operation. As noted above, they are still held responsible for the actions of the authority since they are still formal members and as such, they attend authority meetings and participate in the decision-making process; however, have no financial participation. It is a very awkward position for the sole municipality that is left with the financial burden.

As discussed above, the ownership has evolved over the years to reflect the needs of the local community. Comments from the various interviews suggested that this may be an opportunity for the ownership of the Airport to be reinvented yet again. For example, some interviewees noted that representation of the current Airport Authority takes into account the larger county area with the County representative, and the three cities (Alma, Ithaca and St. Louis); however, with only two of the sixteen townships and none of the villages represented there is an imbalance with this representing the full County interest/participation. Based the 2010 Census population data, the three cities and the two townships represent 50% of the population of the County while the remaining 17 municipal entities represent the other 50%. These county residents are being represented through the County representation in the Airport Authority. When looking at the breadth of employers across all the municipal entities in the County, it could be argued that each has a potential to benefit from the operation of the Airport. This may be through direct use of the Airport by various businesses and industries themselves, or their business partners; through the indirect impacts associated with business and industry use or from the more qualitative benefits such as medical flights and educational opportunities.

A specific example would be the use of the Airport for agricultural spraying. The direct impact can be expressed in two ways. The first is the benefit to the businesses at AMN that participate in the aerial application activities. The second is the direct impacts for the various farms for the benefits that their crops receive due to the aerial application. These applications, in turn, support the development and subsequent harvest of the crops which create the secondary impacts of jobs to harvest and process the crops. This also

creates additional impacts because of the local employees who are employed in the agricultural industry, whose jobs are impacted by these aerial applications, spending their wages and living in the local community which generates additional economic impact. Both the agricultural areas that are being sprayed and the business and individuals who staff these farm operations, as well as the places where they live and spend their wages are spread over Gratiot County.

As the example above demonstrates, it may be advantageous to create a broader authority membership and/or representation that can consider the entire County. It may be beneficial to consider the separation of the ownership and the management of the Airport. It may be a benefit to reduce the number of entities involved in the actual ownership of the property so that liability for activities on the Airport are easier to address. However, to address the overall impact that the Airport can have on the local community, a broader membership could be considered that includes more than just municipal members and addresses community interests. For example, economic development interests, major employers, medical and/or emergency services, and the pilot community are just a few of the perspectives that could be beneficial to have as part of the Airport Authority.

This possible revision to the Airport Authority speaks to property ownership and representation of interest groups. It would also need to account for financial aspects. This issue is discussed further in the Revenue Section of the report to address possible changes to the funding structure.

#### **D. Summary**

As demonstrated by the information in **Section 2.B**, the Gratiot Community Airport has value to the national system of airports and the Michigan system of airports, consequently, making any argument to close the Airport would likely be very costly and take considerable effort and may not result in an approval from the FAA. Additionally, the current method of governance and funding for the Airport may be an area for the Airport Authority to evaluate. Creating an authority that has a wider representation with a different funding opportunity may be a consideration which is addressed further in the Report Summary.

## **4. Management and Efficiency Issues**

While the concerns of ways to better manage the Airport and ways to increase efficiency were originally outlined as separate issues, after the interviews and review of data it became clear these two matters are heavily intertwined such as they will be discussed together. It became very apparent from the initial conversations with various Airport Authority members and associated staff involved with the operation of the Airport that there are opportunities for improved management and efficiency. There was considerable confusion on who was responsible for various aspects of the day-to-day operation as well as the broader management of the Airport. As will be discussed below, there are things that can be done to improve these issues, as well as several options that the County and the Airport Authority may wish to consider to change the operations; however, as previously noted, some of these options are intertwined with the other issues, such as funding. Therefore, careful consideration is necessary when reviewing these various topics.

As discussed earlier in the document, the aviation industry saying of “if you’ve seen one airport, you’ve seen one airport” is very applicable to the topic of airport management. As noted, there are several issues where the options associated with management, efficiency, and revenues intertwine and present interesting options. In some instances, you may be able to streamline the management and efficiency, but it may increase costs. You may be able to increase revenue, but it may require more effort to manage. This is noted because it is important when comparing AMN to the other peer airports that were contacted for the study. Each of the three peer airports have made choices where they are balancing these three issues of management, efficiency, and revenues in a different manner with various results, related to staffing, budget and level of service. The County and the Airport Authority will have to exercise their own decision-making effort to determine the balance between the issues put forth in this document and their desire for change at the Airport.

A key takeaway from the study effort has revealed that while there is nothing inherently wrong with the way the Airport is currently managed, there are opportunities for improvement. The following general topics are discussed in this section that focus on the primary management issues that were identified through the study:

- Points of Contact/Chain of Command
- Fixed Base Operators (FBOs)
- Staffing
- Fueling Considerations

### **A. Points of Contact / Chain of Command**

The first topic that should be addressed is defining either a single point of contact (POC) or at least a documented chain of command and primary contact for the Airport Authority. This was very apparent during the data collection effort. It was very difficult to obtain information to support the development of this report. The people contacted were very helpful and willing to share data. The issue was that the data was spread over a number of people, representing various entities that it was difficult to obtain the data and determine

if all of the information had been obtained, if it was the most recent data, and if the right person was being consulted for the data.

When tasked with the initial investigation, the County was a first contact; however, they were in possession of very little background data other than a copy of the Authority Agreement and a brief financial review from the County Finance Director. The City of Alma provided numerous documents and the FBO also supplied information. In each case, different information was provided from each source and there did not appear to be an ability for any single person to have been in possession of all the data. As an example, this process was much easier with the peer airports when we made the same request. In each case, the person listed in the MDOT AERO Airport Directory as the airport manager is the primary point of contact. This person, in each case, took the request and in all three instances was able to immediately provide the data at one time.

In contrast, in the data collection effort, Scott McDonald who is listed in the MDOT AERO Airport Directory as the airport manager, was never involved in the interview effort. He deferred his engagement to representatives Dennis McDonald and Daryl Koch who were helpful to explain day-to-day activities at the Airport that they were responsible for; however, as noted previously were not able to address other issues such as building maintenance or building leases which are handled by the City of Alma. Numerous conversations were held with City of Alma Assistant City Manager, Aeris Ripley, to collect a substantial amount of information. Having this many individuals involved at the Airport complicates the operation and erodes the efficiency of communication and coordination as well as interaction with the local community.

There are a couple ways this could be addressed. At a minimum, the Airport Authority could create a more formal reporting structure so at least documents that are important to the operations of the Airport are maintained by a single person and found in a single location. Additionally, Airport Authority members and the Airport staff (airport manager and/or FBO employees) should be educated on who this point of contact is so they can direct interested parties to the right person. Ideally, there would be a more central figure, who would report to the Airport Authority and provide this role. In each instance with the peer airport group, this person is not only the airport manager but also a paid employee of the airport sponsor.

## **B. Fixed Base Operator(s) (FBOs)**

Complicating this discussion of the point of contact was the two different entities that appear to operate as FBOs for the airport. McDonald Air Services maintains the contract to provide the airport manager duties. Three Point Aviation, LLC is listed in the MDOT AERO directory as the FBO of record. Staff from both firms appear to cross over which makes it difficult to discern who is responsible for specific duties. A good example of this is illustrated in the *Gratiot Community Airport Report* dated February 21, 2019 (**Appendix H**) that was provided during the data request. This report clearly states that it is “provided by Three Point Aviation and Scott McDonald, FBO”. This poses the question of why an FBO that is not contractually obligated to manage the Airport is providing the Airport Report. It is suggested that this blending of the two FBOs, their services, their staff, and their responsibilities be more clearly delineated and documented to provide better clarification and transparency.

## C. Staffing

When comparing the operations of the Airport to the peer airports, a common theme emerged that the staffing within each airport was handled by airport sponsor employees, not an FBO. As noted above, some of the activities undertaken daily for the Airport are provided by the FBO, the City of Alma and the EAA. With this diverse responsibility, it can be complicated for an individual to conduct business with the Airport since they may not be knowledgeable of who to talk to for a lease or fueling questions or hangar maintenance issues. An important item for consideration is the hours in which the airport is being staffed. As outlined in **Section 2.F**, pilots who are interested in either visiting the airport or even basing their aircraft at the field are going to investigate the level of service they can expect at the Airport. The current listings for AMN report that the Airport is only attended from 8:30 to 2:30 Monday thru Saturday. It also makes note that they are on-call 24 hours a day. Pilots may read this and decide to not utilize the Airport if they are expecting services before 8:30 AM or after 2:30 PM. While services can be obtained on an on-call basis, that can often be cumbersome as well as an unknown element due to response time.

As noted in **Section 2.G**, several of the day-to-day operations are also vested with the City of Alma. The Airport Authority may consider consolidating these various tasks into a single entity/person that may provide more accountability and efficiency. For example, in Mt. Pleasant, the airport manager is responsible for the daily operation of the airport, the terminal building maintenance, and fueling. He also handles the lawn mowing in the summer and most of the snow plowing in the winter when snowfalls are less than ¼ inch at any one time. He is also responsible for managing the leases, with City of Mt. Pleasant legal counsel review and City Commission approval. He is supported by several part-time employees to provide opportunities for time off and coverage during high demand times and after-hours call outs. He has an on-call contract for additional snow removal when snow falls are more significant. This staffing arrangement provides the City of Mt. Pleasant with a very clear line of communication and point of contact for airport activities and places the responsibility for all airport activities with the City of Mt. Pleasant.

In Big Rapids, their staffing is very similar; however, snow removal is conducted by their Department of Public Works (DPW) and charged to the airport account. This limits their need to outsource the removal and reduces their need to acquire equipment that is dedicated to the airport. Staffing is cheaper since the DPW workers are already employees of the City and the snow removal at the airport is simply an extension of their normal duties.

If the Airport Authority were to consider this alternative with a dedicated employee, it is expected that this person could take on the responsibilities that the City of Alma currently provides for the administration and the financial services, with oversight from the Airport Authority. Building and grounds maintenance may be a bit trickier depending upon the skill set of the selected individual. This person could also be responsible for the lawn mowing and conducting the fuel sales. Much like the Mt. Pleasant example, there would likely need to be at least one, if not two, additional part-time employees required to support this arrangement to provide necessary time-off and after-hours operations. Based upon figures provided by the County, to hire a person, at a level with responsibility commiserate with the expected duties, an annual salary and including the benefits, assuming a full family health insurance and maximum MERS contribution, would require approximately \$86,000 to \$92,000 to staff this single position. Obviously, a part-time employee would be much less.

Additionally, while this Airport Authority employee would have the time available to provide the services noted above (lawn mowing, snow removal and maintenance) the Airport Authority would likely need to procure the appropriate equipment to execute these duties such as a lawn mower, plow trucks, etc. Snow removal equipment is eligible for federal funding under the AIP program as part the Airports Non-Primary Entitlements, but there would be a local match of five percent that would need to be accounted for. As discussed in the Revenue Section, this option introduces additional costs that the Airport and subsequently the Airport Authority are not experiencing today. However, it is suggested as an option because it addresses the management issue that was identified as a concern.

#### **D. Fueling Considerations**

McDonald Air Services provides fueling services at AMN under a one-year FBO contract (with a one-year option) entered into in November 2013. The contract stipulates that McDonald Air Services shall provide all the necessary fueling facilities, which includes fuel storage tanks, pumps, and meters. Commensurate with the risk of financing the fueling infrastructure, McDonald Air Services reaps the fiscal rewards of selling aviation fuel at AMN.

In return for the right to sell fuel at AMN, McDonald Air Services pays the Airport Authority a fuel flowage fee of \$0.05 for every gallon of Avgas (100LL), and \$0.10 for every gallon of jet fuel pumped into an aircraft. Historically, these annual fuel flowage fees have ranged from approximately \$2,500 to more than \$4,500.

McDonald Air Services is contractually obligated to provide FBO services for at least 25 hours every week. According to FAA 5010 data, McDonald Air Services maintains operating hours of 8:30 AM. to 2:30 PM, Monday through Saturday. Outside of these hours, self-service fuel has been available through a credit card reader on the fuel pump. However, since August 2019, the credit card reader has been inoperative, and McDonald Air Services had to be present to assist with fueling services.

The Airport Authority plans to replace the aging fuel farm in 2021. It is understood that McDonald Air Services cannot afford the cost of the new fuel farm, so the Airport Authority will take ownership of the fueling facilities. This involves not only assuming responsibility for the capital costs involved with installing a new fuel farm, but also making decisions on which parties will assume responsibility for managing and funding the day-to-day operation of the fuel farm. The Airport will need to answer questions such as which party will be responsible for ordering and paying for fuel deliveries, how will that party be financially compensated, and how will the liability for the fuel farm be split (if at all) among the parties. The transition of control over the fueling facilities presents both challenges and opportunities for the Airport Authority.

## 5. Revenue and Expense Considerations

Generating revenues for GA airports is an issue that has plagued airport sponsors for decades. GA airports often have limited methods to generate revenue and in today's economic climate, there are numerous issues that influence these revenue sources. This section will first discuss some of the general industry issues that influence the ability to generate revenue and how they relate to the Airport. Then a review of existing revenue sources at AMN will be discussed, followed by a review of a budget comparison to several peer airports. Finally, several financial scenarios will be addressed to provide insight on how different options may yield opportunities for revenue generation.

### A. General Revenue Sources

For GA airports options for revenue generation most often include the following:

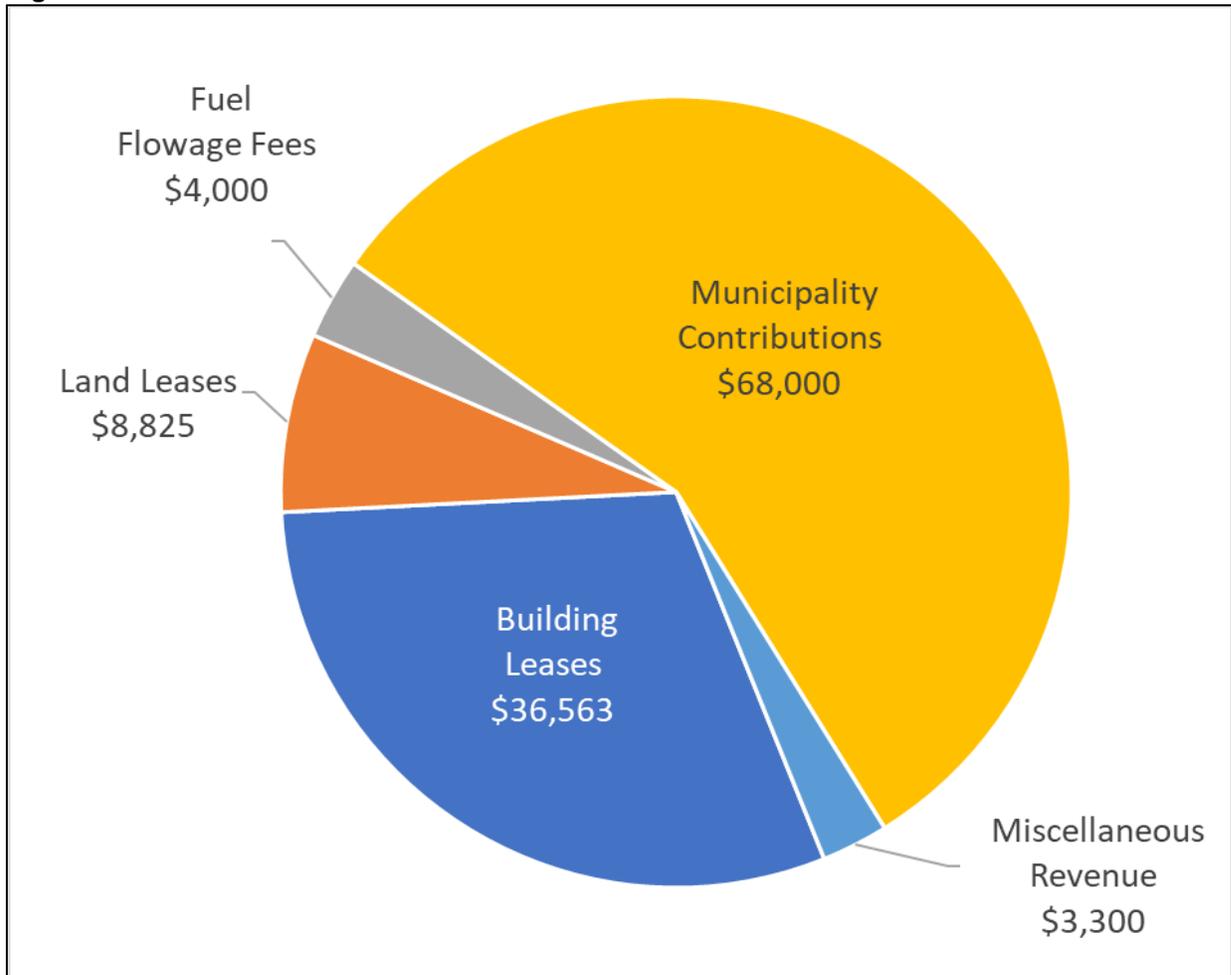
- Sales of fuel – this is typically the largest revenue generator on an airport. Airport sponsors may purchase and sell the fuel themselves, or contractually grant the right to a private business that usually pays the airport a fuel flowage fee. Fuel flowage fees are also often paid to the airport sponsor, by the businesses that operate their own fuel farm for company-owned aircraft.
- Ground leases – a ground lease typically allows the lessee to use a piece of airport owned land for a desired purpose for a given period. Commonly, the lessee will build a hangar on the land for their use or to lease it to other users.
- Hangar rentals – For airports that own hangars, leasing the space for aircraft storage or for aircraft maintenance by FBOs is a source of revenue.
- Tie-down fees – Airports can generate revenue by charging for tie-down space on airport aprons. These may be for based aircraft, charged at a monthly or annual rate, or for transient aircraft that are charged an hourly or nightly fee.
- Ancillary fees – Some airports find revenue sources such as call-out fees or sporadic building rentals,
- FBO fees and charges – In addition to FBOs paying for ground or building leases, or in some cases, in place of, airports may charge FBOs a fixed or variable fee for the right to conduct business on the airport. Variable fees are most often a percentage of gross revenues.
- Non-aeronautical uses – Some airports can generate revenue through means not related to their aeronautical activities. Examples include leasing land for farming or industrial park development.
- Municipal contributions – In many instances, GA airports rely on financial support from the airport sponsor. This can be through dedicated line items, general fund contributions and in some instances taxes to support the airport operations.

### B. Existing Revenues at Gratiot Community Airport

Most of these sources are currently providing revenues for airport operations, maintenance, and capital development at AMN. As noted in the budget comparison in **Section 2**, the Airport has not experienced much fluctuation in revenues since the formation of the Airport Authority.

By far the greatest source of revenue for AMN is the contribution from municipalities. For the 2019 fiscal year (FY2019) budget, this amounted to \$68,000 (see **Figure 6**), or more than half of the total revenues. Ground and building leases are the next largest contributor to revenues, accounting for approximately 37 percent (37%) of the total. The remainder is made up of an assortment of small revenue streams, including fuel flowage fees, which contribute 3 percent (3%) to total revenues.

**Figure 6 – AMN Revenue Sources**



Source: Gratiot Community Airport Proposed Operating Budget 2019

### C. Budget Comparison with Peer Airports

To better understand the financial situation of AMN, it is helpful to compare the operating budgets of several peer airports. **Table 9** shows the FY2019 operating revenues and expenses for AMN, Mount Pleasant Municipal Airport (MOP), Mason Jewett Field (TEW), and Roben-Hood Airport (RQB). It is immediately obvious that AMN has significantly less revenues, and expenses, as compared to the other three airports. The primary reason for this is because the other three airports directly handle the fuel sales, whereas the FBO at AMN is responsible for fuel sales and pays the airport a fuel flowage fee for the privilege. This explains why AMN's Aviation Revenue is only \$4,000, while the other airports have Aviation Revenues that exceed \$100,000. It is also the explanation behind AMN having no Aviation Fuel expense, while the other

airports do. Another difference in expenses is that AMN has lower personnel costs than the other three airports because the Airport Authority does not need staff to run the Airport because the FBO is contracted to handle day to day operations.

**Table 9 – FY2019 Budget Comparisons with Peer Airports**

<b>Airport</b>	<b>AMN</b>	<b>MOP</b>	<b>TEW</b>	<b>RQB</b>
<b>Ownership</b>	Gratiot County Airport Authority	City of Mt. Pleasant	Capital Regional AA	City of Big Rapids
<b>Management Structure</b>	Diversified: City/FBO	City only (no FBO)	City only (no FBO)	City only (no FBO)
<b><u>Operating Revenues</u></b>				
Building Leases	\$36,563	\$29,330	\$13,254	\$87,300
Land Leases	\$8,825	\$20,460	\$83,755	\$2,600
Aviation Revenue (fuel sales)	\$4,000	\$179,000	\$120,000	\$152,300
Municipality Contributions	\$68,000	\$126,600	\$0	\$164,100
Miscellaneous Revenue	\$3,300	\$3,300	\$0	\$70,800
<b>Total Operating Revenues</b>	<b>\$120,688</b>	<b>\$358,690</b>	<b>\$217,009</b>	<b>\$477,100</b>
<b><u>Operating Expenses</u></b>				
Personnel	\$15,200	\$111,840	\$40,921	\$142,700
Services	\$53,660	\$126,760	\$7,000	\$7,500
Maintenance, Repair & Supplies	\$4,500	\$19,400	\$36,712	\$68,100
Aviation Fuel	\$0	\$102,000	\$115,466	\$49,000
Airport Insurance	\$6,900	\$12,500	\$2,190	\$12,300
Utilities	\$9,500	\$28,700	\$31,150	\$27,000
Property Taxes	\$2,900	\$0	\$8,500	\$7,000
Debt Service	\$0	\$0	\$0	\$77,300
<b>Total Operating Expenses</b>	<b>\$92,660</b>	<b>\$401,200</b>	<b>\$241,939</b>	<b>\$390,900</b>
<b>Surplus/(Deficit)</b>	<b>\$28,028</b>	<b>\$(42,510)</b>	<b>\$(24,930)</b>	<b>\$86,200</b>

Source: City of Alma, City of Mt. Pleasant, Capital Regional Airport Authority, and City of Big Rapids

These differences illustrate the concept that efforts to generate additional revenue often require more expenditures, or, more simply, “You have to spend money to make money” as the well-known expression goes.

#### **D. Financial Scenarios**

With the question of airport management intertwined with the issue of revenue generation, it was felt that an analysis of possible revenue generation opportunities was warranted. Several alternatives involving two primary methods of increasing revenue – leaseholds and fuel sales – were considered. An additional consideration is the application of a county-wide airport millage. A brief discussion of non-aeronautical uses is also provided for consideration.

## Airport Millage

As discussed previously, the current method of funding the Airport Authority has raised some concern. If some members consider a possible exit from the Airport Authority, the remaining members will need to absorb the shortfall since the municipal contributions make up more than half of the operating budget. It was mentioned during the interviews that some members feel they are burdened by their contribution when they may be limited by development options based upon their industrial and agricultural options. Finally, some interviewees pointed out that they believe that with the County contributing a substantial amount to the operations, there are already tax dollars from the their residents being put into the Airport that go beyond the individual contributions of the remaining five Airport Authority members. Consequently, an assessment was completed to compare the amount of revenue that could be generated if an airport millage were established to provide the municipal contribution to the operating budget.

**Table 10** illustrates two funding scenarios related to the creation of an airport millage. One scenario looks at the application of a county-wide millage that would replace all contributions from the current Airport Authority members. As noted in **Table 10**, to cover the existing costs to operate the Airport, assuming these costs remain consistent into the future, would require a minimal millage amount of 0.046 mills to generate the \$68,000 that municipalities currently contribute to the 2019 Budget. This is based upon the 2020 county-wide taxable value of \$1,479,339,421. The remaining options are shown to illustrate how much could be generated if a higher millage rate were implemented, which may be necessary in the future to address upcoming capital improvements. The second scenario looks at a millage being applied only to the five municipalities currently in the Airport Authority. The County is not included in this mix, to address the issue of double contributions. The total combined taxable value for the Cities of Alma, Ithaca and St. Louis and the Townships of Arcada and Pine River for 2020 is \$476,256,160. As shown in **Table 10**, a millage of 0.143 is necessary to cover the existing level of contributions. Higher levels of millage rates are also shown to provide perspective on additional revenues that could be generated. While the property taxes from these five municipalities generate significantly less taxes than a county-wide property tax assessment, any millage rate above 0.143 produces more than the current contribution to the AMN operations budget.

**Table 10 – Summary of Anticipated Revenue Generated from Airport Millage Options**

Anticipated Millage Rate	Revenue Generated by County-Wide Millage (2020 taxable value \$1.5B)	Revenue Generated by Current Airport Authority Members Only (2020 taxable value \$476.3M)
0.046 mill	\$68,000	N/A
0.100 mill	\$147,900	\$47,600
0.143 mill	N/A	\$68,100
0.250 mill	\$369,800	\$119,100
0.500 mill	\$739.7	\$238,100
0.750 mill	\$1.1 million	\$357,200
1.000 mill	\$1.5 million	\$476,300

Source: Mead & Hunt, 2020 Equalization Report, Gratiot County Equalization Department.

## Fueling and Lease Options

To evaluate possible options for ways to increase revenues from aircraft fueling and various lease agreements, several steps were undertaken. First, a 20-year projection of baseline conditions was developed with which alternatives could be compared. This baseline condition scenario, like the alternatives examined, consisted of 20-year projections of revenues and operating expenses. No capital costs, depreciation, or state or federal grants were included since those are variable expenses. Each alternative was built off the baseline scenario with changes to the assumptions for the revenues and operating expenses. A table listing each scenario's assumptions can be found in **Appendix I**.

Three alternative scenarios in addition to Scenario 1, the baseline scenario, were developed. The alternative scenarios started with a look at revenue enhancements, with one scenario considering the revenue potential from the Airport taking control of fuel sales. Another scenario considered what AMN could do with the Airport's ground and building leases. However, as stated earlier, the issue of revenue generation is intertwined with that of airport management, so additional scenarios were developed for these two revenue generation scenarios that assumed the County took on the responsibility of airport operation and management.

The scenarios analyzed include:

- **Scenario 1: Baseline Scenario.** Conservative projections of revenue and operating expenses.
- **Scenario 2a: Airport Fuel Sales (no additional personnel).** AMN takes control of the sale of aviation fuel and is responsible for the cost and revenues tied to fuel sales. AMN pays the FBO a fuel flowage fee to provide fueling services.
- **Scenario 2b: Airport Fuel Sales.** This is the same scenario as Scenario 2a with the addition of personnel hired by Gratiot County to manage the fuel sales. It was assumed that 1.5 full-time equivalents (FTE) could effectively handle the volume of fuel sales at AMN. One FTE is a 40-hour per week worker.
- **Scenario 3a: Assertive Property Management (no additional personnel).** AMN increases revenue from leases by making use of rate escalation clauses and exercising ground lease reversion clauses. No additional expenses are incurred.
- **Scenario 3b: Assertive Property Management.** This is the same scenario as Scenario 3a with the addition of personnel hired by Gratiot County to manage the new leasing policies. In order to align with Scenarios 2b and 4b, the same number of personnel were used – 1.5 FTE.
- **Scenario 4a: Combined Assertive Property Management and Airport Fuel Sales (no additional personnel).** This combines the results of Scenarios 2a and 3a together to show the effects of employing both revenue generation strategies with the FBO earning a fuel flowage fee for providing aviation fueling services.
- **Scenario 4b: Combined Assertive Property Management and Airport Fuel Sales.** This combines the results of Scenario 2b and 3b together to show the effects of employing both revenue generation strategies with the airport assuming the fueling services duties.

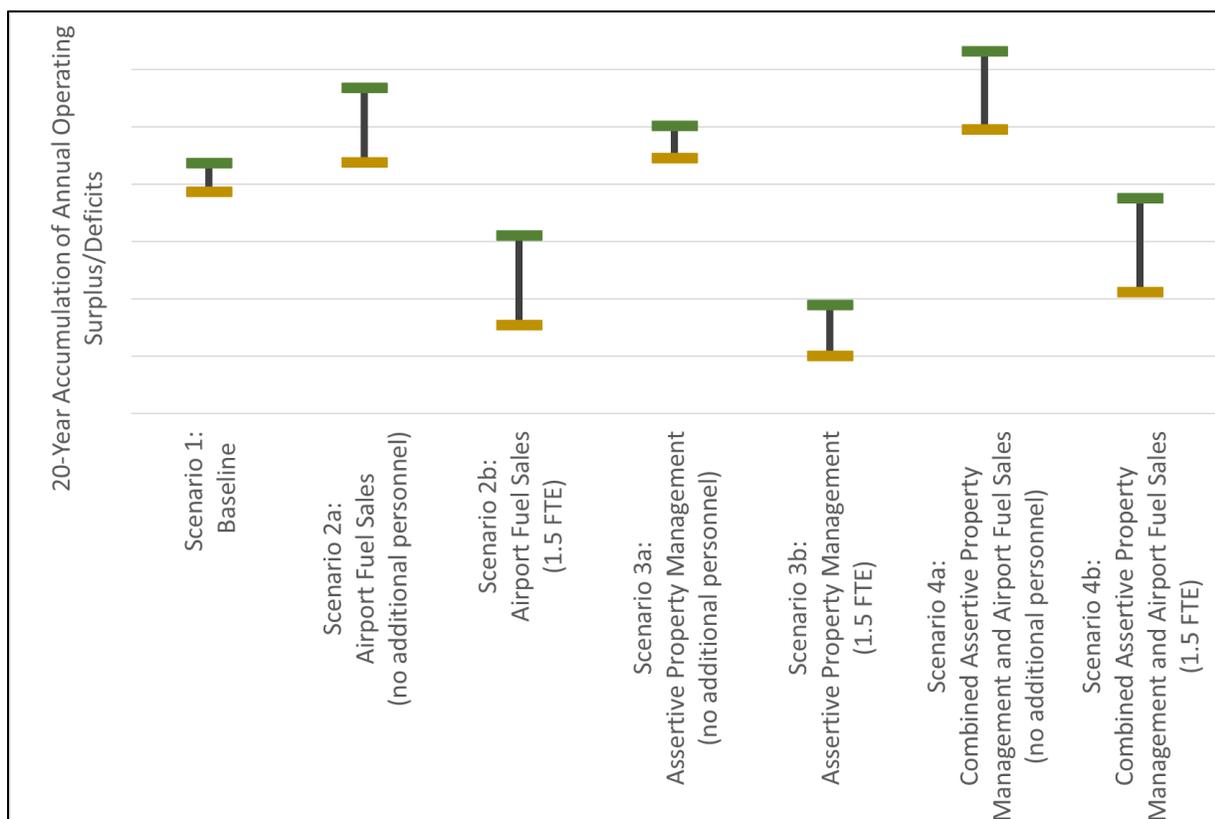
It should be noted that the current FBO, or an FBO in the future, may not agree to the terms of Scenarios 2a and 4a where the FBO continues to provide fueling activities in exchange for only a fuel flowage fee.

This sort of arrangement is not unheard of and does take place; however, negotiations related to these scenarios may be necessary. The scenarios are included to illustrate the revenue potential of fuel sales at AMN without any change in personnel costs.

Rather than compare scenario results from each year over the 20-year projection period, the accumulated surpluses and deficits produced each year were combined into a single result that summarized the 20-year projection period to make comparisons between scenarios easier. It is also important to understand that these results are sensitive to any variance in the assumptions used, with the results of some scenarios showing greater variance than others. To illustrate this concept, each scenario has a +/- 5 percent sensitivity test applied (revenues increased by 5 percent and expenses decreased 5 percent for the positive sensitivity, and revenues decreased by 5 percent and expenses increased by 5 percent for the negative sensitivity). The result is a range for each scenario, where the size of the range corresponds to the variability of the outcome (a larger range means more variance).

Using these parameters, the relative results between scenarios are shown in **Figure 7**. There are no values displayed on the vertical axis in order to focus attention on the relative comparisons between each scenario instead of their absolute results.

**Figure 7 – Relative Comparison of Scenario 20-Year Results**



Source: Mead & Hunt, Inc.

The chart shows the narrow range of variance associated with the Baseline Scenario (Scenario 1) as compared to the other scenarios. This reflects the greater certainty of the assumptions tied to this scenario. Examples of this greater certainty include knowing future ground lease rates (as spelled out in contracts) and having a narrower range of future fuel flowage fee revenue than the larger revenues in other scenarios.

### **Fuel Sales**

Scenarios 2a and 2b evaluate the effects of the airport taking responsibility for purchasing fuel and having the FBO provide fueling services in return for a fuel flowage fee (Scenario 2a), and the airport staffing needed to manage those fuel sales (Scenario 2b). Comparing Scenario 2a to Scenario 1 shows that there is a significant upside to revenues from fuel sales, but also a greater degree of variability, given the assumptions regarding the amount of fuel sold and its price. Furthermore, Scenario 2b, which adds the expense of airport management and fueling personnel to the equation while eliminating the contractual cost of the FBO managing the airport, shows the significant costs likely associated with this option (pushing it down on the chart). As stated above, it was assumed that 1.5 FTE employees would be enough to handle AMN's current fuel volume, assuming much of the fueling was self-service and more than one FTE worker was needed to cover weekends and vacation time. If fuel volumes increased significantly, or the County wanted to provide full-service fueling, personnel costs would increase correspondingly. Scenario 2b also shows that the variability of fuel sales combined with the personnel costs is even more than what is shown in Scenario 2a.

Scenario 3a, which illustrates the potential increase in revenues from more assertive leasing policies, has a positive impact as compared to the baseline, Scenario 1, but about the same variance. It has significantly less variability than the fuel sales scenarios, but also less positive impact. Scenario 3b adds the same personnel costs as Scenario 2b and shows how far the impacts drop compared to Scenario 3a. It should be noted that, while the airport staffing level was kept consistent with what was used in Scenario 2b for comparison purposes, it may be possible for the Airport to implement more assertive leasing policies with a smaller staffing level, or even possibly with current staffing levels.

Finally, Scenarios 4a and 4b combine the results of both revenue generation options. Scenario 4a depicts AMN implementing more assertive leasing policies and taking responsibility for fuel sales with its current staffing situation. This assumes that the FBO no longer purchases the fuel, or collects the revenue from fuel sales, but simply collects a fuel flowage fee for pumping the fuel (in essence, a reversal of the fuel financial responsibilities currently in effect). Scenario 4b shows what happens when AMN elects to provide fueling services with county paid personnel. Both scenarios demonstrate that there is significant risk of variance using both options, and that Scenario 4b shows the outcome compares unfavorably to the baseline scenario. Of course, AMN can take efforts to improve these results by reducing personnel costs and other measures, and these steps will generally serve to shift the outcome upward in **Figure 7**, making it more favorable as compared to the baseline scenario, but no less risky in terms of variance. It should be kept in mind that there could be other costs associated with the Airport taking responsibility for fuel sales that are not reflected in these assumptions, such as increased insurance premiums, or additional training expenses.

Next, came a review of the estimated dollar amounts for each scenario, keeping in mind that the results are very dependent on the assumptions made for the 20-year projection period. A small change in any of the

assumptions can result in significant changes to the outcome. **Table 11** presents the estimated results for the scenarios described previously.

**Table 11 – Estimated 20-Year Accumulations of Operating Surpluses/Deficits**

Scenario	Estimated Accumulated Surpluses/Deficits
Scenario 1: Baseline	\$130,400
Scenario 2a: Airport Fuel Sales (no additional personnel)	\$1.0 million
Scenario 2b: Airport Fuel Sales (1.5 FTE)	-\$1.7 million
Scenario 3a: Assertive Property Management	\$741,800
Scenario 3b: Assertive Property Management (1.5 FTE)	-\$2.1 million
Scenario 4a: Combined Assertive Property Management and Airport Fuel Sales (no additional personnel)	\$1.6 million
Scenario 4b: Combined Assertive Property Management and Airport Fuel Sales (1.5 FTE)	-\$1.1 million

*Source: Mead & Hunt, Inc.*

A key message from **Table 11** is the significant cost increase that results from hiring personnel to manage the additional responsibilities that come from trying to generate more revenue at the Airport. Comparisons of Scenario 2a to Scenario 2b, Scenario 3a to Scenario 3b, and Scenario 4a to 4b, show that the additional personnel costs are more than the estimated revenues produced and should be carefully considered before undertaking changes at the Airport. This is in line with the budget results shown previously in **Table 9**, where two of the three peer airports that managed their own fuel sales (MOP and TEW) projected operating deficits for the year.

As shown in **Table 11**, the greatest upside for revenue generation comes from the Airport taking over aviation fuel sales. At most GA airports, fuel sales are the largest revenue source, whether managed by the FBO or the airport. Under the current arrangements, reflected in Scenario 1, the FBO handles the fuel sales, accepting both the risk and reward associated with that endeavor. The FBO pays a small fuel flowage fee to the airport in return for the right to handle the fuel sales. Under Scenarios 2a and 4a, this relationship is reversed, and the risk and reward of aviation fuel sales is shifted to the Authority. This means the Authority orders and pays for fuel delivered to its fuel farm, takes in the revenue from fuel sales, and the FBO is paid a small fuel flowage fee for each gallon of fuel it pumps. Under Scenarios 2b and 4b, the Authority hires personnel to provide the fueling services and no longer pays the fuel flowage fee to the FBO. This staff person is also assumed to provide additional administrative tasks as noted in Section 4.C. so this is not just tied to fuel services.

The scenarios involving changes to fuel sales required several assumptions. Based on fuel data from the FBO, annual fuel sales fluctuate around 40,000 gallons, with approximately two gallons of jet fuel sold for every gallon of avgas sold. It was assumed that similar fuel sales would take place in 2020 and beyond.

The gross profit made from each gallon of fuel sold can also vary greatly because of fluctuations in fuel prices (both wholesale and retail), volume discounts, markdowns for corporate accounts, and other factors.

Based on prior projects, an average gross profit of \$1.50 per gallon for jet fuel and \$1.00 per gallon for avgas that did not change over time has been used. Other assumptions were that the volume of fuel sold would increase 0.5 percent annually, and that fuel prices rose 1.5 percent each year. These assumptions resulted in a substantial accumulated surplus for Scenario 2a of \$1.0 million, as shown in **Table 11**. However, once the costs of personnel are factored in, as shown under Scenario 2b, the estimated outcome drops to a loss of \$1.7 million. It is worth remembering that these scenarios also had substantial variability associated with them, as shown in **Figure 7**, when compared to the baseline scenario.

It is helpful to put the results of Scenario 2b in context by showing what volume of fuel sales would be needed in 2020 to cover the costs of the 1.5 FTE employees and break even. To simply break even at the end of 2020, AMN would need to increase its sales of jet fuel to 50,750 gallons, assuming avgas sales remain at 12,800 gallons, as shown in **Table 12**. This is nearly double the anticipated jet fuel sales for 2020. In terms of avgas, volume sold would need to nearly quadruple to 50,500 gallons, assuming jet fuel sales remained at 25,600 gallons. Should both jet fuel and avgas sales maintain their proportion of two gallons of jet fuel sold for every gallon of avgas, then jet fuel sales would need to increase to 44,350 gallons and avgas to 22,175 gallons.

This example simply allows the Airport to break even in 2020. Escalating costs are expected to exceed growth in revenues, so subsequent years after 2020 all show deficits. For the accumulated results over 20 years to break even, jet fuel sales alone would need to reach 75,850 gallons – nearly triple the expected 2020 volume. Looking at it from just the avgas perspective, AMN would need to sell 88,175 gallons of avgas in 2020, or more than a six-fold increase over what is projected. A combined jet fuel and avgas solution yields more than 63,000 gallons of jet fuel with more than 31,000 gallons of avgas, for a total of nearly 95,000 gallons of fuel sold in 2020 to break even over 20 years. This is more than double the projected total of fuel sales for 2020 and presumes that fuel sales will steadily increase over the 20-year period. Again, these figures are to cover the additional labor costs to staff the Airport by replacing the FBO function with an Airport Authority employee. That employee obviously offers additional benefits as noted in **Section 4C**, which are not able to be quantified like the raw figures associated with the fuel sales.

**Table 12 – Estimated Increased Fuel Sales in 2020 Needed to Break Even under Scenario 2b**

	2020 Jet Fuel Sales	2020 Avgas Sales	2020 Total Fuel Sales
<b>Estimated Fuel Sales in 2020</b>	25,600 gallons	12,800 gallons	38,400 gallons
<b>Break Even Fuel Sales in 2020</b>			
Jet Fuel Increased Sales Only	50,750 gallons	12,800 gallons	63,550 gallons
Avgas Increased Sales Only	25,600 gallons	50,500 gallons	76,100 gallons
Jet Fuel and Avgas Increased Sales	44,350 gallons	22,175 gallons	66,525 gallons
<b>Break Even over 20 Years</b>			
Jet Fuel Increased Sales Only	75,850 gallons	12,800 gallons	88,650 gallons
Avgas Increased Sales Only	25,600 gallons	88,175 gallons	113,775 gallons
Jet Fuel and Avgas Increased Sales	63,300 gallons	31,650 gallons	94,950 gallons

Source: Mead & Hunt, Inc.

This hypothetical example illustrates the scale of aviation fuel sales that is typically needed to support a small labor pool at a GA airport. Of course, there are other ways for the Airport to reach breakeven, such as cutting personnel costs or other expenses, increasing the volume of fuel sold faster than the assumptions, or achieving a larger gross profit per gallon of fuel than what was assumed.

### **Leaseholds**

Scenarios 3a and 3b show the results from AMN managing its leaseholds more assertively. This involves the Airport increasing building leasing rates when leases come up for renewal instead of renewing them at existing rates, and AMN exercising its rights under ground lease reversion clauses.

It was assumed that AMN could increase building lease rates at 3 percent annually, which compares favorably with the existing escalation clauses in its ground leases. The T-hangar ground leases, which have clauses that increase the lease rate by \$5 every five years, have an average annual growth rate over the 25-year term of 2.2 percent. Furthermore, the T-hangar lease rates have remained unchanged since at least 2008, indicating that they are long overdue for an inflation adjustment.

The larger potential exists with the Airport Authority exerting its rights under ground lease reversion clauses. These clauses give the Authority the option of taking ownership of a privately built hangar at the end of the ground lease term, at which point, AMN can lease out the hangar at a higher rate than for just the ground lease. Typically, when an airport does this, it also takes on the burden of maintaining the hangar. However, AMN, in its existing building leases, has established a precedent of assigning upkeep costs to the tenant, so it was assumed that AMN would continue this policy. Further, it was assumed that the Airport would lease these hangars at rates comparable to similar sized hangars, and that the airport hangars continue to maintain 100 percent occupancy under the new policies.

Using these assumptions, **Table 11** shows that this strategy, Scenario 3a, can yield a positive impact on the bottom line – until the costs of additional personnel are factored in, as shown in Scenario 3b, where employing a 1.5 FTE bring the results down significantly. However, the management of these more assertive leasing policies is not expected to be as manpower intensive as taking on fueling services, so actual personnel costs under Scenario 3b could be less or possibly absorbed by the current administrative agreement with the City of Alma, which is applicable under Scenario 3a.

Scenario 4a adds together the revenue generating strategies of Scenario 2a and Scenario 3a, where it is assumed that the County takes control of fuel sales with the FBO providing fueling services for a fuel flowage fee. This scenario yields a surplus of \$1.6 million over 20 years. Scenario 4b shows the results of combining both revenue strategies along with the County staffing the necessary personnel to manage the new responsibilities. The 20-year accumulated deficit is estimated at \$1.1 million under the assumptions for this scenario.

As noted previously, if the Airport Authority decided to replace contributions from the current six members with a county-wide millage, those funds could be used in these scenarios. To put this amount in perspective for the community, an assessment of how much of an ad valorem property tax would be needed to eliminate this deficit was completed. In order to eliminate the accumulated \$1.1 million shortfall over 20 years, AMN

would need an injection of approximately \$118,000 annually, starting in 2020. Based on the 2020 taxable value of approximately \$1.5 billion in Gratiot County, a 0.080 mill tax increase would raise sufficient funds for the Airport to keep it in the black for the next 20 years, assuming current property values stayed at or above the current levels.

### **Non-Aeronautical Land Uses**

An additional consideration for revenue generation is non-aeronautical development. As discussed in **Section 5.A**, there are various revenue options that are not tied to aviation activity. Three types of uses are discussed below, along with a brief summary of the approval process that is typically required by the FAA and MDOT AERO for property that is federally obligated.

#### **Types of Uses**

AMN already has the most common version at the Airport with agricultural operations. Leasing airport land for crop production is one of the most widely used forms of non-aeronautical revenue. If the crops are not wildlife attractants, then agricultural production is typically viewed by the FAA as a compatible land use. Additionally, the crops usually reduce the area that must be maintained by the airport sponsor and so works in a win-win scenario. An airport usually profits from the lease of the property and reduces operating costs by reducing mowable areas. Much like the scenarios noted above on leases, the current agricultural lease could be managed more aggressively; however, with the amount of acreage and the current value of farmland, there may be little return realized for this lease option. Farming is considered a concurrent use which means the Airport can still use the property for its original intent which is likely approach protection, or it can be easily converted back to aeronautical use once a demand is realized by the Airport to bring the property back into a more build environment.

Another option that many airports have considered is industrial development. Often there are some synergies between the activity that takes place at an airport and possible industrial development that can benefit from being near an airport. In the instance of AMN, the opportunities for industrial development are narrower than other sites, mainly due to the lack of infrastructure. Being located a significant distance from municipal sewer and water service are likely deterrents to potential industries. Additionally, lack of telecommunication services, gas, and proximity to highway access may also make development at the Airport site less attractive unless the use was something with limited need for those services. For example, storage units or very low-density development or equipment maintenance. Development of this type usually requires a land release request to use the property for non-aeronautical development or to sell property that the airport no longer has a use for. If the airport sponsor maintains ownership of the land, then a typical ground lease is usually executed. If the property is sold, then the proceeds must be used for a capital improvement project as discussed in more detail below.

One option that is becoming more popular and more acceptable by the FAA is solar farm development. Just over the course of the development of this study, there have been several solar farm developments that have been undertaken at airports across the country on airport property. This sort of development has become more acceptable as the solar industry continues to make

refinements to their equipment and materials to reduce the glare that is generated by the solar panels. This type of development can be considered as both a concurrent use or a land release, it really depends upon the specific lease agreement, the methods of construction and agreements for removal. These agreements are usually treated as a ground lease.

### **Approval Process**

Non-aeronautical uses are not as prevalent as one might expect because the process to obtain FAA and MDOT AERO approval is both time consuming and expensive. In some instances, the cost to receive the approval does not provide a high enough yield to offset the cost to develop the release request package. As noted in **Section 3.B.**, there are numerous criteria that the FAA requires of a federally obligated airport if they choose to divest themselves of property acquired with federal funds. This applies to the use of property for non-aeronautical activities as well. The criteria outlined in **Section 3.B** can generally be summarized into the following primary deliverables:

- Request package (Concurrent Use Request or Land Release Request)
- Metes and bounds survey
- Fair Market Value Appraisal
- Environmental Clearance document – typically a categorical exclusion but could be an environmental assessment.

These items must be developed, in enough detail, to support the requested action and address FAA concerns about the use of federally purchased property for a use other than airport activity. Having conducted numerous release requests across the country, these packages can range from approximately \$30,000 for a very simple request to several thousand dollars depending upon the complexity of the request. For example, if the property has a complicated chain of title or if there are environmental concerns (wetlands, endangered species, historical or archeological concerns), then the cost is typically higher. In some instances, these costs to develop the request may be higher than the actual revenue that the airport sponsor receives for the lease or sale of the property. A return-on-investment assessment should be considered before pursuing a concurrent use request or a land release request to determine if that is a feasible course of action, keeping in mind that the FAA is under no obligation to approve either request.

## **E. Summary**

The Airport Authority has several revenue enhancement opportunities available; each has both pros and cons associated with each of them that should be weighed as part of the decision-making process. Those that were analyzed in detail included:

- Replacing the current municipal contributions to the operating budget of the Airport with a millage would provide a dedicated funding source that could be evenly applied over the entire county tax base. A county-wide millage is likely the most equitable option as it spreads the responsibility across the entire county tax base.

- The Airport assuming authority over aviation fuel sales – this is likely the option that presents the largest upside for revenue enhancement; however, it also exposes the Airport Authority to greater expenses, from the cost of purchasing fuel, as well as other expenses, such as additional equipment, insurance, and personnel needed to provide fueling services.
- Utilizing more assertive leasing policies could produce marginally more revenues, assuming the increased leasing rates and changes in leasing policy do not alienate tenants to the point that vacancies result. Providing the oversight needed to address these rate changes and their annual management may result in an increase in demand for staff time to track and administer the leases.
- Developing additional non-aeronautical activities at the Airport may provide additional revenue sources. Increasing the agricultural use has minimal options due to usability of the undeveloped property and current lease rates. Development for industrial uses are likely limited due to utility constraints. Development for facilities such as a solar farm, while likely feasible, may be cost prohibitive due to the price to navigate the approval process.

AMN will need to carefully consider what risk of variance it is willing to undertake in exchange for the rewards of additional revenue generation.

## **6. Summary**

The following summarizes some of the key takeaways and items for consideration by the Airport Authority and Gratiot County. The existing agreements that provide the day-to-day operations, do not provide for the most efficient management of the Airport or the Airport Authority as a whole, but is working well enough that the Airport Authority is maintaining an airport that is comparable to several peer airports on a budget that is considerably less than what the other airports have to work with. This could be summarized as “while it isn’t broken, it could use some work.”

### **Airport Obligations and Authority Membership**

Based upon the review of the Airport obligations, the role of the Airport in the NPIAS and the MASP 2017, as well as the activity at the Airport, it is unlikely that the FAA would support the removal of AMN from the NPIAS. Therefore, the use of the facility as a public-use airport is expected to continue into the foreseeable future. The Airport Authority may consider trying to obtain another public entity to assume ownership or could consider entrance into the national pilot program for privatization; however, finding a willing partner would likely be difficult. Maintaining members of the Airport Authority is also expected to be a challenge.

Consequently, the Airport Authority may wish to address the issue of governance/management of the Airport Authority and the financial responsibilities as two components. First, to address the governance/management issue, consideration could be given to include broader representation, where there are additional entities brought to the table to provide additional perspectives to make the Airport Authority represent a more robust county perspective. In doing so, the recommendation would be to expand the Airport Authority governing board to accommodate these entities. To address the financial aspects, it is not recommended that more municipalities “join” the Airport Authority but instead create a single county-based funding mechanism as noted below in the Revenues section. This change of governance and funding is expected to address financial inequities, real or perceived, that were mentioned repeatedly during the interview process.

A possible format for this would be an Authority that has representation from a wide-array of county entities both municipal and community based; however, funding is provided by a county-wide millage and ownership of the land is still maintained by the City of Alma and Gratiot County since their joint ownership dates back to 1965 and 1981 respectively, and provide the Airport Authority with an operational agreement for day-to-day oversight and management.

### **Management and Efficiency Issues**

The study revealed that there is confusion regarding both the responsibilities and individuals engaged in the management and operation of the Airport. Recommendations to address this include making a concerted effort to document and share a defined chain of command and established point of contact for various entities involved in the Airport. If funding were able to be addressed, a recommendation would be to consolidate a few of the day-to-day operational and administrative tasks into a full-time position, supported by at least an additional part-time employee who would report directly to the Airport Authority. This position may provide opportunities to address several of the items (snow removal, mowing, fueling) that are being contracted to others today. As noted, an initial cost that would have to be addressed would be equipment costs for items such as lawn mowers and snow removal equipment since pieces of machinery

are currently provided by the contractors and are not owned by the Airport Authority. Fueling is one of the key items that is a consideration for the staffing that is also tied to revenue. To provide more opportunities for sales of Jet A fuel, the Airport may need to consider more robust hours of staffing, compared to the current on-call process of fueling after 2:30PM or on Sundays. Due to the nature of general aviation operations, it is uncertain if this additional funding would provide significantly higher revenues from increased fuel sales as outlined in the financing scenarios.

### **Revenues**

The revenue options have some ties to the management issues since several of the options are expected to require slightly higher amounts of staff to effectively undertake them. It is suggested to address the municipal contributes; a millage be considered that would provide to a more equitable distribution of the operating costs. A county-wide millage, combined with the broader representation for the Airport Authority membership may provide reasonable options to address the funding and governance issues that were raised. For the revenue generation options, the opportunities presented by the new fuel farm offer the Airport Authority a chance to change the way fuel revenues are accounted for. As noted, there may need to be a change in the staffing to address this fully. The more aggressive approach to lease management should be able to be accomplished with moderate staff time; however, care will need to be taken to maintain a competitive set of rates that do not result in the creation of vacancies. Finally, pursuit of non-aeronautical uses have some merit, but the Airport Authority would need to assess the return-on-investment on any of these activities. In some instances, the costs to pursue those uses have been transferred to the parties interested in developing the uses. This may be an advantageous opportunity for the Airport Authority to pursue.

## Summary of Appendices

Appendix A – April 6, 1981 City of Alma/Gratiot County Airport Commission Agreement

Appendix B – October 27, 1981 Deed Conveying Partial Airport Interest from City of Alma to Gratiot County

Appendix C – January 30, 2012 Gratiot Community Airport Authority Agreement Amendment

Appendix D – 2020 Community Benefits Assessment for Gratiot Community Airport

Appendix E – *Gratiot at a Glance* – December 2018

Appendix F – Proposed Operating Budget Summary for 2019

Appendix G – FAA Airport Sponsor Assurances – February 2020

Appendix H – Gratiot Community Airport Report – February 21, 2019

Appendix I – Gratiot Community Airport Assumptions by Scenario

**Appendix A – April 6, 1981 City of Alma/Gratiot County Airport Commission Agreement**

AGREEMENT

THIS AGREEMENT made and entered into this 6th day of April, 1981, by and between the County of Gratiot, hereinafter referred to as "COUNTY" and the City of Alma, hereinafter referred to as "CITY", both of the State of Michigan.

WITNESSETH:

WHEREAS, City is the owner and operator of the airport facility known as the Gratiot Community Airport, hereinafter referred to as "AIRPORT"; and

WHEREAS, it has been determined by City and County that it would be advantageous to the citizens of Gratiot County to provide for the operation, maintenance and financial support of said Airport by City and County acting jointly;

NOW, THEREFORE, pursuant to the provisions of MCL 259.134 et seq, it is hereby agreed as follows:

1. AIRPORT COMMISSION. There is hereby created the Gratiot Community Airport Commission, hereinafter referred to as "COMMISSION" which shall consist of six (6) members as follows: three (3) members appointed by the City Commission and three (3) members appointed by the County Commission. At least one of the appointees of the City Commission shall be a member of that body, which shall be either the mayor or vice mayor. At least one appointee of the County Commission shall be a member of that body which shall be the chairman or the vice chairman. The term of service of all members shall be three (3) years, however, at the outset one member appointed by the City and one member appointed by the County shall be appointed for a one (1) year term, one from each shall be appointed for a two (2) year term, and thereafter all vacancies shall be appointed for a three year period. In the event of any vacancies on the Commission the same shall be filled by the body originally appointing the member whose position has become vacant. All members shall serve until their successors have been appointed and qualified.

2. REMOVAL. Any Commission member which is appointed to the Commission may be removed by the political subdivision appointing that member to the Commission after a resolution for removal has been passed by that governmental unit, provided said removal is by a majority vote of the members-elect.

The Commission may ask the appointing governmental unit to replace a Commission member, if he moves from the county, absents himself without cause at

two consecutive meetings, without giving good reasons for such absence or if a Commission member dies or indicates his disinterest in the development and operation of the Gratiot Community Airport.

3. COMMISSION OFFICERS. The chairman of the Commission shall be the mayor or vice mayor of the City in the first year of operation. The next year the chairman shall be the chairman or vice chairman of the County. The chairmanship will continue to alternate between City and County each year during the term of this agreement. The Commission shall appoint from its own members a vice chairman, and shall appoint a secretary who may or may not be a member of the Commission. The chairman shall preside at all meetings and perform such other duties as may be prescribed by resolution of the Commission. The secretary shall take notes of all meetings and perform such other duties as may be prescribed by resolution of the Commission. The vice chairman shall perform the duties of the chairman in his absence.

4. COMPENSATION OF THE COMMISSION. Members of said Commission shall receive thirty-five dollars (\$35.00) per diem, not to exceed three hundred dollars (\$300.00) per year.

5. COMMISSION MEETINGS. The Commission shall hold at least four quarterly meetings each year, but may hold such additional meetings as is deemed necessary. The first meeting shall be held within 45 days after the final execution of this agreement. All meetings shall be open to the public as required by State Law.

6. POWERS OF THE COMMISSION. The Commission, except as hereinafter provided and within the limitations of the budget as hereinafter set forth, may acquire necessary property to enlarge, improve, maintain, equip, operate and regulate the Airport and other air navigation facilities and airport protection privileges, the same to be jointly acquired, controlled and operated under this agreement. The Commission may exercise, on behalf of the County and City, all powers of each of such municipalities granted by Michigan Compiled Laws Section 259.126, et seq (MSA 10.226, et seq). The Commission may adopt and enact rules and regulations designed to safeguard the public upon or beyond the limits of the Airport, which rules shall be consistent with and conform as nearly as may be with the laws of this state and the rules and regulations of the Michigan Department of Aeronautics, but shall be enacted only after approval by the City Commission of the City and County Commission of the County. No real property, navigational facility or air protection privilege acquired under this agreement shall be disposed of by the Commission by sale, lease or otherwise except by authority

of both the City and County. The Commission may lease space, area or improvements and grant concessions on Airport for aeronautical purposes or purposes incidental thereto, and may employ an airport manager and such other personnel as shall be necessary for the expeditious operation of the Airport facility.

The Commission shall not itself levy taxes or borrow money; and it shall not approve any claims or incur any obligations for expenditures unless there is unencumbered cash in the appropriate fund with which to pay the same.

7. STATE AND FEDERAL PROJECTS. The Commission herein established is hereby designated as the agent of the City and the County to act for them in applying for any Federal Aid Airport Projects which said City and County deem necessary, appropriate and desirable.

8. AIRPORT LAND OWNERSHIP. The City will execute and deliver a good and sufficient deed conveying an undivided one half interest in the Gratiot Community Airport lands to the County. This refers only to real property owned by the City at the time of execution of this agreement.

9. PROPERTY ACQUISITION. Any property, real or personal, acquired pursuant to this agreement shall be held by City and County as tenants in common, in such proportions as their contributions to the annual budget in the year of acquisition.

10. CONDEMNATION. Pursuant to the provisions of Michigan Compiled Laws, Section 259.134 (d), condemnation proceedings may be instituted in the names of City and County jointly, and any property acquired thereby shall be held by them as tenants in common.

11. BUDGET. The Commission shall prepare, prior to April 30, each year, a budget for Airport finances for the ensuing year. The budget shall be substantially balanced and shall include:

- A. estimated revenues divided as follows:
  - (1) federal and state grants and reimbursements,
  - (2) contributions from City,
  - (3) contributions from County
  - (4) earnings from concessions, leases and charges made for the use of Airport facilities,
  - (5) miscellaneous revenues;
- B. estimated expenditures divided as follows:
  - (1) personal services,
  - (2) services other than personal,
  - (3) supplies and materials,

- (4) equipment - rental,
- (5) real estate improvements,
- (6) capital outlay.

Such budget shall be submitted to City and County not later than April 30, each year, and shall be subject to the approval of both. Such budget as finally adjusted and approved shall control the year's spending program.

12. PROPORTIONATE SHARE. By this agreement the City and County agree that from the date of July 1, 1981, the proportionate share of each with respect to operational funds for the Gratiot Community Airport shall be fifty percent (50%) of the operating deficit.

13. FISCAL YEAR. The fiscal year of the Commission shall commence July 1 of each year and end on June 30 of each year during the term of this agreement.

14. FINANCIAL AGENT. All funds which are allocated to or come under the authority of the Commission shall be deposited with, disbursed by and accounted for by the City of Alma's Director of Finance. All expenditures by the Commission shall be handled through the City of Alma's Director of Finance in accord with the accepted City procedures. All handling of money shall be according to accepted City practice. A special fund shall be established by and for said Commission and all monies received and disbursed by said Commission shall be for and from this fund.

15. REPORTS. The Commission shall, as soon as possible after the end of each fiscal year, prepare and present to the City and County a comprehensive annual report of its activities and finances. The Commission shall also prepare and present to federal and state officials such reports as may be required by law, regulation or contract.

16. SPENDING LIMITATIONS. The Commission will not make any expenditure or contract to spend in excess of twenty-five hundred dollars (\$2,500.00) without first obtaining the approval of the City and County.

17. AUDIT OF FUNDS. An annual audit of the funds of the Commission shall be performed by the City auditor in conjunction with an audit of the City's finances. This auditor shall be an outside, independent auditor representing a firm of certified public accountants.

18. ASSUMPTION OF OBLIGATIONS. Both the City and County agree that all debts, obligations and contracts existing as of the date of execution of this agreement shall be assumed by the Commission.

19. LIABILITY OF COMMISSION. City and County each agree to assume equal liability for all actions, claims, demands of any kind or nature resulting

from the operation of the Airport, and agree to hold the members of the Commission harmless therein.

20. TERMINATION. This agreement shall be in full force and effect for the term of One (1) year from the date hereof and thereafter for like periods of One (1) year until terminated by written notice of either party to the other party at least Forty-five (45) days prior to commencement of the upcoming fiscal year. Notwithstanding termination, the powers of the Commission under this agreement shall continue to the extent necessary to maintain and operate the Airport until disposition under paragraph 21 of the property acquired under this agreement. Failure to approve a budget for the upcoming fiscal year prior to the commencement of that fiscal year operates as a termination of this agreement.

21. DISPOSITION OF PROPERTY UPON TERMINATION. As soon as practicable after termination of this agreement, the Commission shall distribute all assets of the Airport, to such municipality or agency as shall have assumed the responsibility for the continued operation of the Airport, including financial support thereof. In the event that the operation of the Airport is terminated, its assets shall be distributed as follows:

- A. All real property or real property interest, including easements, rights of way, etc., together with any personal property then owned or used for Airport purposes, to the extent that the same shall have been used for Airport purposes immediately prior to the execution hereof, shall be returned and conveyed by County or Commission, as the case may be, to City.
- B. Any assets which may have been transferred to the Commission by either party, in excess of its proportionate share of the operating deficit as herein provided, shall be returned to such contributing party.
- C. All assets which shall have been acquired by the Commission during the operation of the Airport pursuant to this agreement, shall be liquidated and the proceeds thereof distributed to City and County in the same proportion as their financial contribution to the Airport during the life of this agreement, and any extensions thereof.

22. AMENDMENTS. This agreement may be amended in any particular by joint action of City and County made in writing and endorsed hereon.

IN WITNESS WHEREOF, the parties hereto have caused their names to be affixed by their duly authorized agents.

WITNESSETH:

CITY OF ALMA

Pamela N. Babcock

Pamela N. Babcock

BY:

Henry S. Helman, Jr.

Henry S. Helman, Jr., Mayor

Sheryl L. Becker

Sheryl L. Becker

BY:

William M. Stuckey

William M. Stuckey, Clerk

WITNESSETH:

COUNTY OF GRATIOT

Virginia Rademacher

Virginia Rademacher

BY:

Stuart M. Strait

Stuart M. Strait, Chairman  
Board of Commissioners

Patricia W. Chadderdon

Patricia W. Chadderdon

BY:

Eva M. Smith

Eva M. Smith, Clerk

APPROVED AS TO FORM AND CONTENT:

Kenneth D. Plaxton

Kenneth D. Plaxton  
City Attorney

**Appendix B – October 27, 1981 Deed Conveying Partial Airport Interest from City of Alma to Gratiot County**

QUIT-CLAIM DEED FOR CORPORATION-1404 - (Revised 1971)  
DOUBLEDAY BROS. & CO., KALAMAZOO, MICH.

SPACE ABOVE FOR REAL ESTATE TRANSFER STAMP

STATE OF MICHIGAN  
COUNTY OF GRATIOT  
RECEIVED FOR RECORD

THIS INDENTURE, made October 27 1981  
BETWEEN City of Alma

81 OCT 30 P4:38

County of Gratiot of the City of Alma State of Michigan, a corporation organized and existing under and by virtue of the laws of the State of Michigan, party of the first part, whose address is 525 E. Superior Street, Alma, Michigan and County of Gratiot

*J. H. & Co.*  
REGISTER OF DEEDS

party of the second part, whose address is Ithaca, Michigan  
WITNESSETH, That the said party of the first part, for and in consideration of: None

to it in hand paid by the said party of the second part, the receipt whereof is hereby confessed and acknowledged, does by these presents grant, bargain, sell, remise, release and forever QUIT-CLAIM unto the said party of the second part, and to his heirs and assigns, Forever, all that certain piece or parcel of land situated in the

Township of Arcada in County, and State of Michigan, and described as follows:  
An undivided one-half interest in:

That part of Sections 20, 21, 28, and 29, T11N, R3W, Gratiot County, Mi., described as: Commencing at the E 1/4 corner of said Sec. 20, thence along the following courses: e'ly along the N line of the SW 1/4 of said Sec. 21 to the NE corner of the W 1/2, SW 1/4 of said Sec. 21. S'ly along the E line of the W 1/2 of the SW 1/4 of said Sec. 21 to a point which is 1520 feet N of the S line of said Sec. 21. E'ly parallel with the S line of Sec. 21 to the E line of the W 1/2 of the SE 1/4 of said Sec. 21. S'ly 1520 feet along said E line to the SE corner of the W 1/2 of the SE 1/4 of said Sec. 21. W'ly along the S line of said Sec. 21 to the S 1/4 corner of said Sec. 21. S'ly along the E line of the NW 1/4 of said Sec. 28 to the SE corner of the N 1/2 of the NW 1/4 of said Sec. 28. W'ly along the S line of the N 1/2 of the NW 1/4 of said Sec. 28 to the SW corner of the N 1/2 of the NW 1/4 of said Sec. 28. S'ly along the E line of said Sec. 29 to the E 1/4 corner of said Sec. 21. Westerly along the S line of the NE 1/4 of Sec. 29, 420 feet, S 910 feet. W'ly 900 feet to the W line of the NE 1/4 of the SE 1/4 of said Sec. N 910 feet to the S line of the NE 1/4 of said Sec., W to center of sec. N'ly along W line of the NE 1/4 of said Sec. 29 to the S 1/4 corner of said Sec. 20. W'ly along the S line of said Sec. 20 to the centerline of Ely Hwy. Ne'ly along the centerline of Ely Hwy. to a point which is 32 rods ne'ly measured along the centerline of said highway from the intersection of the W line of the NE 1/4 of the SW 1/4 of said Sec. 20 and the centerline of Ely Hwy. Se'ly 29 rods to a point on the N line of the S 1/2 of the SW 1/4 of said Sec. 20, which is 32 rods e'ly from SW corner of the NE 1/4 of the SW 1/4 of said Sec. 20. E'ly along the N line of the S 1/2 of the SW 1/4 of said Sec. 20 to the NE corner of the S 1/2 of the SW 1/4 of said Sec. 20. N'ly 200 feet along the W line of the NW 1/4, SE 1/4 of said Sec. 20. E'ly parallel with the S line of the NW 1/4 of SE 1/4 of said Sec. 20 to the W line of the NE 1/4, SE 1/4 of said Sec. 20. N'ly along the W line of the NE 1/4 of the SE 1/4 of said Sec. 20 to NW corner of NE 1/4 of SE 1/4 of said Sec. 20. N'ly along the W line of the SE 1/4 of the NE 1/4 of said Sec. 20 to the NW corner of the SW 1/4, SE 1/4, NE 1/4 of said Sec. 20. E'ly along the N line of the SW 1/4 of the SE 1/4 of the NE 1/4 of said Sec. 20, to the NE corner of the SW 1/4 of the SE 1/4 of the NE 1/4 of said Sec. 20. S'ly along the E line of the SW 1/4 of the SE 1/4 of the NE 1/4 of said Sec. 20, to the SE corner of the SW 1/4 of the SE 1/4 of the NE 1/4 of said Sec. 20. E'ly along the S line of the NE 1/4 of said Sec. 20 to the place of beginning of this description; EXCEPT commencing at E 1/4 corner of Sec. 20-11-3, Arcada Township, Gratiot County, Mi., thence S 0°42'30" W 1081.21 feet along the E line of said sec., thence N 89°44' W 131.56 feet to a point of beginning, thence N 0°16' E 325.67 feet, thence N 89°44' W 270.33 feet, thence S 0°16' W 325.67 feet, thence S 89°44' E 270.33 feet to place of beginning, AND ALSO EXCEPT commencing at W 1/4 corner of Section 21-11-3, Arcada Township, Gratiot County, Mi., thence S 0°42'30" W 964.46 feet along the W line of said sec., thence S 89°44' E 486.0 feet to point of beginning, thence N 0°16' E 547 feet, thence S 89°44' E 149 feet, thence S 0°16' W 313 feet, thence S 89°44' E 142 feet, thence S 0°16' W 234 feet, thence N 89°44' W 291 feet to place of beginning.

This conveyance is exempt from Transfer Tax under the provisions of Section 5 (H) of M.S.A. Section 7.456.

Together with all and singular the hereditaments and appurtenances thereunto belonging or in anywise appertaining; To Have and to Hold the said above described premises to the said party of the second part, and to its heirs and assigns, to the sole and only proper use, benefit and behoof of the said party of the second part, its heirs and assigns, forever.

In Witness Whereof, the said corporation, party of the first part, has caused these presents to be signed in its name by its and sealed with its corporate seal, the day and year first above written.

Signed, Sealed and Delivered in the Presence of

James D. Bursick
James D. Bursick
Karl F. Hagen
Karl F. Hagen



CITY OF ALMA
Henry S. Helman
Henry S. Helman

Its Mayor

William M. Stuckey
William M. Stuckey

Its Clerk

STATE OF MICHIGAN
COUNTY OF Gratiot

On October 27, 1981, before me, a Notary Public, in and for said County, appeared Henry S. Helman and William M. Stuckey to me personally known, who, being by me duly sworn, did each for themselves say that they are respectively the Mayor and Clerk of the City of Alma

the corporation named in and which executed the within instrument, and that the seal affixed to said instrument is the corporate seal of said corporation, and that said instrument was signed and sealed in behalf of said City Commission corporation by authority of its Henry S. Helman and William M. Stuckey acknowledged said instrument to be the free act and deed of said municipality

4. FORTINO, PLAXTON & MOSKAL
(Kenneth D. Plaxton)
P. O. Box 587
Alma, Mi. 48801-0587

Doris M. LaPaugh
Doris M. LaPaugh
Notary Public,
Gratiot County, Michigan,
My commission expires Feb. 17, 1985

1. State total consideration unless affidavit of value to be attached.
2. & 3. If more than one officer acknowledges, insert at 2 "each for himself" and at 3 "they are respectively."
4. Name and business address of person who drafted this instrument.
\* PRINT, TYPEWRITE OR STAMP names and addresses of persons executing this instrument, also names of the Witnesses and Notary Public immediately underneath such signatures.

1404
QUIT-CLAIM DEED
SHORT FORM

TO
REGISTER'S OFFICE,
COUNTY OF
Received for Record the
day of
A. D. 19
at
M., and recorded in
Vol.
of Deeds, on Page
Register of Deeds.

DOUBLEDAY BROS. & CO., KALAMAZOO, MICHIGAN
2998
Wm. Stuckey
City of Alma
Alma
5.00

**Appendix C – January 30, 2012 Gratiot Community Airport Authority Agreement Amendment**

**AMENDED AGREEMENT TO ESTABLISH  
THE GRATIOT COMMUNITY AIRPORT AUTHORITY**

This agreement amending the agreement to establish the Gratiot Community Airport Authority originally entered into on February 18, 2009, and amended this 30<sup>th</sup> day of January 2012, by and between County of Gratiot, City of Alma, City of St. Louis, City of Ithaca, Township of Pine River and Township of Arcada;

**RECITALS**

1. There is now operated in Gratiot County, Michigan an airport known as the Gratiot Community Airport.
2. The airport serves the Gratiot County area, and the cost of development and operation would be more equitably distributed by a joint operation between the various municipalities within the County of Gratiot, and the County.
3. The parties hereto are enabled under MCL 259.621, et. seq. to join in the operation and control of an airport.
4. This joint operation by and between the parties hereto would make it possible to participate in more State and Federal Aid Programs, with the result that the airport would be developed and extended to care for the growing demands made upon it by industry and business within Gratiot County and surrounding areas.
5. The airport and its development is of extreme importance to the economic development and continued prosperity of Gratiot County, the cities, villages and townships within it.

**NOW THEREFORE**, pursuant to the provisions of MCL 259.621, et. seq. it is hereby agreed as follows:

1. Establishment of Authority: To foster and bring about the ends, aims, objects and purposes recited above, there is hereby established, a joint, City, Township and County Airport Authority.
2. Name of Authority: The Authority is to be known as the Gratiot Community Airport Authority, and all business and transactions shall hereafter be carried out under its name.
3. Governing Board: The Authority shall, from and after the effective date of this agreement be operated by a six (6) person board, one member selected from each member municipality. Any municipality who subsequently joins the Authority shall have the right to select its own board member, which would then increase the size of the board. Likewise, should any member municipality withdraw from the Authority, the board member selected by that municipality will cease to act as a board member from the time of said withdrawal forward.

Terms of the Board Members shall be for four (4) years. As the terms of the members expire, appointments shall be made to fill those vacancies by the governing body of the member municipality whose board members' term has expired. Board members must reside in Gratiot County.

Members of the Board shall not be paid compensation; however they shall be reimbursed for expenses, along with mileage, for official board business to be compensated at the then current **IRS** rate.

The Board shall elect a President, Secretary, and Treasurer and may provide for additional officers. The President, Secretary and the Treasurer shall be elected to serve for one year, and new election shall be made annually thereafter. A quorum for the purpose of the transaction of business by said Board shall be the majority of the total number of members serving at that time.

The Board shall make annual reports to each of the participating municipalities governing bodies, and provide those governing bodies with minutes of meetings. The report to these municipalities shall be made at least one week prior to the regular July sessions of each of these municipalities, council or commission meetings.

The Board may make rules for the conduct of its meetings as it deems advisable and proper so long as such rules comply with the requirements of the Michigan Open Meetings Act, as amended.

The Board shall hold at least two (2) meetings each year, but may hold special meetings at the call of the President, or any three Board Members pursuant to such regulations and rules as the Board may adopt. The effective date for the commencement of the Authority shall be on the first day of March, 2009, and the first meeting shall be held within thirty days thereof.

Should enough new member municipalities become a part of the Authority, that the board contains more than seven (7) people, said board may select, by majority vote of its board members, a three (3) person executive board that will be responsible for deciding and implementing day to day operations and policy of the Airport Authority. The executive board shall provide the entire board full reports of their activities on a semi-annual basis.

If a Board Member moves from the County, or is absent at three (3) consecutive meetings without valid reason for such absence, or if a Board Member dies or resigns, his or her replacement shall be selected by a majority vote of the governing body of the municipality that first selected said board member. The Board, at its sole digression, shall determine what constitutes a "valid reason".

4. Operational Funds: The funds for the operation of the airport shall come from each member municipality as follows: Gratiot County and the City of Alma shall each pay an equal percentage of the total amount of money available to run the Authority on an annual basis, with the understanding that each year, the Authority Board shall calculate the amount of money needed to run the Authority for that fiscal year, and the total obligation of each member of the Authority with the understanding that each member except the City of Alma and Gratiot County, shall be responsible to contribute at least \$2,000.00 per year. The obligation allocated by the Authority Board, to each municipality shall then be put before the legislative body of each member municipality for their approval.

No later than April 1 of each year, the Board shall prepare a budget containing an itemized statement of the estimated current expenses, and the expenses for capital outlay, including the amount necessary to pay for any obligations of the Authority that will mature during the ensuing fiscal year, or which have previously matured, and are unpaid, and an estimate of the estimated revenue of the Airport Authority from all sources for the ensuing fiscal year. The Board shall adopt such budget as shall be deemed necessary, and shall ascertain what appropriations are required from the various municipalities within the Authority, using the formula indicated above. Payment of sums so certified shall be due and payable to the Airport Authority 120 days subsequent to the date upon which local taxes become due and payable in the member municipalities participating in the Airport Authority.

The Board shall also render to each participating municipality, on each July 1, during the operation of the airport, a certified report of the operation of the airport. Each report shall state the condition of the finances, the amount of money expended, and the money received from all sources. The Board shall also file a copy of the report with the Department of Treasury, together with any other information the Department of Treasury may require. Within thirty days after the formation of this Authority, and annually on July 1, thereafter, the Board shall file with the Secretary of State, a report as the Secretary of State may require showing the date of formation, the names of the Member municipalities, and any other information as the report may call for.

The total amount of money on an annual basis that may be requested and certified by the Airport Authority board for the purpose of planning, promoting, acquiring, constructing, improving, enlarging, extending, owning, maintaining and operating the necessary landing, navigational and building facilities of the community airport shall not exceed 1 mill of the assessed valuation as last equalized by the State of the member municipalities.

As an alternative, the Airport Authority may be funded by an ad valorem property tax, not to exceed 1 mill on each dollar of the State Equalized Valuation of the county if approved by the majority of the qualified electors of the member municipalities.

5. Addition and Reduction of Member Municipalities: Any city, incorporated village or township located within Gratiot County may subsequently become a member of the Airport Authority upon resolution adopted by the governing body of the municipality, approved by majority vote of the qualified electors voting thereon, and acceptance thereof by resolution adopted by a majority vote of the entire governing board of the Airport Authority.

Any county, city, incorporated village or township which now or hereafter becomes a member of this Airport Authority, upon request and upon resolution of its governing body duly accepted by a 2/3 majority voter of the entire governing board of the Airport Authority, may be released from membership in the Airport Authority. No county, city, incorporated village or township may be released from membership in the Airport Authority until all outstanding obligations of the Airport Authority that have been incurred after the time of the admission to membership of the county, city, incorporated village or township and such part of prior obligations as may be agreed to by the board and the governing body of the county, city, incorporated village or township have been paid, or adequate provision has been made for the payment thereof.

6. Airport Lands: The Member municipalities shall convey whatever portion of the agreed upon lands to be used as the Airport that is owned by said municipality, conveying title of the lands to the Authority.

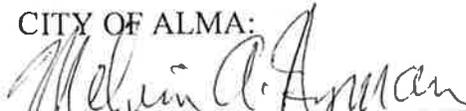
In the event the Authority shall be dissolved, or cease to operate in the future, said lands shall be deeded back to the Member municipalities as their interest existed just prior to the creation of this Authority.

Any lands obtained hereafter by the Authority shall be owned by the Authority, and upon dissolution the Authority shall be deeded back to the appropriate municipalities as referenced above.

7. Airport Rules: Rules and regulations to protect the general health, safety and welfare and property of the general public, and persons using the airport, as are deemed necessary, shall be promulgated by the Authority. The Authority is hereby given the power, and has the duty, to see that such reasonable rules and regulations are promulgated and enforced.
8. Legal Extent of Authority's Powers: The Authority shall have the powers given to joint Airport Authorities under the laws of the State of Michigan, and the rules and regulations of the Michigan Board of Aeronautics, or any other state or federal commissions or agencies hereinafter created, subject to the limitations included in this agreement.
9. Insurance: Insurance coverage and limits of such insurance coverage shall be obtained as determined by the Board.
10. Federal and State Projects: The Board is hereby empowered to apply for any and all Federal and State Aid Airport Projects which the Board deems necessary, appropriate and desirable. For these purposes, the Board is given the power and authority to do all things necessary and proper in connection with the application for Federal and State Airport projects. The Authority is hereby granted the extended right to borrow, for specific capital projects, or for the local share required by federal or state grant awards for airport projects. Should the statutes of the State of Michigan grant jointly operated airports and their operating boards, rights and powers in the future, such extension of power and authority is hereby incorporated into this agreement, and said agreement is to be read as though such extended and enlarged powers, rights and authority are included herein.
11. Ratification of Prior Acts: The parties hereto hereby ratify all acts of the Airport Authority's predecessor, the Airport Commission prior to the effective date of disagreement. However, the parties hereto do not ratify any act made by said commission in violation of any State or Federal law, rule, regulation, or to the extent said act was in violation of this agreement.

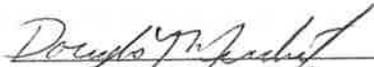
SIGNED:

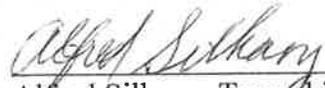
CITY OF ALMA:

  
Melvin A. Nyman, Mayor

  
Barbara A. Gager, City Clerk

ARCADA TOWNSHIP:

  
Douglas L. Merchant, Supervisor

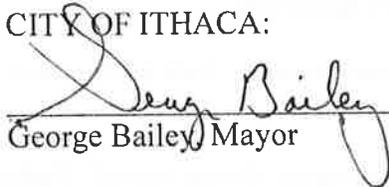
  
Alfred Silhavy, Township Clerk

GRATIOT COUNTY:

  
Jeff Anderson, Chairperson

  
Carol A. Vernon, County Clerk

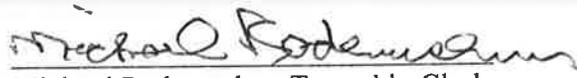
CITY OF ITHACA:

  
George Bailey, Mayor

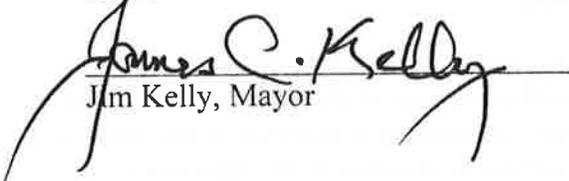
  
Barbara Fandell, City Clerk

PINE RIVER TOWNSHIP:

  
Kevin Beeson, Supervisor

  
Michael Rademacher, Township Clerk

CITY OF ST. LOUIS:

  
Jim Kelly, Mayor

  
Kathy L. Smith, Deputy Clerk

**Appendix D – 2020 Community Benefits Assessment for Gratiot Community Airport**

## Community Benefits Assessment Worksheet

### Table A – Aviation Related Jobs at the Airport

Category	# of Jobs	Description
A1. Federal Government (FAA, TSA, CBP)		
A2. Local Government		
A3. FBO and Private Contractors		
A4. Airline and Other Aviation Businesses		
A5. Shipping and Warehousing		
A6. Terminal Concessions		
A7. Other (specify)		

### Table B – Non-Aviation Related Jobs at the Airport

Category	# of Jobs	Description
B1. Municipal Offices		
B2. Professional Services		
B3. Manufacturing		
B4. Other (specify)		

### Table C – Off Airport Air-Reliant Business

Category	# of Jobs	Description
C1. Shipping / Warehousing		
C2. Airline Catering and other Services		
C3. Reliant Manufacturers		
C4. Reliant Services		
C5. Reliant Government Activities		
C6. Other (specify)		

### Table D – Operations

Operations	GA Local	GA Itinerant	Air Taxi (Commuter)	Air Carrier	Military
D1. Annual Operations*					
D2. Passengers per Operation (incl. Pilot)					
D3. Visitor Portion of Passengers					
D4. Cargo Tons per Operation					

NOTE: If items marked with an asterisks (\*) are left blank, System Plan forecast numbers will be used

### Table E – Based Aircraft

Based Aircraft	Single Engine	Multi-Engine	Jet	Rotorcraft	Other / Military / Gliders
E1. Number of Based Aircraft					

NOTE: If left blank, System Plan forecast numbers will be used

### Table F – Fuel Sales

Fuel Type	100LL (Avgas)	Jet A	Other (specify)
F1. Fuel sold in past 12 months (gallons)			

Please Return to:



Michigan Department of Transportation  
Office of Aeronautics  
Attn: Kelly Badra  
2700 Port Lansing Rd  
Lansing, MI 48906

You may also email worksheet to:

[badrak@michigan.gov](mailto:badrak@michigan.gov)

Worksheet Completed by (print name): \_\_\_\_\_

Title: \_\_\_\_\_

Airport Name: \_\_\_\_\_

3-Letter Airport ID: \_\_\_\_\_

Date: \_\_\_\_ / \_\_\_\_ / \_\_\_\_

**ALMA CBA Community Benefits Assessment**

**Airport Role in Economy**

Airport: Gratiot Community  
 City: Alma  
 Current FAA ARC: C-II  
 County: Gratiot  
 Ownership: Public  
 Scenario: Current  
 Service Area: Gratiot  
 Run Date: 1/21/2020 1:51:54 PM

MASP Tier	Tier 1
MASP ARC	-B-II

Evaluated for Year: 2019

Airport Features	
Primary Runway Length	5,000
Primary Runway Width	75
Instrument Approach	NPI

Activity Data	
Total Operations:	7,420
Total Aircraft:	37
Total Passengers:	14,424
Total Cargo Tons:	0

**On-going Contribution to the County Economy**

Direct Effect	Jobs		Income (\$)		Output (\$)	
	Local	State	Local	State	Local	State
<b>1. Airport (incl. FBO and air related tenants)</b>	5	5	\$347,000	\$347,000	\$1,412,000	\$1,412,000
<b>2. Airport Tenants: non-air related</b>	1	1	\$68,000	\$68,000	\$0	\$0
<b>3. Off-Site: Supported by Visitor Spending</b>	8	8	\$198,000	\$198,000	\$662,000	\$662,000
<b>4. Off-Site: Staff or Cargo Reliant</b>	14	14	\$551,000	\$551,000	\$1,489,000	\$1,489,000
<b>Supplier and income re-spending effects*</b>						
<b>5. -due to Airport and Related Activities**</b>	5	6	\$200,000	\$205,000	\$657,000	\$876,000
<b>6. -due to Visitor Spending</b>	2	4	\$74,000	\$138,000	\$220,000	\$490,000
<b>7. -due to Reliance on Air Transport</b>	8	16	\$244,000	\$376,000	\$566,000	\$1,141,000
<b>8. Total Impact from Airport Activities</b>	<b>43</b>	<b>54</b>	<b>\$1,682,000</b>	<b>\$1,883,000</b>	<b>\$5,006,000</b>	<b>\$6,070,000</b>

**Tax Generated by Aviation-Related Activity**

	At-Airport	Off-Site
<b>9. State Income Tax</b>	\$16,000	\$23,000
<b>10. State Sales Tax</b>	\$137,000	\$158,000
<b>11. Tax generated by fuel sales</b>	\$1,087	

Annual Capital Expenditures				
	Total	Federal \$	State \$	Local \$
2019 Budget:	\$87,000	\$78,300	\$4,350	\$4,350

2017 MASP Goals:	
Serve Significant Population Centers	Tier 3
Serve Significant Business Centers	Tier 3
Serve Significant Tourism/Convention Centers	Tier 3
Provide Access to the General Population	Tier 3
Provide Adequate Land Area Coverage	Tier 1
Preserve Regional Capacity	Tier 2
Serve Seasonally Isolated Areas	Tier 3
Inclusion in NPIAS	

Other Attributes

\* on the Service-area economy as defined by the user  
 \*\* Supplier and income re-spending effects pertain only to air-related and air support activities

**ARC = Airport Reference Code**  
**NPIAS = National Plan of Integrated Airport Systems**  
**Average visitor spending (per visitor): \$196.00**  
**Visitor spending source: -RETURNED SURVEY**

**Appendix E – Gratiot at a Glance – December 2018**

# Gratiot at a Glance

Updated: December 2018



The following information is intended to provide a snapshot of the basic demographic and economic composition of Gratiot County and its various governmental units. The categories chosen resemble the range of requests for information that GGDI often receives and are intended to illustrate the diversity and stability of Gratiot County.

Census 2010 Total Population	
Gratiot County	42,476
Alma (city)	9,383
St. Louis (city)	7,482
Ithaca (city)	2,910
Breckenridge (village)	1,328
Ashley (village)	563
Perrinton (village)	406
Wheeler Township	2,786
Fulton Township	2,521
Pine River Township	2,279
Seville Township	2,173
Sumner Township	1,930
Arcada Township	1,681
Bethany Township	1,407
Elba Township	1,396
Newark Township	1,093
New Haven Township	1,004
Emerson Township	952
North Star Township	888
Washington Township	870
North Shade Township	665
Lafayette Township	591
Hamilton Township	465

\*Data from U.S. Census Bureau

Gratiot County Historical Population	
2017	41,018
2016	40,932
2015	41,308
2014	41,438
2013	41,901
2010	42,429

\*Data from U.S. Census Bureau

Community Facts and Demographics						
Source: American Community Survey 2013-2017 5-Year Estimates						
	Gratiot County, MI	Alma, MI	Ashley, MI	Breckenridge, MI	Ithaca, MI	St. Louis, MI
<b>Total population</b>	41,319	9,108	494	1,210	2,827	7,261
<b>Non-incarcerated*</b>	37,719	9,108	494	1,210	2,827	4,861
<b>Sex</b>						
Male	21,937	4,272	219	586	1,179	5,363
Female	19,382	4,836	275	624	1,648	1,898
<b>Age</b>						
Under 15	6,788	1,488	50	246	628	752
15 to 19	3,033	1,104	38	64	241	261
20 to 54	19,503	4,003	194	585	1,185	4,904
55 and over	11,995	2,513	212	315	773	1,344
<b>Race</b>						
White	37,711	8,514	473	1,205	2,637	4,981
Black or African American	2,388	257	5	--	126	1,943
American Indian & Alaska Native	180	92	1	--	28	37
Asian	142	4	--	--	--	41
Native Hawaiian & Other Pacific Islander	14	--	--	3	--	11
Other	114	24	1	2	14	23
Two or more races	770	217	14	--	22	225
<b>Income</b>						
Total households	14,736	3,529	199	537	1,071	1,308
Median household income (dollars)**	42,256	33,090	43,125	31,938	36,369	40,577
Mean household income (dollars)***	56,136	43,339	51,822	41,037	49,961	51,762
Poverty rate	20.5%	30.6%	19.1%	26.0%	19.2%	15.2%
<b>Education</b>						
Percent high school graduate or higher	89.9%	93.8%	77.7%	90.4%	90.4%	84.3%
Percent bachelor's degree or higher	14.7%	24.6%	6.5%	10.5%	18.0%	5.8%

\*Shown to reflect the non-incarcerated population in each area. Total population was reduced by the number of inmates estimated to be in each of the two prisons. The St. Louis Correctional Facility's population, attributed to Bethany Township, was deducted from Gratiot County's total population, and the Central Michigan Correctional Facility's population, attributed to St. Louis, was deducted from both St. Louis's and Gratiot County's total populations.  
 \*\*The median is the middle number (in a sorted list of numbers) and separates the higher half from the lower half of given data.  
 \*\*\*The mean is the average of the numbers (the sum of the values divided by the number of values).

For assistance in obtaining more information or for utilizing this information, please contact Greater Gratiot Development, Inc.

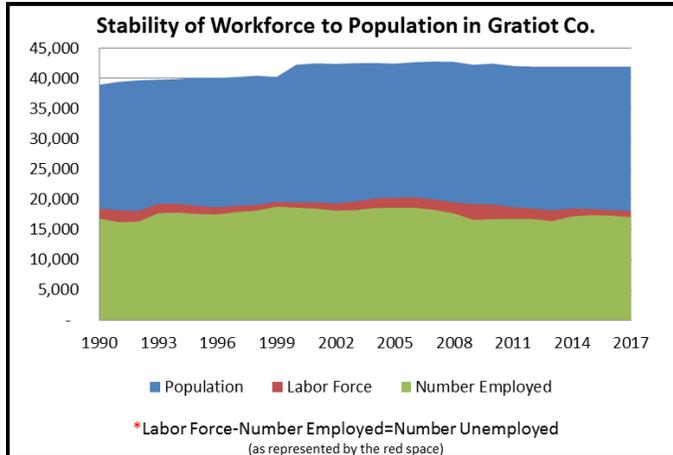


(989) 875-2083  
 136 S. Main St.  
 Ithaca, MI 48847  
 www.gratiot.org

# Labor Force

Annual Average Unemployment Rates	
2017	5.5%
2016	5.2%
2015	5.7%
2010	11.8%
2005	8.3%

\*Data from MI Labor Market Information



Commuter Labor Force (Applied Geographic Solutions 2015)	
30 mile radius (30 minutes)	134,128
60 mile radius (60 minutes)	1,143,525

2017 Annual Employment Data	
Labor force	18,068
Employed	17,075
Unemployed	993
Unemployment rate	5.5%

\*Data from MI Labor Market Information

Inflow/Outflow Analysis	
Employed in Gratiot Co., but live outside	7,099
Live in Gratiot Co., but employed outside	8,674
Employed and live in Gratiot Co.	6,282

\*Data from U.S. Census Bureau, OnTheMap Application 2015

# Agriculture

Gratiot County Agriculture			
Enterprise	State rank	Production	Value
Milk	6th	414.6 M lbs.	\$68.8 M
Soybeans	5th	4.416 M bu.	\$38 M
Corn	7th	13.15 M bu.	\$46 M
Cattle & cull cows	6th	32,000 hd.	\$45.4 M
Hogs	5th	140,000 hd.	\$20.5 M
Dry beans	6th	140,000 cwt.	\$4.1 M
Sugar beets	6th	230,000 T	\$11.3 M
Wheat	8th	1.515 M bu.	\$8.6 M
<b>Total**</b>			<b>\$242.7 M</b>

\*Data from USDA 2012 Ag Census  
 \*\*This estimate does not include commodities not listed such as alfalfa, turkeys, and other vegetable crops.

County Land Use		
	Acres	Percent
<b>Farmland</b>	<b>289,376</b>	<b>79.5%</b>
<i>Cropland:</i>	<i>259,530</i>	<i>89.7%</i>
<i>Woodland:</i>	<i>15,100</i>	<i>5.2%</i>
<i>Pasture:</i>	<i>5,528</i>	<i>1.9%</i>
<i>Other:</i>	<i>9,218</i>	<i>3.2%</i>
<b>Other developments:</b> (Industrial, commercial, residential, etc.)	<b>74,440</b>	<b>20.5%</b>
<b>Total land:</b>	<b>363,816</b>	<b>100%</b>

\*Data from 2012 USDA Census of Agriculture

Agriculture Employment	
Hired farm workers / employees*	1,479
Full-time farm operators*	1,270
Agribusiness related employees**	594

\*Data from 2012 USDA Census of Agriculture  
 \*\*Data from GGDI-conducted survey, Summer 2017

# Industry

Gratiot County Top Industries			
	Employed*	Establishments**	Median Earnings*
Agriculture, forestry, fishing/hunting, & mining	726	7	\$31,442
Construction	803	60	\$40,605
<b>Manufacturing</b>	<b>2,593</b>	<b>50</b>	<b>\$34,384</b>
Wholesale trade	226	33	\$47,500
<b>Retail trade</b>	<b>1,238</b>	<b>129</b>	<b>\$20,875</b>
Transportation/warehousing & utilities	735	37	\$53,975
Information	194	17	\$11,917
Finance/insurance & real estate/rental/leasing	536	66	\$30,935
Professional, scientific, management, & administrative/waste management	845	65	\$29,094
<b>Educational services &amp; health care/social assistance</b>	<b>4,488</b>	<b>112</b>	<b>\$27,446</b>
Arts/entertainment/recreation & accommodation/food services	1,193	74	\$13,956
Other services (except public administration)	692	84	\$26,915
Public administration	999	n/a	\$50,344
<b>Totals</b>	<b>15,236</b>	<b>736</b>	<b>\$30,835***</b>

\*Data from 2013-2017 American Community Survey 5-Year Estimates, U.S. Census  
 \*\*Data from 2017 County Business Patterns, Economic Census  
 \*\*\*Estimate indicates median earnings of the total civilian employed population 16 years and over.

**Appendix F – Proposed Operating Budget Summary for 2019**

**Gratiot Community Airport Authority  
Proposed Operating Budget**

		FY 2017 Actual	FY 2018 Actual	FY 2019 Budget	FY 2020 Proposed
<b>Operating Revenues:</b>					
Business Licenses/Permits	Three Point Aviation	\$ 300	\$ 300	\$ 300	\$ 300
Federal Grants		-	37,800	22,528	22,528
State Grants		-	1,050	1,252	1,252
Local Unit Contributions:					
Gratiot County	As approved by Gratiot County Commission *	26,000	26,000	26,000	30,000
City of Alma	Match to Gratiot County contribution	26,000	26,000	26,000	30,000
City of Ithaca	Airport Authority Agreement	-	4,000	4,000	4,000
City of St. Louis	Airport Authority Agreement	4,000	4,000	4,000	4,000
Arcada Township	Airport Authority Agreement	4,000	4,000	4,000	-
Pine River Township	Airport Authority Agreement	4,000	4,000	4,000	-
Village of Breckenridge	Airport Authority Agreement	-	-	-	-
Fees	Three Point Aviation; fuel surcharge	2,780	2,500	4,000	4,000
Investment Income		1,448	3,040	2,000	2,000
Rents:					
FAA	ROC lease	360	360	360	360
Hanger rental	T hangers and private hanger land leases	14,160	14,160	14,160	14,160
Corporate hanger rental	McDonald Air Services, LLC	22,020	22,043	22,043	22,043
Land leases	Three Point Aviation, LLC; Cold Storage Bldg	1,500	1,500	1,500	1,500
Land leases	Joe Butcher, Stone Fence Organics	7,325	7,325	7,325	7,325
T Hanger electrical usage	Reimbursement of electrical usage at T-Hangers	589	-	-	-
Other rental revenue		5,654	7,612	-	-
Other Revenue	MMRMA distribution of excess net assets	1,602	1,500	1,000	1,000
<b>Total Operating Revenues</b>		<u>121,738</u>	<u>167,190</u>	<u>144,468</u>	<u>144,468</u>
<b>Expenses:</b>					
<i>Operating Expenses:</i>					
City of Alma administrative staff	Salaries, fringes, training	3,161	3,000	3,000	3,000
Licenses/Certification fees	State of Michigan; Airport License Fee	50	50	50	50
Supplies		3,329	3,500	3,500	3,500
<i>Contract Fees:</i>					
McDonald Air Services, LLC	Airport managerial service	18,780	18,780	18,780	18,780
State of Michigan	Maintenance of AWAS System	417	1,800	1,800	1,800
Airport Lighting, LLC	Oscillator boards	-	-	-	-
Other Miscellaneous Contractor	Miscellaneous repair	4,766	1,000	1,000	1,000
Mowing Contract	EAA	7,900	7,900	7,900	9,775
Winter Maintenance	McDonald Air Services, LLC	28,260	25,130	25,130	25,130
	Engineering Design of replacement T-hangers	-	-	-	-
	Pavement marking and crack sealing	4,207	3,200	3,200	3,200
City of Alma; Admin ISF	Accounting, auditing, financial management	10,777	9,000	9,000	9,000
City of Alma; Public Works ISF	Labor and equipment	8,167	7,500	7,500	7,500
Electricity		641	900	900	900
Natural Gas		-	-	-	-
Communications	Verizon and Winn Telephone	1,195	1,100	1,100	1,100
<i>Insurance:</i>					
MMRMA	Property and general liability	2,729	3,700	3,700	3,700
Boidi & Watts Insurance	Airport liability insurance	3,200	3,200	3,200	3,200
Property Taxes		2,816	2,900	2,900	2,900
Capital asset depreciation		71,900	78,000	78,000	78,000
<b>Total Operating Expenses</b>		<u>172,295</u>	<u>170,660</u>	<u>170,660</u>	<u>172,535</u>
<b>Income (loss) before capital contributions</b>		(50,557)	(3,470)	(26,192)	(28,067)
<b>Capital Contributions</b>					
Federal grants		-	23,024	78,400	78,400
State grants		-	1,252	-	-
<b>Total Capital Contributions</b>		<u>-</u>	<u>24,276</u>	<u>78,400</u>	<u>78,400</u>
<b>Change in Net Position</b>		(50,557)	20,806	52,208	50,333
<b>Beginning Net Position</b>		#REF!	#REF!	#REF!	-
<b>Ending Net Position</b>		<u>#REF!</u>	<u>#REF!</u>	<u>#REF!</u>	<u>\$ 50,333</u>
<b>Capital Investment:</b>					
<i>New Capital investment:</i>					
Engineering Design of replacement T-hangers		-	-	35,000	35,000
Airfield Crack Repairs and Underdrain Design		-	25,528	-	-
Airfield Crack Repairs and Underdrain Construction		-	-	195,000	195,000
<b>Total New Investment in Capital Assets</b>		<u>\$ -</u>	<u>25,528</u>	<u>\$ 230,000</u>	<u>\$ 230,000</u>
Existing Investment in Capital Assets		\$ 1,891,427	\$ 1,832,671	\$ 1,858,199	\$ 1,858,199
<b>Spendable Net Position.</b>		#REF!	#REF!	#REF!	\$ (1,807,866)

**Appendix G – FAA Airport Sponsor Assurances – February 2020**



## **ASSURANCES AIRPORT SPONSORS**

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### **A. General.**

- a. These assurances shall be complied with in the performance of grant agreements for airport development, airport planning, and noise compatibility program grants for airport sponsors.
- b. These assurances are required to be submitted as part of the project application by sponsors requesting funds under the provisions of Title 49, U.S.C., subtitle VII, as amended. As used herein, the term "public agency sponsor" means a public agency with control of a public-use airport; the term "private sponsor" means a private owner of a public-use airport; and the term "sponsor" includes both public agency sponsors and private sponsors.
- c. Upon acceptance of this grant offer by the sponsor, these assurances are incorporated in and become part of this grant agreement.

### **B. Duration and Applicability.**

#### **1. Airport development or Noise Compatibility Program Projects Undertaken by a Public Agency Sponsor.**

The terms, conditions and assurances of this grant agreement shall remain in full force and effect throughout the useful life of the facilities developed or equipment acquired for an airport development or noise compatibility program project, or throughout the useful life of the project items installed within a facility under a noise compatibility program project, but in any event not to exceed twenty (20) years from the date of acceptance of a grant offer of Federal funds for the project. However, there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport. There shall be no limit on the duration of the terms, conditions, and assurances with respect to real property acquired with federal funds. Furthermore, the duration of the Civil Rights assurance shall be specified in the assurances.

#### **2. Airport Development or Noise Compatibility Projects Undertaken by a Private Sponsor.**

The preceding paragraph 1 also applies to a private sponsor except that the useful life of project items installed within a facility or the useful life of the facilities developed or equipment acquired under an airport development or noise compatibility program project shall be no less than ten (10) years from the date of acceptance of Federal aid for the project.

#### **3. Airport Planning Undertaken by a Sponsor.**

Unless otherwise specified in this grant agreement, only Assurances 1, 2, 3, 5, 6, 13, 18, 25, 30, 32, 33, and 34 in Section C apply to planning projects. The terms, conditions, and assurances of this grant agreement shall remain in full force and effect during the life of the project; there shall be no limit on the duration of the assurances regarding Exclusive Rights and Airport Revenue so long as the airport is used as an airport.

### C. Sponsor Certification.

The sponsor hereby assures and certifies, with respect to this grant that:

#### 1. General Federal Requirements.

It will comply with all applicable Federal laws, regulations, executive orders, policies, guidelines, and requirements as they relate to the application, acceptance and use of Federal funds for this project including but not limited to the following:

- a. Title 49, U.S.C., subtitle VII, as amended.
- b. Davis-Bacon Act - 40 U.S.C. 276(a), et seq.<sup>1</sup>
- c. Federal Fair Labor Standards Act - 29 U.S.C. 201, et seq.
- d. Hatch Act – 5 U.S.C. 1501, et seq.<sup>2</sup>
- e. Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970 Title 42 U.S.C. 4601, et seq.<sup>1,2</sup>
- f. National Historic Preservation Act of 1966 - Section 106 - 16 U.S.C. 470(f).<sup>1</sup>
- g. Archeological and Historic Preservation Act of 1974 - 16 U.S.C. 469 through 469c.<sup>1</sup>
- h. Native Americans Grave Repatriation Act - 25 U.S.C. Section 3001, et seq.
- i. Clean Air Act, P.L. 90-148, as amended.
- j. Coastal Zone Management Act, P.L. 93-205, as amended.
- k. Flood Disaster Protection Act of 1973 - Section 102(a) - 42 U.S.C. 4012a.<sup>1</sup>
- l. Title 49, U.S.C., Section 303, (formerly known as Section 4(f))
- m. Rehabilitation Act of 1973 - 29 U.S.C. 794.
- n. Title VI of the Civil Rights Act of 1964 (42 U.S.C. § 2000d et seq., 78 stat. 252) (prohibits discrimination on the basis of race, color, national origin);
- o. Americans with Disabilities Act of 1990, as amended, (42 U.S.C. § 12101 et seq.), prohibits discrimination on the basis of disability).
- p. Age Discrimination Act of 1975 - 42 U.S.C. 6101, et seq.
- q. American Indian Religious Freedom Act, P.L. 95-341, as amended.
- r. Architectural Barriers Act of 1968 -42 U.S.C. 4151, et seq.<sup>1</sup>
- s. Power plant and Industrial Fuel Use Act of 1978 - Section 403- 2 U.S.C. 8373.<sup>1</sup>
- t. Contract Work Hours and Safety Standards Act - 40 U.S.C. 327, et seq.<sup>1</sup>
- u. Copeland Anti-kickback Act - 18 U.S.C. 874.1
- v. National Environmental Policy Act of 1969 - 42 U.S.C. 4321, et seq.<sup>1</sup>
- w. Wild and Scenic Rivers Act, P.L. 90-542, as amended.
- x. Single Audit Act of 1984 - 31 U.S.C. 7501, et seq.<sup>2</sup>
- y. Drug-Free Workplace Act of 1988 - 41 U.S.C. 702 through 706.
- z. The Federal Funding Accountability and Transparency Act of 2006, as amended (Pub. L. 109-282, as amended by section 6202 of Pub. L. 110-252).

## EXECUTIVE ORDERS

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- a. Executive Order 11246 - Equal Employment Opportunity<sup>1</sup>
- b. Executive Order 11990 - Protection of Wetlands
- c. Executive Order 11998 –Flood Plain Management
- d. Executive Order 12372 - Intergovernmental Review of Federal Programs
- e. Executive Order 12699 - Seismic Safety of Federal and Federally Assisted New Building Construction<sup>1</sup>
- f. Executive Order 12898 - Environmental Justice
- g. Executive Order 13788 - Buy American and Hire American
- h. Executive Order 13858 – Strengthening Buy-American Preferences for Infrastructure Projects

## FEDERAL REGULATIONS

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- a. 2 CFR Part180 – OMB Guidelines to Agencies on Government-wide Debarment and Suspension (Non-procurement).
- b. 2 CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards. [OMB Circular A-87 Cost Principles Applicable to Grants and Contracts with State and Local Governments, and OMB Circular A-133 - Audits of States, Local Governments, and Non-Profit Organizations].<sup>4,5,6</sup>
- c. 2 CFR Part 1200 – Non-procurement Suspension and Debarment
- d. 14 CFR Part 13 - Investigative and Enforcement Procedures14 CFR Part 16 - Rules of Practice For Federally Assisted Airport Enforcement Proceedings.
- e. 14 CFR Part 150 - Airport noise compatibility planning.
- f. 28 CFR Part 35- Discrimination on the Basis of Disability in State and Local Government Services.
- g. 28 CFR § 50.3 - U.S. Department of Justice Guidelines for Enforcement of Title VI of the Civil Rights Act of 1964.
- h. 29 CFR Part 1 - Procedures for predetermination of wage rates.<sup>1</sup>
- i. 29 CFR Part 3 - Contractors and subcontractors on public building or public work financed in whole or part by loans or grants from the United States.<sup>1</sup>
- j. 29 CFR Part 5 - Labor standards provisions applicable to contracts covering federally financed and assisted construction (also labor standards provisions applicable to non-construction contracts subject to the Contract Work Hours and Safety Standards Act).<sup>1</sup>
- k. 41 CFR Part 60 - Office of Federal Contract Compliance Programs, Equal Employment Opportunity, Department of Labor (Federal and federally assisted contracting requirements).<sup>1</sup>
- l. 49 CFR Part 18 - Uniform administrative requirements for grants and cooperative agreements to state and local governments.<sup>3</sup>
- m. 49 CFR Part 20 - New restrictions on lobbying.

- n. 49 CFR Part 21 – Nondiscrimination in federally-assisted programs of the Department of Transportation - effectuation of Title VI of the Civil Rights Act of 1964.
- o. 49 CFR Part 23 - Participation by Disadvantage Business Enterprise in Airport Concessions.
- p. 49 CFR Part 24 – Uniform Relocation Assistance and Real Property Acquisition for Federal and Federally Assisted Programs.<sup>1,2</sup>
- q. 49 CFR Part 26 – Participation by Disadvantaged Business Enterprises in Department of Transportation Programs.
- r. 49 CFR Part 27 – Nondiscrimination on the Basis of Handicap in Programs and Activities Receiving or Benefiting from Federal Financial Assistance.<sup>1</sup>
- s. 49 CFR Part 28 –Enforcement of Nondiscrimination on the Basis of Handicap in Programs or Activities conducted by the Department of Transportation.
- t. 49 CFR Part 30 - Denial of public works contracts to suppliers of goods and services of countries that deny procurement market access to U.S. contractors.
- u. 49 CFR Part 32 –Government-wide Requirements for Drug-Free Workplace (Financial Assistance)
- v. 49 CFR Part 37 –Transportation Services for Individuals with Disabilities (ADA).
- w. 49 CFR Part 41 - Seismic safety of Federal and federally assisted or regulated new building construction.

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#### **SPECIFIC ASSURANCES**

Specific assurances required to be included in grant agreements by any of the above laws, regulations or circulars are incorporated by reference in this grant agreement.

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#### **FOOTNOTES TO ASSURANCE C.1.**

- <sup>1</sup> These laws do not apply to airport planning sponsors.
- <sup>2</sup> These laws do not apply to private sponsors.
- <sup>3</sup> 49 CFR Part 18 and 2 CFR Part 200 contain requirements for State and Local Governments receiving Federal assistance. Any requirement levied upon State and Local Governments by this regulation and circular shall also be applicable to private sponsors receiving Federal assistance under Title 49, United States Code.
- <sup>4</sup> On December 26, 2013 at 78 FR 78590, the Office of Management and Budget (OMB) issued the Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards in 2 CFR Part 200. 2 CFR Part 200 replaces and combines the former Uniform Administrative Requirements for Grants (OMB Circular A-102 and Circular A-110 or 2 CFR Part 215 or Circular) as well as the Cost Principles (Circulars A-21 or 2 CFR part 220; Circular A-87 or 2 CFR part 225; and A-122, 2 CFR part 230). Additionally it replaces Circular A-133 guidance on the Single Annual Audit. In accordance with 2 CFR section 200.110, the standards set forth in Part 200 which affect administration of Federal awards issued by Federal agencies become effective once implemented by Federal agencies or when any future amendment to this Part becomes final. Federal agencies, including the Department of Transportation, must implement the policies and procedures applicable to Federal awards by promulgating a regulation to be effective by December 26, 2014 unless different provisions are required by statute or approved by OMB.

- <sup>5</sup> Cost principles established in 2 CFR part 200 subpart E must be used as guidelines for determining the eligibility of specific types of expenses.
- <sup>6</sup> Audit requirements established in 2 CFR part 200 subpart F are the guidelines for audits.

**2. Responsibility and Authority of the Sponsor.**

a. Public Agency Sponsor:

It has legal authority to apply for this grant, and to finance and carry out the proposed project; that a resolution, motion or similar action has been duly adopted or passed as an official act of the applicant's governing body authorizing the filing of the application, including all understandings and assurances contained therein, and directing and authorizing the person identified as the official representative of the applicant to act in connection with the application and to provide such additional information as may be required.

b. Private Sponsor:

It has legal authority to apply for this grant and to finance and carry out the proposed project and comply with all terms, conditions, and assurances of this grant agreement. It shall designate an official representative and shall in writing direct and authorize that person to file this application, including all understandings and assurances contained therein; to act in connection with this application; and to provide such additional information as may be required.

**3. Sponsor Fund Availability.**

It has sufficient funds available for that portion of the project costs which are not to be paid by the United States. It has sufficient funds available to assure operation and maintenance of items funded under this grant agreement which it will own or control.

**4. Good Title.**

- a. It, a public agency or the Federal government, holds good title, satisfactory to the Secretary, to the landing area of the airport or site thereof, or will give assurance satisfactory to the Secretary that good title will be acquired.
- b. For noise compatibility program projects to be carried out on the property of the sponsor, it holds good title satisfactory to the Secretary to that portion of the property upon which Federal funds will be expended or will give assurance to the Secretary that good title will be obtained.

**5. Preserving Rights and Powers.**

- a. It will not take or permit any action which would operate to deprive it of any of the rights and powers necessary to perform any or all of the terms, conditions, and assurances in this grant agreement without the written approval of the Secretary, and will act promptly to acquire, extinguish or modify any outstanding rights or claims of right of others which would interfere with such performance by the sponsor. This shall be done in a manner acceptable to the Secretary.
- b. Subject to the FAA Act of 2018, Public Law 115-254, Section 163, it will not sell, lease, encumber, or otherwise transfer or dispose of any part of its title or other interests in the property shown on Exhibit A to this application or, for a noise compatibility program project, that portion of the property upon which Federal funds have been expended, for the duration of the terms, conditions, and assurances in this grant agreement without approval by the

Secretary. If the transferee is found by the Secretary to be eligible under Title 49, United States Code, to assume the obligations of this grant agreement and to have the power, authority, and financial resources to carry out all such obligations, the sponsor shall insert in the contract or document transferring or disposing of the sponsor's interest, and make binding upon the transferee all of the terms, conditions, and assurances contained in this grant agreement.

- c. For all noise compatibility program projects which are to be carried out by another unit of local government or are on property owned by a unit of local government other than the sponsor, it will enter into an agreement with that government. Except as otherwise specified by the Secretary, that agreement shall obligate that government to the same terms, conditions, and assurances that would be applicable to it if it applied directly to the FAA for a grant to undertake the noise compatibility program project. That agreement and changes thereto must be satisfactory to the Secretary. It will take steps to enforce this agreement against the local government if there is substantial non-compliance with the terms of the agreement.
- d. For noise compatibility program projects to be carried out on privately owned property, it will enter into an agreement with the owner of that property which includes provisions specified by the Secretary. It will take steps to enforce this agreement against the property owner whenever there is substantial non-compliance with the terms of the agreement.
- e. If the sponsor is a private sponsor, it will take steps satisfactory to the Secretary to ensure that the airport will continue to function as a public-use airport in accordance with these assurances for the duration of these assurances.
- f. If an arrangement is made for management and operation of the airport by any agency or person other than the sponsor or an employee of the sponsor, the sponsor will reserve sufficient rights and authority to insure that the airport will be operated and maintained in accordance Title 49, United States Code, the regulations and the terms, conditions and assurances in this grant agreement and shall insure that such arrangement also requires compliance therewith.
- g. Sponsors of commercial service airports will not permit or enter into any arrangement that results in permission for the owner or tenant of a property used as a residence, or zoned for residential use, to taxi an aircraft between that property and any location on airport. Sponsors of general aviation airports entering into any arrangement that results in permission for the owner of residential real property adjacent to or near the airport must comply with the requirements of Sec. 136 of Public Law 112-95 and the sponsor assurances.

**6. Consistency with Local Plans.**

The project is reasonably consistent with plans (existing at the time of submission of this application) of public agencies that are authorized by the State in which the project is located to plan for the development of the area surrounding the airport.

**7. Consideration of Local Interest.**

It has given fair consideration to the interest of communities in or near where the project may be located.

**8. Consultation with Users.**

In making a decision to undertake any airport development project under Title 49, United States Code, it has undertaken reasonable consultations with affected parties using the airport at which project is proposed.

**9. Public Hearings.**

In projects involving the location of an airport, an airport runway, or a major runway extension, it has afforded the opportunity for public hearings for the purpose of considering the economic, social, and environmental effects of the airport or runway location and its consistency with goals and objectives of such planning as has been carried out by the community and it shall, when requested by the Secretary, submit a copy of the transcript of such hearings to the Secretary. Further, for such projects, it has on its management board either voting representation from the communities where the project is located or has advised the communities that they have the right to petition the Secretary concerning a proposed project.

**10. Metropolitan Planning Organization.**

In projects involving the location of an airport, an airport runway, or a major runway extension at a medium or large hub airport, the sponsor has made available to and has provided upon request to the metropolitan planning organization in the area in which the airport is located, if any, a copy of the proposed amendment to the airport layout plan to depict the project and a copy of any airport master plan in which the project is described or depicted.

**11. Pavement Preventive Maintenance.**

With respect to a project approved after January 1, 1995, for the replacement or reconstruction of pavement at the airport, it assures or certifies that it has implemented an effective airport pavement maintenance-management program and it assures that it will use such program for the useful life of any pavement constructed, reconstructed or repaired with Federal financial assistance at the airport. It will provide such reports on pavement condition and pavement management programs as the Secretary determines may be useful.

**12. Terminal Development Prerequisites.**

For projects which include terminal development at a public use airport, as defined in Title 49, it has, on the date of submittal of the project grant application, all the safety equipment required for certification of such airport under section 44706 of Title 49, United States Code, and all the security equipment required by rule or regulation, and has provided for access to the passenger enplaning and deplaning area of such airport to passengers enplaning and deplaning from aircraft other than air carrier aircraft.

**13. Accounting System, Audit, and Record Keeping Requirements.**

- a. It shall keep all project accounts and records which fully disclose the amount and disposition by the recipient of the proceeds of this grant, the total cost of the project in connection with which this grant is given or used, and the amount or nature of that portion of the cost of the project supplied by other sources, and such other financial records pertinent to the project. The accounts and records shall be kept in accordance with an accounting system that will facilitate an effective audit in accordance with the Single Audit Act of 1984.
- b. It shall make available to the Secretary and the Comptroller General of the United States, or any of their duly authorized representatives, for the purpose of audit and examination, any books, documents, papers, and records of the recipient that are pertinent to this grant. The Secretary may require that an appropriate audit be conducted by a recipient. In any case in which an independent audit is made of the accounts of a sponsor relating to the disposition of the proceeds of a grant or relating to the project in connection with which this grant was given or used, it shall file a certified copy of such audit with the Comptroller General of the United States not later than six (6) months following the close of the fiscal year for which the audit was made.

**14. Minimum Wage Rates.**

It shall include, in all contracts in excess of \$2,000 for work on any projects funded under this grant agreement which involve labor, provisions establishing minimum rates of wages, to be predetermined by the Secretary of Labor, in accordance with the Davis-Bacon Act, as amended (40 U.S.C. 276a-276a-5), which contractors shall pay to skilled and unskilled labor, and such minimum rates shall be stated in the invitation for bids and shall be included in proposals or bids for the work.

**15. Veteran's Preference.**

It shall include in all contracts for work on any project funded under this grant agreement which involve labor, such provisions as are necessary to insure that, in the employment of labor (except in executive, administrative, and supervisory positions), preference shall be given to Vietnam era veterans, Persian Gulf veterans, Afghanistan-Iraq war veterans, disabled veterans, and small business concerns owned and controlled by disabled veterans as defined in Section 47112 of Title 49, United States Code. However, this preference shall apply only where the individuals are available and qualified to perform the work to which the employment relates.

**16. Conformity to Plans and Specifications.**

It will execute the project subject to plans, specifications, and schedules approved by the Secretary. Such plans, specifications, and schedules shall be submitted to the Secretary prior to commencement of site preparation, construction, or other performance under this grant agreement, and, upon approval of the Secretary, shall be incorporated into this grant agreement. Any modification to the approved plans, specifications, and schedules shall also be subject to approval of the Secretary, and incorporated into this grant agreement.

**17. Construction Inspection and Approval.**

It will provide and maintain competent technical supervision at the construction site throughout the project to assure that the work conforms to the plans, specifications, and schedules approved by the Secretary for the project. It shall subject the construction work on any project contained in an approved project application to inspection and approval by the Secretary and such work shall be in accordance with regulations and procedures prescribed by the Secretary. Such regulations and procedures shall require such cost and progress reporting by the sponsor or sponsors of such project as the Secretary shall deem necessary.

**18. Planning Projects.**

In carrying out planning projects:

- a. It will execute the project in accordance with the approved program narrative contained in the project application or with the modifications similarly approved.
- b. It will furnish the Secretary with such periodic reports as required pertaining to the planning project and planning work activities.
- c. It will include in all published material prepared in connection with the planning project a notice that the material was prepared under a grant provided by the United States.
- d. It will make such material available for examination by the public, and agrees that no material prepared with funds under this project shall be subject to copyright in the United States or any other country.
- e. It will give the Secretary unrestricted authority to publish, disclose, distribute, and otherwise use any of the material prepared in connection with this grant.

- f. It will grant the Secretary the right to disapprove the sponsor's employment of specific consultants and their subcontractors to do all or any part of this project as well as the right to disapprove the proposed scope and cost of professional services.
- g. It will grant the Secretary the right to disapprove the use of the sponsor's employees to do all or any part of the project.
- h. It understands and agrees that the Secretary's approval of this project grant or the Secretary's approval of any planning material developed as part of this grant does not constitute or imply any assurance or commitment on the part of the Secretary to approve any pending or future application for a Federal airport grant.

**19. Operation and Maintenance.**

- a. The airport and all facilities which are necessary to serve the aeronautical users of the airport, other than facilities owned or controlled by the United States, shall be operated at all times in a safe and serviceable condition and in accordance with the minimum standards as may be required or prescribed by applicable Federal, state and local agencies for maintenance and operation. It will not cause or permit any activity or action thereon which would interfere with its use for airport purposes. It will suitably operate and maintain the airport and all facilities thereon or connected therewith, with due regard to climatic and flood conditions. Any proposal to temporarily close the airport for non-aeronautical purposes must first be approved by the Secretary. In furtherance of this assurance, the sponsor will have in effect arrangements for-
  - 1) Operating the airport's aeronautical facilities whenever required;
  - 2) Promptly marking and lighting hazards resulting from airport conditions, including temporary conditions; and
  - 3) Promptly notifying airmen of any condition affecting aeronautical use of the airport. Nothing contained herein shall be construed to require that the airport be operated for aeronautical use during temporary periods when snow, flood or other climatic conditions interfere with such operation and maintenance. Further, nothing herein shall be construed as requiring the maintenance, repair, restoration, or replacement of any structure or facility which is substantially damaged or destroyed due to an act of God or other condition or circumstance beyond the control of the sponsor.
- b. It will suitably operate and maintain noise compatibility program items that it owns or controls upon which Federal funds have been expended.

**20. Hazard Removal and Mitigation.**

It will take appropriate action to assure that such terminal airspace as is required to protect instrument and visual operations to the airport (including established minimum flight altitudes) will be adequately cleared and protected by removing, lowering, relocating, marking, or lighting or otherwise mitigating existing airport hazards and by preventing the establishment or creation of future airport hazards.

**21. Compatible Land Use.**

It will take appropriate action, to the extent reasonable, including the adoption of zoning laws, to restrict the use of land adjacent to or in the immediate vicinity of the airport to activities and purposes compatible with normal airport operations, including landing and takeoff of aircraft. In addition, if the project is for noise compatibility program implementation, it will not cause or permit any change in land use, within its jurisdiction, that will reduce its compatibility, with

respect to the airport, of the noise compatibility program measures upon which Federal funds have been expended.

## 22. Economic Nondiscrimination.

- a. It will make the airport available as an airport for public use on reasonable terms and without unjust discrimination to all types, kinds and classes of aeronautical activities, including commercial aeronautical activities offering services to the public at the airport.
- b. In any agreement, contract, lease, or other arrangement under which a right or privilege at the airport is granted to any person, firm, or corporation to conduct or to engage in any aeronautical activity for furnishing services to the public at the airport, the sponsor will insert and enforce provisions requiring the contractor to-
  - 1) furnish said services on a reasonable, and not unjustly discriminatory, basis to all users thereof, and
  - 2) charge reasonable, and not unjustly discriminatory, prices for each unit or service, provided that the contractor may be allowed to make reasonable and nondiscriminatory discounts, rebates, or other similar types of price reductions to volume purchasers.
    - a. Each fixed-based operator at the airport shall be subject to the same rates, fees, rentals, and other charges as are uniformly applicable to all other fixed-based operators making the same or similar uses of such airport and utilizing the same or similar facilities.
    - b. Each air carrier using such airport shall have the right to service itself or to use any fixed-based operator that is authorized or permitted by the airport to serve any air carrier at such airport.
    - c. Each air carrier using such airport (whether as a tenant, non-tenant, or subtenant of another air carrier tenant) shall be subject to such nondiscriminatory and substantially comparable rules, regulations, conditions, rates, fees, rentals, and other charges with respect to facilities directly and substantially related to providing air transportation as are applicable to all such air carriers which make similar use of such airport and utilize similar facilities, subject to reasonable classifications such as tenants or non-tenants and signatory carriers and non-signatory carriers. Classification or status as tenant or signatory shall not be unreasonably withheld by any airport provided an air carrier assumes obligations substantially similar to those already imposed on air carriers in such classification or status.
    - d. It will not exercise or grant any right or privilege which operates to prevent any person, firm, or corporation operating aircraft on the airport from performing any services on its own aircraft with its own employees [including, but not limited to maintenance, repair, and fueling] that it may choose to perform.
    - e. In the event the sponsor itself exercises any of the rights and privileges referred to in this assurance, the services involved will be provided on the same conditions as would apply to the furnishing of such services by commercial aeronautical service providers authorized by the sponsor under these provisions.
    - f. The sponsor may establish such reasonable, and not unjustly discriminatory, conditions to be met by all users of the airport as may be necessary for the safe and efficient operation of the airport.

- g. The sponsor may prohibit or limit any given type, kind or class of aeronautical use of the airport if such action is necessary for the safe operation of the airport or necessary to serve the civil aviation needs of the public.

### **23. Exclusive Rights.**

It will permit no exclusive right for the use of the airport by any person providing, or intending to provide, aeronautical services to the public. For purposes of this paragraph, the providing of the services at an airport by a single fixed-based operator shall not be construed as an exclusive right if both of the following apply:

- a. It would be unreasonably costly, burdensome, or impractical for more than one fixed-based operator to provide such services, and
- b. If allowing more than one fixed-based operator to provide such services would require the reduction of space leased pursuant to an existing agreement between such single fixed-based operator and such airport. It further agrees that it will not, either directly or indirectly, grant or permit any person, firm, or corporation, the exclusive right at the airport to conduct any aeronautical activities, including, but not limited to charter flights, pilot training, aircraft rental and sightseeing, aerial photography, crop dusting, aerial advertising and surveying, air carrier operations, aircraft sales and services, sale of aviation petroleum products whether or not conducted in conjunction with other aeronautical activity, repair and maintenance of aircraft, sale of aircraft parts, and any other activities which because of their direct relationship to the operation of aircraft can be regarded as an aeronautical activity, and that it will terminate any exclusive right to conduct an aeronautical activity now existing at such an airport before the grant of any assistance under Title 49, United States Code.

### **24. Fee and Rental Structure.**

It will maintain a fee and rental structure for the facilities and services at the airport which will make the airport as self-sustaining as possible under the circumstances existing at the particular airport, taking into account such factors as the volume of traffic and economy of collection. No part of the Federal share of an airport development, airport planning or noise compatibility project for which a grant is made under Title 49, United States Code, the Airport and Airway Improvement Act of 1982, the Federal Airport Act or the Airport and Airway Development Act of 1970 shall be included in the rate basis in establishing fees, rates, and charges for users of that airport.

### **25. Airport Revenues.**

- a. All revenues generated by the airport and any local taxes on aviation fuel established after December 30, 1987, will be expended by it for the capital or operating costs of the airport; the local airport system; or other local facilities which are owned or operated by the owner or operator of the airport and which are directly and substantially related to the actual air transportation of passengers or property; or for noise mitigation purposes on or off the airport. The following exceptions apply to this paragraph:
  - 1) If covenants or assurances in debt obligations issued before September 3, 1982, by the owner or operator of the airport, or provisions enacted before September 3, 1982, in governing statutes controlling the owner or operator's financing, provide for the use of the revenues from any of the airport owner or operator's facilities, including the airport, to support not only the airport but also the airport owner or operator's general debt obligations or other facilities, then this limitation on the use of all revenues generated

by the airport (and, in the case of a public airport, local taxes on aviation fuel) shall not apply.

- 2) If the Secretary approves the sale of a privately owned airport to a public sponsor and provides funding for any portion of the public sponsor's acquisition of land, this limitation on the use of all revenues generated by the sale shall not apply to certain proceeds from the sale. This is conditioned on repayment to the Secretary by the private owner of an amount equal to the remaining unamortized portion (amortized over a 20-year period) of any airport improvement grant made to the private owner for any purpose other than land acquisition on or after October 1, 1996, plus an amount equal to the federal share of the current fair market value of any land acquired with an airport improvement grant made to that airport on or after October 1, 1996.
- 3) Certain revenue derived from or generated by mineral extraction, production, lease, or other means at a general aviation airport (as defined at Section 47102 of title 49 United States Code), if the FAA determines the airport sponsor meets the requirements set forth in Sec. 813 of Public Law 112-95.
  - a. As part of the annual audit required under the Single Audit Act of 1984, the sponsor will direct that the audit will review, and the resulting audit report will provide an opinion concerning, the use of airport revenue and taxes in paragraph (a), and indicating whether funds paid or transferred to the owner or operator are paid or transferred in a manner consistent with Title 49, United States Code and any other applicable provision of law, including any regulation promulgated by the Secretary or Administrator.
  - b. Any civil penalties or other sanctions will be imposed for violation of this assurance in accordance with the provisions of Section 47107 of Title 49, United States Code.

## 26. Reports and Inspections.

It will:

- a. submit to the Secretary such annual or special financial and operations reports as the Secretary may reasonably request and make such reports available to the public; make available to the public at reasonable times and places a report of the airport budget in a format prescribed by the Secretary;
- b. for airport development projects, make the airport and all airport records and documents affecting the airport, including deeds, leases, operation and use agreements, regulations and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request;
- c. for noise compatibility program projects, make records and documents relating to the project and continued compliance with the terms, conditions, and assurances of this grant agreement including deeds, leases, agreements, regulations, and other instruments, available for inspection by any duly authorized agent of the Secretary upon reasonable request; and
- d. in a format and time prescribed by the Secretary, provide to the Secretary and make available to the public following each of its fiscal years, an annual report listing in detail:
  - 1) all amounts paid by the airport to any other unit of government and the purposes for which each such payment was made; and
  - 2) all services and property provided by the airport to other units of government and the amount of compensation received for provision of each such service and property.

## **27. Use by Government Aircraft.**

It will make available all of the facilities of the airport developed with Federal financial assistance and all those usable for landing and takeoff of aircraft to the United States for use by Government aircraft in common with other aircraft at all times without charge, except, if the use by Government aircraft is substantial, charge may be made for a reasonable share, proportional to such use, for the cost of operating and maintaining the facilities used. Unless otherwise determined by the Secretary, or otherwise agreed to by the sponsor and the using agency, substantial use of an airport by Government aircraft will be considered to exist when operations of such aircraft are in excess of those which, in the opinion of the Secretary, would unduly interfere with use of the landing areas by other authorized aircraft, or during any calendar month that –

- a. by gross weights of such aircraft) is in excess of five million pounds Five (5) or more Government aircraft are regularly based at the airport or on land adjacent thereto; or
- b. The total number of movements (counting each landing as a movement) of Government aircraft is 300 or more, or the gross accumulative weight of Government aircraft using the airport (the total movement of Government aircraft multiplied).

## **28. Land for Federal Facilities.**

It will furnish without cost to the Federal Government for use in connection with any air traffic control or air navigation activities, or weather-reporting and communication activities related to air traffic control, any areas of land or water, or estate therein, or rights in buildings of the sponsor as the Secretary considers necessary or desirable for construction, operation, and maintenance at Federal expense of space or facilities for such purposes. Such areas or any portion thereof will be made available as provided herein within four months after receipt of a written request from the Secretary.

## **29. Airport Layout Plan.**

- a. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, it will keep up to date at all times an airport layout plan of the airport showing:
  - 1) boundaries of the airport and all proposed additions thereto, together with the boundaries of all offsite areas owned or controlled by the sponsor for airport purposes and proposed additions thereto;
  - 2) the location and nature of all existing and proposed airport facilities and structures (such as runways, taxiways, aprons, terminal buildings, hangars and roads), including all proposed extensions and reductions of existing airport facilities;
  - 3) the location of all existing and proposed non-aviation areas and of all existing improvements thereon; and
  - 4) all proposed and existing access points used to taxi aircraft across the airport's property boundary. Such airport layout plans and each amendment, revision, or modification thereof, shall be subject to the approval of the Secretary which approval shall be evidenced by the signature of a duly authorized representative of the Secretary on the face of the airport layout plan. The sponsor will not make or permit any changes or alterations in the airport or any of its facilities which are not in conformity

with the airport layout plan as approved by the Secretary and which might, in the opinion of the Secretary, adversely affect the safety, utility or efficiency of the airport.

- b. Subject to the FAA Reauthorization Act of 2018, Public Law 115-254, Section 163, if a change or alteration in the airport or the facilities is made which the Secretary determines adversely affects the safety, utility, or efficiency of any federally owned, leased, or funded property on or off the airport and which is not in conformity with the airport layout plan as approved by the Secretary, the owner or operator will, if requested, by the Secretary (1) eliminate such adverse effect in a manner approved by the Secretary; or (2) bear all costs of relocating such property (or replacement thereof) to a site acceptable to the Secretary and all costs of restoring such property (or replacement thereof) to the level of safety, utility, efficiency, and cost of operation existing before the unapproved change in the airport or its facilities except in the case of a relocation or replacement of an existing airport facility due to a change in the Secretary's design standards beyond the control of the airport sponsor.

### 30. **Civil Rights.**

It will promptly take any measures necessary to ensure that no person in the United States shall, on the grounds of race, creed, color, national origin, sex, age, or disability be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination in any activity conducted with, or benefiting from, funds received from this grant.

- a. Using the definitions of activity, facility and program as found and defined in §§ 21.23 (b) and 21.23 (e) of 49 CFR § 21, the sponsor will facilitate all programs, operate all facilities, or conduct all programs in compliance with all non-discrimination requirements imposed by, or pursuant to these assurances.
- b. **Applicability**
  - 1) **Programs and Activities.** If the sponsor has received a grant (or other federal assistance) for any of the sponsor's program or activities, these requirements extend to all of the sponsor's programs and activities.
  - 2) **Facilities.** Where it receives a grant or other federal financial assistance to construct, expand, renovate, remodel, alter or acquire a facility, or part of a facility, the assurance extends to the entire facility and facilities operated in connection therewith.
  - 3) **Real Property.** Where the sponsor receives a grant or other Federal financial assistance in the form of, or for the acquisition of real property or an interest in real property, the assurance will extend to rights to space on, over, or under such property.

- c. **Duration.**

The sponsor agrees that it is obligated to this assurance for the period during which Federal financial assistance is extended to the program, except where the Federal financial assistance is to provide, or is in the form of, personal property, or real property, or interest therein, or structures or improvements thereon, in which case the assurance obligates the sponsor, or any transferee for the longer of the following periods:

- 1) So long as the airport is used as an airport, or for another purpose involving the provision of similar services or benefits; or
- 2) So long as the sponsor retains ownership or possession of the property.

- d. Required Solicitation Language. It will include the following notification in all solicitations for bids, Requests For Proposals for work, or material under this grant agreement and in all proposals for agreements, including airport concessions, regardless of funding source:

“The **(Name of Sponsor)**, in accordance with the provisions of Title VI of the Civil Rights Act of 1964 (78 Stat. 252, 42 U.S.C. §§ 2000d to 2000d-4) and the Regulations, hereby notifies all bidders that it will affirmatively ensure that any contract entered into pursuant to this advertisement, disadvantaged business enterprises and airport concession disadvantaged business enterprises will be afforded full and fair opportunity to submit bids in response to this invitation and will not be discriminated against on the grounds of race, color, or national origin in consideration for an award.”

- e. Required Contract Provisions.

- 1) It will insert the non-discrimination contract clauses requiring compliance with the acts and regulations relative to non-discrimination in Federally-assisted programs of the DOT, and incorporating the acts and regulations into the contracts by reference in every contract or agreement subject to the non-discrimination in Federally-assisted programs of the DOT acts and regulations.
- 2) It will include a list of the pertinent non-discrimination authorities in every contract that is subject to the non-discrimination acts and regulations.
- 3) It will insert non-discrimination contract clauses as a covenant running with the land, in any deed from the United States effecting or recording a transfer of real property, structures, use, or improvements thereon or interest therein to a sponsor.
- 4) It will insert non-discrimination contract clauses prohibiting discrimination on the basis of race, color, national origin, creed, sex, age, or handicap as a covenant running with the land, in any future deeds, leases, license, permits, or similar instruments entered into by the sponsor with other parties:
  - a. For the subsequent transfer of real property acquired or improved under the applicable activity, project, or program; and
  - b. For the construction or use of, or access to, space on, over, or under real property acquired or improved under the applicable activity, project, or program.
- f. It will provide for such methods of administration for the program as are found by the Secretary to give reasonable guarantee that it, other recipients, sub-recipients, sub-grantees, contractors, subcontractors, consultants, transferees, successors in interest, and other participants of Federal financial assistance under such program will comply with all requirements imposed or pursuant to the acts, the regulations, and this assurance.
- g. It agrees that the United States has a right to seek judicial enforcement with regard to any matter arising under the acts, the regulations, and this assurance.

### 31. Disposal of Land.

- a. For land purchased under a grant for airport noise compatibility purposes, including land serving as a noise buffer, it will dispose of the land, when the land is no longer needed for such purposes, at fair market value, at the earliest practicable time. That portion of the proceeds of such disposition which is proportionate to the United States' share of acquisition of such land will be, at the discretion of the Secretary, (1) reinvested in another project at the airport, or (2) transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order, (1)

- reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund. If land acquired under a grant for noise compatibility purposes is leased at fair market value and consistent with noise buffering purposes, the lease will not be considered a disposal of the land. Revenues derived from such a lease may be used for an approved airport development project that would otherwise be eligible for grant funding or any permitted use of airport revenue.
- b. For land purchased under a grant for airport development purposes (other than noise compatibility), it will, when the land is no longer needed for airport purposes, dispose of such land at fair market value or make available to the Secretary an amount equal to the United States' proportionate share of the fair market value of the land. That portion of the proceeds of such disposition which is proportionate to the United States' share of the cost of acquisition of such land will, (1) upon application to the Secretary, be reinvested or transferred to another eligible airport as prescribed by the Secretary. The Secretary shall give preference to the following, in descending order: (1) reinvestment in an approved noise compatibility project, (2) reinvestment in an approved project that is eligible for grant funding under Section 47117(e) of title 49 United States Code, (3) reinvestment in an approved airport development project that is eligible for grant funding under Sections 47114, 47115, or 47117 of title 49 United States Code, (4) transferred to an eligible sponsor of another public airport to be reinvested in an approved noise compatibility project at that airport, and (5) paid to the Secretary for deposit in the Airport and Airway Trust Fund.
  - c. Land shall be considered to be needed for airport purposes under this assurance if (1) it may be needed for aeronautical purposes (including runway protection zones) or serve as noise buffer land, and (2) the revenue from interim uses of such land contributes to the financial self-sufficiency of the airport. Further, land purchased with a grant received by an airport operator or owner before December 31, 1987, will be considered to be needed for airport purposes if the Secretary or Federal agency making such grant before December 31, 1987, was notified by the operator or owner of the uses of such land, did not object to such use, and the land continues to be used for that purpose, such use having commenced no later than December 15, 1989.
  - d. Disposition of such land under (a) (b) or (c) will be subject to the retention or reservation of any interest or right therein necessary to ensure that such land will only be used for purposes which are compatible with noise levels associated with operation of the airport.

### **32. Engineering and Design Services.**

Engineering and Design Services. If any phase of such project has received Federal funds under Chapter 471 subchapter 1 of Title 49 U.S.C., it will award each contract, or sub-contract for program management, construction management, planning studies, feasibility studies, architectural services, preliminary engineering, design, engineering, surveying, mapping or related services in the same manner as a contract for architectural and engineering services is negotiated under Chapter 11 of Title 40 U. S. C., or an equivalent qualifications-based requirement prescribed for or by the sponsor of the airport.

### **33. Foreign Market Restrictions.**

It will not allow funds provided under this grant to be used to fund any project which uses any product or service of a foreign country during the period in which such foreign country is listed by the United States Trade Representative as denying fair and equitable market opportunities for products and suppliers of the United States in procurement and construction.

### **34. Policies, Standards, and Specifications.**

It will carry out the project in accordance with policies, standards, and specifications approved by the Secretary including, but not limited to, the advisory circulars listed in the Current FAA Advisory Circulars for AIP projects, dated April 18, 2019, and included in this grant, and in accordance with applicable state policies, standards, and specifications approved by the Secretary.

### **35. Relocation and Real Property Acquisition.**

- a. It will be guided in acquiring real property, to the greatest extent practicable under State law, by the land acquisition policies in Subpart B of 49 CFR Part 24 and will pay or reimburse property owners for necessary expenses as specified in Subpart B.
- b. It will provide a relocation assistance program offering the services described in Subpart C and fair and reasonable relocation payments and assistance to displaced persons as required in Subpart D and E of 49 CFR Part 24.
- c. It will make available within a reasonable period of time prior to displacement, comparable replacement dwellings to displaced persons in accordance with Subpart E of 49 CFR Part 24.

### **36. Access By Intercity Buses.**

The airport owner or operator will permit, to the maximum extent practicable, intercity buses or other modes of transportation to have access to the airport; however, it has no obligation to fund special facilities for intercity buses or for other modes of transportation.

### **37. Disadvantaged Business Enterprises.**

The sponsor shall not discriminate on the basis of race, color, national origin or sex in the award and performance of any DOT-assisted contract covered by 49 CFR Part 26, or in the award and performance of any concession activity contract covered by 49 CFR Part 23. In addition, the sponsor shall not discriminate on the basis of race, color, national origin or sex in the administration of its Disadvantaged Business Enterprise (DBE) and Airport Concessions Disadvantaged Business Enterprise (ACDBE) programs or the requirements of 49 CFR Parts 23 and 26. The sponsor shall take all necessary and reasonable steps under 49 CFR Parts 23 and 26 to ensure nondiscrimination in the award and administration of DOT-assisted contracts, and/or concession contracts. The sponsor's DBE and ACDBE programs, as required by 49 CFR Parts 26 and 23, and as approved by DOT, are incorporated by reference in this agreement. Implementation of these programs is a legal obligation and failure to carry out its terms shall be treated as a violation of this agreement. Upon notification to the sponsor of its failure to carry out its approved program, the Department may impose sanctions as provided for under Parts 26 and 23 and may, in appropriate cases, refer the matter for enforcement under 18 U.S.C. 1001 and/or the Program Fraud Civil Remedies Act of 1936 (31 U.S.C. 3801).

### **38. Hangar Construction.**

If the airport owner or operator and a person who owns an aircraft agree that a hangar is to be constructed at the airport for the aircraft at the aircraft owner's expense, the airport owner or

operator will grant to the aircraft owner for the hangar a long term lease that is subject to such terms and conditions on the hangar as the airport owner or operator may impose.

**39. Competitive Access.**

- a. If the airport owner or operator of a medium or large hub airport (as defined in section 47102 of title 49, U.S.C.) has been unable to accommodate one or more requests by an air carrier for access to gates or other facilities at that airport in order to allow the air carrier to provide service to the airport or to expand service at the airport, the airport owner or operator shall transmit a report to the Secretary that-
  - 1) Describes the requests;
  - 2) Provides an explanation as to why the requests could not be accommodated; and
  - 3) Provides a time frame within which, if any, the airport will be able to accommodate the requests.
- b. Such report shall be due on either February 1 or August 1 of each year if the airport has been unable to accommodate the request(s) in the six month period prior to the applicable due date.

**Appendix H – Gratiot Community Airport Report – February 21, 2019**

## GRATIOT COMMUNITY AIRPORT REPORT

February 21, 2019

Provided by Three Point Aviation, LLC, and Scott McDonald, FBO

Daryl Koch, Assistant Airport Manager and Dennis McDonald continue running the airport on a daily basis under the supervision of Scott McDonald, Airport Manager.

### Flights registered in the KAMN official Airport Registry for the past 3 years

Month	2016	2017	2018
January	6	7	12
February	2	10	13
March	13	9	24
April	10	20	23
May	14	23	27
June	21	18	29
July	28	33	38
August	10 + 1 EAA Taco Fly-In (weather poor)	20 + 21 EAA Taco Fly-In	23 + 36 EAA Fly-In
September	23	27	26
October	12	14	22
November	14	4	15
December	2	8	23

Local and recreational pilots, pilots just landing to refuel, and many who are business-related “regulars” usually do not sign the register. We continue encouraging pilots to sign the registry.

Regular uses of the airport beyond recreational flyers:

- Military helicopters for training
- Charter flights for residents’ vacations
- Aerial surveyors, pipeline and electrical line inspectors
- Individuals visiting residents at the Masonic Home
- Transportation of Alma College students
- Alma College Trustees and visitors
- Wind turbine people

### Seventy Four commercial flights related to local business interests landed at the airport in 2018

2018 by Month	Number of Commercial Planes Landing at Airport
01	0
02	5
03	2
04	10
05	10
06	11
07	9
08	4
09	7
10	10
11	3
12	3
<b>Total</b>	<b>74</b>

- Consultants for the ethanol plant conversion at least monthly
- Dairy & hog related visiting groups
- Printer Cartridges in Ithaca
- Bonnie greenhouse in Ithaca
- Minnesota business has a vehicle parked at the airport for incoming staff use
- etc.



Although many individuals on charter flights are picked up by associates or book rental cars, the courtesy car provided by Three Point Aviation, LLC, is frequently used to ferry them to their temporary destinations and charter pilots use it regularly for going to local restaurants for lunch.

**Snow Activity:**

Snow plowing was slow in November and December, but very active in January and February with heavy ice and snow. Airport was closed for 2 days because of heavy ice cover.



**Currently No empty hangars at Airport.**

**Maintenance and Incident Activity:**

- 100LL fuel line from storage tank to pump had a leak on August 19, 2018. As a safety feature, the line was installed inside another larger line. The leak 100LL fuel went into a sump containment device which sounded an alarm and turn off the pump. Attempts to remove the inside line and replace the line could not be completed. Airport was without 100LL fuel for 20 days. AVFuel truck has been rented to continue to service 100LL customers at airport. Cost \$1,060 per month.



- Airport PAPI Lights and REIL lights have required some maintenance in the last 90 days. Presently, Runway 27 PAPA lights are not coming on during cold weather – one light presently out.
- Bellanca Viking aircraft from Ohio had to declare an emergency landing because of engine trouble. Owner had to rent hanger from airport authority – engine was removed and is being rebuilt.
- One telephone line was down for about 2 days (Credit card and self-service fuel pumps would not operate)

#### Airport Inspection:

- Airport Inspection is done every three years. Inspection was completed on September 7, 2017. The following highlights the major items that need be corrected:
  - Taxiway expansion joints need attention (**Fixed last fall**)
  - Runway 18/36 has a similar problem with one expansion joint (**Fixed last fall**)
  - Old SDF antennas and equipment building at runway 27 need to be removed
  - Runway 18 approach and Runway 36 approach are again obstructed by trees

#### Events:

- Tentative date for **50 year airport celebration** is June 1, 2019.
- Young Eagles event scheduled for Saturday, June 8, 2019.
- EAA Chapter 134 is hosting a Gratiot Community Airport Lunch and Fly-In on Saturday, August 10, 2019 from 11:00 AM to 2 PM.
- St Mary's Preschool morning and afternoon classes visit the airport each year. They get to see the airport and learn about airplanes. (We let each child sit in an airplane)



- EAA Chapter 134 hosted a Gratiot Community Airport Lunch and Fly-In on Saturday, August 11, 2018 from 11:00 AM to 2 PM. Over 150 people were served. Thirty Six airplanes flew in for the event.



**Ongoing events and activities:**

- Notices to Airmen (NOTAMS) are issued daily for current conditions at airport during the winter months. 80 NOTAMS were issued in January 2019.
- EAA Chapter 134 members are building a Zenith 701 aircraft. They meet weekly on Monday nights.



**July 2018**



**December 2018**

**Jerry Freed who was a life long supporter of the airport, EAA Chapter member and supporter of Young Eagles passed away in June 2018. Memorial money was given to EAA chapter to purchased the below benches which will be located at the airport.**



Both EAA Chapter 134 and Three Point Aviation, LLC, continue to look forward to assisting the Airport Commission in maintaining and updating our facilities to reflect the pride we have in our community.

Respectfully,

Scott McDonald, FBO

Daryl Koch, Dennis McDonald

**Informational Fuel Data (# of transactions & gallons sold)**

Jet Fuel A Fuel Transactions					
Month	2014	2015	2016	2017	2018
1	3	8	3	2	3
2	1	4	0	5	9
3	2	4	2	7	3
4	5	17	6	12	11
5	7	8	10	12	14
6	2	4	5	16	12
7	8	4	4	15	14
8	12	9	10	20	13
9	5	5	5	15	10
10	2	3	4	6	16
11	4	2	1	3	7
12	4	4	3	0	11
	55	72	53	113	123

100LL Fuel Transactions					
Month	2014	2015	2016	2017	2018
1	13	23	29	25	27
2	24	23	23	37	17
3	35	40	36	26	45
4	61	63	51	37	53
5	91	53	76	67	53
6	64	59	56	59	69
7	89	72	65	88	79
8	93	86	68	88	67
9	86	106	50	93	52
10	56	46	50	42	27
11	39	39	34	34	22
12	35	24	20	22	18
	686	634	558	618	529

Jet Fuel A Gallons					
Month	2014	2015	2016	2017	2018
1	347.8	394.9	583.1	160.8	249.7
2	59.0	417.0	0.0	616.3	980.5
3	234.9	545.9	280.2	1097.7	584.3
4	4578.5	2571.2	735.1	3333.6	1399.8
5	5097.6	3955.8	2407.2	2205.5	3207.4
6	2653.7	1293.0	2419.4	2418.9	1460.0
7	2253.6	3092.1	1977.1	2684.5	4618.9
8	2742.0	2518.7	3828.6	4016.6	3656.0
9	7336.4	6069.0	3316.0	4906.5	5685.1
10	2496.8	1557.9	560.30	4538.6	2122.8
11	171.5	125.8	150.1	296.4	1017.3
12	384.7	626.5	679.2	0.0	1864.8
	28356.5	23167.8	16936.3	26275.4	26846.6

100LL Gallons					
Month	2014	2015	2016	2017	2018
1	569.1	494.3	1108.9	470.2	484.8
2	868.7	728.3	682.8	893.7	303.0
3	788.8	817.8	1530.1	429.5	832.9
4	1685.3	1963.9	1187.0	687.3	1085.3
5	2009.8	1516.9	1722.7	1334.0	952.0
6	1929.0	2234.1	1578.6	1319.8	1390.1
7	2316.3	1768.0	1661.2	1758.1	2193.7
8	2214.6	2624.1	1507.7	1822.2	1786.0
9	2721.2	2552.3	1088.2	1942.7	1157.8
10	1607.3	1500.6	1223.2	869.5	819.7
11	1178.5	1064.2	840.3	535.6	418.7
12	866.9	821.7	601.3	384.4	459.4
	18755.5	18086.2	14732.0	12447.0	11883.4

100 LL line out of service since August 19, 2018

**Appendix I – Gratiot Community Airport Assumptions by Scenario**

Assumptions	Scenario 1	Scenario 2a	Scenario 2b	Scenario 3a	Scenario 3b	Scenario 4a	Scenario 4b
	Baseline	Airport Managed Fuel Sales/FBO Pumps (no additional personnel)	Airport Managed Fuel Sales (with hired personnel)	Assertive Property Management (no additional personnel)	Assertive Property Management (with hired personnel)	Combined Assertive Property Management and Airport Fuel Sales/FBO Pumps (no additional personnel)	Combined Assertive Property Management and Airport Fuel Sales (with hired personnel)
<b>Revenues</b>							
Ground Leases	Escalates by \$5 every 5 years Options exercised	Escalates by \$5 every 5 years	Escalates by \$5 every 5 years	Escalates by \$5 every 5 years No options exercised AMN exercises reversion clauses	Escalates by \$5 every 5 years No options exercised AMN exercises reversion clauses	Escalates by \$5 every 5 years No options exercised AMN exercises reversion clauses	Escalates by \$5 every 5 years No options exercised AMN exercises reversion clauses
Building Leases	0% escalation	0% escalation	0% escalation	3% escalation	3% escalation	3% escalation	3% escalation
Agriculture Leases	0% escalation	0% escalation	0% escalation	3% escalation	3% escalation	3% escalation	3% escalation
Municipality Contributions	0% escalation	0% escalation	0% escalation	0% escalation	0% escalation	0% escalation	0% escalation
Aviation Fuel Sales	Fuel flowage fee 0% escalation	Airport owns fuel, FBO handles fuel sales 2 gal. jet sold for every 1 gal. avgas sold 25,600 gal. jet fuel sold in 2020 12,800 gal. avgas sold in 2020 \$1.50 per gallon jet fuel gross profit (fixed) \$1.00 per gallon avgas gross profit (fixed) 0.5% growth in fuel sales 1.5% growth in fuel prices	Airport sells fuel - terminates FBO lease 2 gal. jet sold for every 1 gal. avgas sold 25,600 gal. jet fuel sold in 2020 12,800 gal. avgas sold in 2020 \$1.50 per gallon jet fuel gross profit (fixed) \$1.00 per gallon avgas gross profit (fixed) 0.5% growth in fuel sales 1.5% growth in fuel prices	Fuel flowage fee 0% escalation	Fuel flowage fee 0% escalation	Airport owns fuel, FBO handles fuel sales 2 gal. jet sold for every 1 gal. avgas sold 25,600 gal. jet fuel sold in 2020 12,800 gal. avgas sold in 2020 \$1.50 per gallon jet fuel gross profit (fixed) \$1.00 per gallon avgas gross profit (fixed) 0.5% growth in fuel sales 1.5% growth in fuel prices	Airport sells fuel - terminates FBO lease 2 gal. jet sold for every 1 gal. avgas sold 25,600 gal. jet fuel sold in 2020 12,800 gal. avgas sold in 2020 \$1.50 per gallon jet fuel gross profit (fixed) \$1.00 per gallon avgas gross profit (fixed) 0.5% growth in fuel sales 1.5% growth in fuel prices
Other Revenue	0% escalation	0% escalation	0% escalation	0% escalation	0% escalation	0% escalation	0% escalation
<b>Operating Expenses</b>							
Contracts and Fees	2% escalation	2% escalation	2% escalation McDonald Air Services management contract cancelled (\$18,781)	2% escalation	2% escalation McDonald Air Services management contract cancelled (\$18,781)	2% escalation	2% escalation McDonald Air Services management contract cancelled (\$18,781)
Supplies	2% escalation	Additional \$1,500 annually for fuel farm 2% escalation	Additional \$1,500 annually for fuel farm 2% escalation	2% escalation	2% escalation	Additional \$1,500 annually for fuel farm 2% escalation	Additional \$1,500 annually for fuel farm 2% escalation
Aviation Fuel Costs	Not applicable	Cost based on volume sold, selling price, and gross profit of fuel Fuel flowage of \$4k paid to FBO	Cost based on volume sold, selling price, and gross profit of fuel	Not applicable	Not applicable	Cost based on volume sold, selling price, and gross profit of fuel Fuel flowage of \$4k paid to FBO	Cost based on volume sold, selling price, and gross profit of fuel
Utilities	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation
Personnel	2% escalation	2% escalation	1.5 FTE hired at \$85K each 2% escalation	2% escalation	1.5 FTE hired at \$85K each 2% escalation	2% escalation	1.5 FTE hired at \$85K each 2% escalation
Insurance	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation
Property Taxes	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation	2% escalation
Depreciation	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable

Source: Mead & Hunt, Inc.