

City of Pittsburg, Kansas
Economic Development Advisory Committee
Official Minutes of the Meeting of October 13, 2010

Members Present: Brad Hodson, Mark Werner, Chuck Hosman, and Judy Westhoff

Others present: Mark Turnbull, John VanGorden, Henry Menghini, Marty Beezley, Blake Benson, Bill Beasley, Bruce Remsberg and Stacie Perry.

The Economic Development Advisory Committee met in Regular Session at 10:00 a.m. on Wednesday, October 13, 2010 at The Family Resource Center's Conference Room. Director of Economic Development, Mark Turnbull opened the meeting at 10:07 a.m. with four (4) members present.

The first agenda item was approval of minutes from the September 8, 2010 Economic Development Advisory Committee Meeting. Hodson made the motion to approve the minutes, seconded by Werner. Motion carried.

The second agenda item was a request for funding for Airport Improvements. Bill Beasley began by thanking the board for help with the Airport's Master Plan. He stated the City has applied and been approved for three grants. His request is for funding the matching costs of the grants. The first 2 grants are from KDOT's Pilot Program. One is to improve communications with flight service. Currently, the airport uses a remote station out of Texas. This service does not have visual or voice contact. They have to set a schedule for takeoff and landing in fifteen minute increments. With this new technology, they can communicate with Kansas City to eliminate this process and allow another plane on the runway as soon as the other has cleared saving time. Beasley stated KDOT programs are 50/50. The other grant is for improvements on the taxiway. The current taxiway is deteriorating. The City requested a grant to resurface. The City wants to mill and overlay entire area but will do as much as they can with the grant. They will add an alternate so they can cover all costs. October 12, 2010, the City Commission approved a lease with Terry Calloway leaving the Airport full. Anticipated cost is \$176,700, of which \$88,350 is needed for matching costs. In the next 3 to 5 years, the City of Pittsburg has learned the FAA will have funds available to add a new parallel taxiway for Runway 16 – 34 to allow planes to taxi along without using the runway. Right now while they taxi, no one can land. In 2011, FAA has on their docket to grant the City of Pittsburg this money. This large project is \$2.5 million and will be completed in 2 phases. FAA funds are 95/5. This will cost the city 5% of \$2.5 Million. Before the City can move forward on the runway or taxiway, some trees will have to be removed on the north end of the runway. Also, an environmental assessment has to be done since this is a natural habitation for the gray bat which is endangered. This assessment will take 6 months to a year.

In the master plan, within fifteen years, it is estimated the airport will grow by 12 aircrafts. The City would like to develop an area on the west side to continue growth. Mr. Brock has suggested the City build a new terminal building.

Beasley asked for consideration to approving the use of RLF funds for the City's matching funds for three projects: Ground Communication Outlet in an estimated amount of \$7,000, Repair Taxi Lane in an

estimated amount of \$88,350, and an Environmental Assessment in an estimated amount of \$3,500. This request is for a total estimated amount of \$98,850.00.

Werner asks from a theoretical standpoint, what level of funding is Economic Development and what is City Asset? Hosman agrees this is a good question. He states this fund is not a fund for the City to come to and ask for money. A member asked how much the City subsidizes for the Airport each year. Beasley answered the City subsidizes \$60,000-\$100,000. Hodson asked how much this is out of the total annual operating budget. Beasley answered the City subsidizes 5-10%. Werner stated he did not have a problem with funding the communication device. He asked if the wildlife fence was funded by the RLF. VanGorden answered it was. VanGorden continued he felt this is a good expenditure for the RLF because the airport is mainly for corporate use. Beasley added the hospital will fly in doctors for Clinics, Corporations fly in business colleagues. He stated this is more of the customer base rather than recreation use. Hosman agreed ground communication is critical. Benson asked if Pittsburg sees much coast to coast traffic. Beasley answered some but not many but we do advertise. Hosman moved to approve the ground communication funding in the estimated amount of \$7,000. Westhoff seconded. All moved, motion carried.

Hosman began additional discussion on the taxiway. He stated it is the only one that is a maintenance issue but also thinks it is important so he does not have an issue with funding the matching costs for the taxiway. Werner stated he would like to raise this issue at some point. He stated this is basic repairs to the taxiway. He continued it is the City's responsibility because it is the City's asset. He asked how much the City will tap into RLF and at what point do we stop. He stated it needs to be a lengthy discussion.

Beasley stated the City has already been approved for the grant. The request is for the matching funds. Remsberg added this is an opportunity to have half the cost paid by the State. Turnbull stated the only other source of revenue is use bonded. Werner stated some airports have user fees. Commissioner Beezley added the local users are very vocal. She stated the City lowered fuel prices to get transient flights and it has not been done. She asked if there have been economic development reports on airports. Turnbull answered he thought KDOT had published a report. Werner asked how other cities fund their airports. Remsberg stated always some out of general fund. Werner made the motion to approve the taxiway improvements with the notion to discuss airport maintenance before anything comes back to the EDAC. Hodson seconded. All moved, motion carried.

Hosman made a motion to approve funding the matching cost of the Environmental Assessment. Westhoff seconded. All moved, motion carried.

VanGorden thanked the EDAC on behalf of the City Staff. He stated this is very important and the City appreciates them. He added the City will do their homework before coming back to the EDAC.

The second agenda item was continued discussion on proposed funding criteria and implementation of a microloan program. Turnbull began the discussion by recapping the previous discussion. He stated he had met with local banks to go over the program guidelines. He stated this is a basic refinance loan with

a \$10,000 minimum and a \$35,000 maximum. It is a guarantee where the interest is paid by the City for up to twelve months. He continued the prohibited businesses are non-for-profit and start-up businesses. Turnbull then read the guidelines he had composed. There was some general discussion on details of the guidelines.

Turnbull stated the program will use the CDC which will supply a credit memo for a fee of \$100. This will cause the banks to screen the applicants carefully. There was more discussion on the approval process.

Hosman asked if the \$10,000 minimum is too small, if it should be raised. Werner answered some may be bankable at \$10,000 and not \$35,000. Turnbull asked if the guarantee should be at 90% or 100%. Werner stated either way. If the bank has some risk, they may be more careful. He stated 90% leaves it in line with SBA. Werner said leave it at 90%. He thinks it is good to add.

Turnbull stated November 15 could be the start date to kick it off before December. He stated the Commission did not have a study session over the microloan program. Commissioner Beezley said he needed to educate the commissioners. Werner asked what the requested amount will be. Turnbull answered \$350,000. Werner added the City is trying to have an impact on small business. Turnbull stated this will keep the EDAC in the loop on activity.

Werner stated he would prefer after 12 months, the borrower pays the interest.

Hodson made the motion to present the microloan program to the Commission with proposed changes as amended in discussion. Hosman seconded. All carried, motion approved.

Westhoff reported there have been no changes to the façade grant amount. Brian Pasteur has an application on the agenda for next week.

The next meeting will be held on Wednesday, November 10, 2010 at 10:00 a.m.

Being no further business, Westhoff made the motion to adjourn at 11:24 a.m. Hosman seconded. Motion carried.

Respectfully Submitted,



Stacie Perry
Administrative Assistant