



Bismarck Airport

DATE: June 21, 2022

FROM: Gregory Haug, Airport Director

ITEM: Consider a Development Agreement with Simson Investment Company.

REQUEST:

Consider a Development Agreement with Simson Investment Company

Please place this item on the June 28, 2022, City Commission meeting agenda.

BACKGROUND INFORMATION:

Bismarck Airport has been working on incremental actions over the last 20 years to set the conditions for future development in the north General Aviation (GA) area. Some of the more significant actions include filling wetlands, realignment of University Drive, updates of the Airport Master Plan, completion of Environmental Actions needed to remove Hangar 5 and other buildings to continue development. The most recent action completed was the removal of the Meisner building to make way for additional GA development.

Simson Investment (Simson) is a company that holds leases for Aircraft Management Services (AMS), Inc, dba Bismarck Aero Center (BAC). Bismarck Aero Center is one of two Fixed Base Operators (FBO) providing aeronautical services on Bismarck Airport. When Bismarck Aero Center signed leases for its FBO operation more than 14 years ago the lease contained language that described a cooperative plan for future development. Simson Investment carried through with a development agreement with the Airport that resulted in construction of two conjoined 125 foot by 100 foot hangars (Enclosure 1). Simson desires to continue development described in the Development Agreement at Enclosure 2.

The agreement would commit Simson to construction of two 115 foot x 100 foot hangars and an FBO terminal/office building during the time period 2022-2029. The agreement spells out specific commitments by Bismarck Airport to support the development. Those actions include entering into parcel leases for the new 115 foot x 100 foot hangar buildings, construction of apron, reconfiguring vehicle access gates, demolition of Hangar 5 and extension of three existing parcel leases to 20 years. The existing Airport owned FBO terminal/office building lease would be extended to 2029, before being removed, to allow continuation of the BAC FBO operations and to allow time for Simson to build the new FBO office building.

A recent FAA policy change will be incorporated into the Simon Investment Development Agreement, whereas the first 50 feet of apron in front of hangars and office buildings is now ineligible for federal funding. Unlike the most recent GA apron projects which were all federally eligible, FAA will no longer participate in apron costs within 50 feet of new FBO hangars or office buildings. Because current Bismarck Airport policy requires hangar developers to pay for and maintain the first seven (7) feet of apron on the airside of buildings, application of the new FAA policy at Bismarck will only effect the first forty-three (43) feet of apron. The Development Agreement states that Simson will participate in 50% of the initial costs of the first 43 feet of new apron in front of the new hangar buildings and we are proposing that the Airport participate in the other 50%. The estimated cost for the first 43 feet of apron in front of the hangars is approximately \$600,000. The Airports proposed share of \$300,000 will be funded with Airport and possible State funds.

Amendment language will require Simson to pay maintenance costs of a new “apron maintenance area” moving forward. The Airport will still determine when and how to conduct the maintenance in this new “apron maintenance area”. The determination of need for maintenance is at the sole discretion of the Airport. Also, as additional consideration, Simson agrees to amend their existing parcel leases for buildings 6B, 6C, 7, 45 and 53 so that the first 50 feet of apron in front of these parcels become an “apron maintenance area” of Simson as well.

This is a one time offer that may be reconsidered by the Airport on future developments. Apron beyond the 50 feet will be funded with a combination of Federal, State and Airport funds in a planned project – Expand GA Apron Northwest in the next 6 to 12 months.

RECOMMENDED CITY COMMISSION ACTION:

Approve the Development Agreement with Simson Investment Company at Enclosure 2.

STAFF CONTACT INFORMATION:

Greg Haug | Airport Director | 701-355-1808 | ghaug@bismarcknd.gov

Enclosure

1. Diagram.
2. Development Agreement.

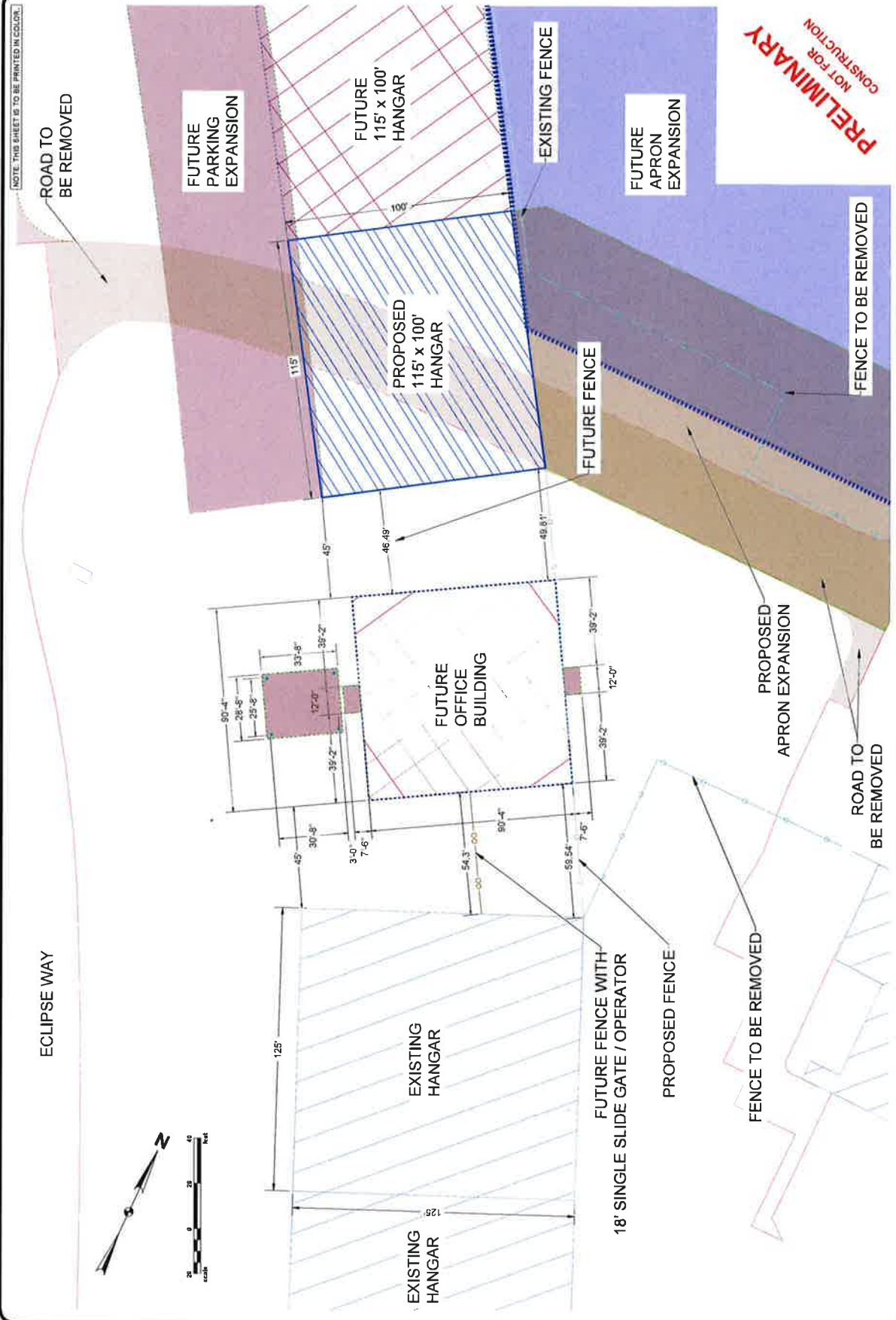


PROPOSED BUILDING CONSTRUCTION
 BISMARCK AIRPORT - CITY OF BISMARCK (OWNER)
 BISMARCK, NORTH DAKOTA

PROJECT SITE EXHIBIT

DATE PLOTTED	08/22
DESIGNED BY	KLJ
CHECKED BY	KLJ
DATE REVISED	2/19/2024
PROJECT NO.	2105-01183
DATE PLOTTED	8/22/2024
SHEET	2

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COMMISSION MEMO
 ENCL 1 Pg 2

DEVELOPMENT AGREEMENT

The City of Bismarck (the “City”), and Simson Investment Company, (“Simson”) make the following Development Agreement for construction of two hangar buildings and an FBO office building between the summer 2022 through 2029. Construction of buildings generally as depicted in Enclosures to this document.

Development Summary and Timeline

The purpose of this agreement is to continue the hangar office expansion as first introduced to the City of Bismarck in 2008 as part of Simson/Bismarck Aero Center’s response to the City RFP for FBO operations (Enclosure 1). Hangar 6B was constructed in 2011 and hangar 6C was constructed in 2015. Simson plans to continue the development without significant changes from what was originally proposed in 2008 (Enclosure 2). A 115 foot by 100 foot hangar 6D will be constructed in 2023 allowing for movement of stored aircraft and demolition of Hangar 5. A 115 foot by 100 foot hangar 6E connected to adjacent hangar 6D will be constructed by 2027. By 2029 a new office building will be built between Building 6C and 6D.

Construction of a 115 foot by 100 foot hangar 6F connected to hangar 6E and a hangar 6A connected to hangar 6B would follow as demand for hangar storage grows in Bismarck. Hangar 6F and 6A are not part of this development agreement.

Building

Simson Responsibilities

The following items 1-12 below will be accomplished and paid for by Simson.

1. Sign a new lease agreement prior to starting the construction of new hangars and office building. Lease language will include the 50 feet of concrete apron, in front of lease space measured from the front of each building on the parcel as an additional “maintenance area”. Lease language will require Simson to pay maintenance costs on the apron “maintenance area”. City will conduct the maintenance. Determination for the need for maintenance is at the sole discretion of the City
2. Provide an Exhibit A, drawing of the Leased Premises, for each lease.
3. Provide information to the City as requested supporting associated environmental actions conducted by the City.
4. Coordinate Plat work. Obtain lot modification approval from Community Development.
5. Submit airspace study to OEAAA site. <https://oeaaa.faa.gov/oeaaa/external/portal.jsp>.

6. Provide a site plan and submit it to the Airport for review prior to submission to the Community Development Department. The exact boundary description of the site plan will be determined upon completion of the survey of the area. The site plan will include details of storm sewer, sanitary sewer, water, landscaping, parking, and other items as required by Community Development and City Engineering in the Site Plan Review and Approval process.
7. Complete a grading plan of the Leased Premises for Airport approval and perform grading pursuant to the approved plan as required for appropriate drainage of the Leased Premises.
8. Obtain all permits and approvals necessary to construct the new hangars and office building.
9. Construct a 11,500 square foot hangar building (hangar 6D) suitable for commercial aeronautical uses on the Leased Premises before end of CY 2023 (Enclosure 2).
10. Construct a 11,500 square foot hangar building (hangar 6E) suitable for commercial aeronautical uses on the Leased Premises before end of CY 2027 (Enclosure 2).
11. Construct an FBO office building suitable for commercial aeronautical uses on the Leased Premises between hangar 6C and 6D before end of 2029 (Enclosure 2).
12. Provide as built of building, sanitary sewer, storm sewer, water electrical, cable, parking lot, sidewalks, and other items added as a result of the Hangar and office Development to the City. Three (3) as built in CAD latest version distributed to City Engineering, City GIS, and Airport. One paper copy of as built to Bismarck Airport.

City Responsibilities

Items 1-5 below will be accomplished by and paid for by the City.

1. Engage a consulting Engineer who will complete a survey of the Leased Premises and provide building corner locations and corner elevation to Simson.
2. Review and coordinate site plan and plat modification and Exhibit A., with Simson.
3. Prepare new Lease Agreements and/or amendments to leases (for new attached buildings). New building leases will have term of 20 years + 10 year extension.
4. Complete Environmental Action (CATX).
5. Hold the ground space for the locations and times specified in Simson Building Responsibilities Number 9, 10 and 11 above as long as Simson meets the obligations outlined in this development agreement.

Water Service

Simson Responsibilities

The following item 1 below will be accomplished by Simson.

1. Install a new water service line in compliance with City Code to the new hangar building. The connection point shall be on the water main along Eclipse Way as specified by the City. This installation shall be accomplished by and paid for by Simson. If Simson does not utilize the existing connection point (if applicable) and the City determines the existing connection point needs to be abandoned, Simson will be responsible for properly abandoning the existing connection point per the City's requirements.

City Responsibilities

Items 1-2 below will be accomplished by and paid for by the City

1. Install water service and curb stop.
2. Install a hydrant if required by code.

Sanitary Sewer

Simson Responsibilities

The following item 1 below will be accomplished by Simson.

1. Install sanitary sewer connection meeting city code from sewer main along Eclipse Way to the new hangar building. This installation shall be accomplished by and paid for by Simson. If Simson does not utilize the existing connection point (if applicable) and the City determines the existing connection point needs to be abandoned, Simson will be responsible for properly abandoning the existing connection point per the City's requirements.

City Responsibilities

None.

Street/Ramp/Lighting Improvements

Simson Responsibilities

The improvements described in items 1-6 will be accomplished by and paid for by Simson.

1. Provide a seven foot concrete ramp section to connect the new hangar building to the City constructed ramp. Maintain the concrete strip.
2. Install two building mounted ramp lights located on either side of the main hangar door.
3. Install all electric, gas, cable, phone or other utility connections not covered by this Development Agreement to the new hangars/FBO Office building.
4. Install sidewalk, parking, green space improvements as required on the approved site plan.
5. Install permanent fence in between hangars/FBO office building. Install temporary fence to accommodate construction of hangars/FBO office building.
6. Pay for 50% of the cost of the first 43 feet of apron constructed by the City in front of the leased parcel for building 6D, 6E and FBO office building.

City Responsibilities

The improvements described in items 1-4 below will be accomplished by and paid for by the City.

1. Remove any Street lights and power poles necessary to accommodate the new hangar.
2. Install an approximately 115-foot-wide apron connection in front of each of the two new hangars when constructed. Install apron from the edges of existing apron in front of the new FBO Office building when constructed. City is not responsible for seasonal differential movement between Simson concrete and concrete apron installed by the City.
3. Remove Gate #5, install doublewide keycard controlled access Gate #1. Construct paved approach to Gate #1. Install singlewide keycard access controlled gate on south side of new FBO Office Building when constructed.
4. Install necessary modifications to maintain power to City Hangar until demolished.

Simson Responsibilities

The improvements described in items 1 and 2 below will be accomplished by Simson.

1. Construct improvements as described in this Development Agreement.
2. Sign an amendment extending the lease for building 22 through 2029.

City Responsibilities

The improvements described in items 1-3 below will be accomplished by and paid for by the City.

1. Extend Lease agreement for building 22 through 2029.
2. Extend Fuel Farm ground lease and fuel farm permit to mirror Building 22 term.
3. Repair/overlay building 22 auto parking lot. Repair cost limited to \$25,000.

Amend parcel leases for building 6B, 6C, 7, 45 and 53

Simson Responsibilities

The improvements described in items 1 and 2 will be accomplished by Simson.

1. Agree to amend parcel leases for building 6B, 6C, 7, 45 and 53 to include the 50 feet of concrete apron, in front of lease space measured from the front of each building on the parcel as an additional "maintenance area". Amendment language will require Simson to pay maintenance costs on the apron "maintenance area". City will conduct the maintenance. Determination for the need for maintenance is at the sole discretion of the City.
2. Agree to amend leases for Building 7, 45 and 53 to extend the term to 20 years coinciding with the start of the parcel lease for building 6D.

City Responsibilities

The improvements described in items 1 and 2 below will be accomplished by the City.

1. Amend parcel leases for building 6B, 6C, 7, 45 and 53 to add maintenance areas per #1 above.
2. Amend parcel lease for building 7, 45 and 53 to extend the term to 20 years coinciding with the start of the parcel lease for building 6D.

Demolition and Removal of Hangar 5

Simson Responsibilities

The actions described in items 1-3 below will be accomplished and paid for by Simson.

1. Complete Hangar 6D as outlined in this document.
2. Vacate Hangar 5 upon scheduled demolition date.
3. Prior to demolition salvage and remove artifacts from Hangar 5 that include Hardwood flooring, Doors to Engine Rebuilding Bay, Doors and door frames to offices, White wash Ship lap boards from Main hangar. Simson agrees that any artifacts salvaged from Hangar #5 will only be reused in or on hangars or new FBO buildings covered in this Development Agreement. Items are not to be resold or leave the Bismarck Airport.

City Responsibilities

The actions described in items 1-2 below will be accomplished and paid for by the City.

1. Demolish Hangar 5 within 12 months once hangar 6D is available for use.
2. Allow Simson to recover salvage items in hangar 5.

Coordination Items

Simson Responsibilities

Completion of site plan for hangar 6D, hangar 6E and FBO Office building

Secure Site plan and Lot Modification approval from Community Development.

Submit OEAAA airspace study

Delivery of Exhibit A and B to City for each separate building lease/lease amendment

Approve/sign leases and amendments. (Provide proof of authority to sign)

Submit requested information needed by City for environmental submission (CATX)

Construction of hangar 6D, hangar 6E and FBO Office building

Prior to demolition salvage and remove artifacts from Hangar 5

City Responsibilities

Engage Consulting Engineer

Coordinate grant funding

Provide building survey information to Simson. (Corners of building and finished floor elevation)

Submit Environmental (CATX)

Review of plat changes and site plan

Provide draft then final Lease or amendment to Simson for new buildings

Provide Lease Amendment for Building 22

Amend parcel leases for building 6B, 6C, 7, 45 and 53.

Coordinate approval actions with Board of City Commissioners

Ramp, utility and fence/gate bids

Construction of Ramp & utilities

Demolition of Hangar 5

The target dates shown in this document as City responsibilities are subject to circumstances beyond the City's control (such as completion of Environmental approvals and funding approvals by FAA and ND Aeronautics Commission). The target dates shown in this document as Simson responsibly are subject to circumstances beyond Simson's control.

Simson agrees that if the hangar development does not proceed, Simson will reimburse the City for all of the consulting engineering costs directly related to and expended by the City's obligations under this Development Agreement, excepting survey costs.

Whether or not the City endeavors to do the work under this Agreement is contingent upon the City's ability to obtain all of the easements or dedications necessary to complete the project. The parties agree that this agreement supersedes any prior agreements with respect to this area to the extent that this Agreement may conflict with any prior agreements. All other provisions of those prior agreements remain in effect.

This Development Agreement shall bind the parties, their successors, assigns and heirs.

Dated this ____ day of _____, 2022.

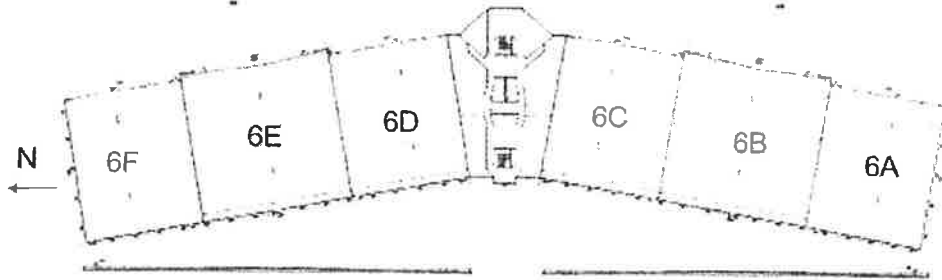
Jonathan P. Simmers, Secretary/Treasurer
Simson Investment Company

Dated this ____ day of _____, 2022.

Michael T. Schmitz, President,
Board of City Commissioners

Attest _____
Keith J. Hunke
City Administrator

Hangar Expansion



*for illustration only and not to scale.

Simson
Development Agreement
ENCL 1

