COUNCIL DECISION REQUEST

SUBJECT: Property Purchase adjacent to the Airport

MEETING DATE: 10-08-09

PAYSON GOAL: NEW: EXISTING:

ITEM NO.:

TENTATIVE SCHEDULE:

SUBMITTED BY: LaRon Garrett, Public Wks. Dir

AMOUNT BUDGETED: $ 0

SUBMITTAL TO AGENDA
APPROVED BY TOWN MANAGER

EXPENDITURE REQUIRED: $ 0

CONT. FUNDING REQUIRED: $ 0

EXHIBITS (If Applicable, To Be Attached): Map

POSSIBLE MOTION

I move to direct staff to include the purchase of the 13. 5 acres adjacent to the Payson Airport in the Town's 2010-2011 budget but to only move forward with the purchase once the FAA has committed to funding their portion of the purchase.

SUMMARY OF THE BASIS FOR POSSIBLE MOTION:

The Town has been interested in purchasing approximately 13.5 acres between the Airport and Airport Road and immediately east of the Sky Park Industrial Subdivision. The property was involved in a Forest Service Land Exchange for approximately 13 years. The land exchange was completed in early 2008 and the property is now privately owned. The Town has been discussing purchasing the property from the potential owners since the inception of the land exchange. However, there was no formal agreement between the Town and the property owners to purchase the land. However, the property owners' are still willing to sell the property to the Town as was discussed at the beginning of the exchange. The Town's intent is to use FAA and ADOT Aeronautics grant funds to purchase this property. The current estimated cost of the property is $2,160,000. However, the final price approved will be based on a real estate appraisal. An Environmental Assessment must be completed and approved by the FAA prior to a grant being issued for the purchase of the property. That Environmental Assessment is currently underway and is anticipated to be completed later this year. The Environmental Assessment is also being funded by an FAA grant. The current grant funding equation is that the FAA pays 95%, ADOT Aeronautics pays 2.5% and the Town pays 2.5%.

In June, 2008, the Town Council directed staff to" include the 25% down payment of $540,000 in the 2008-2009 budget and to prepare the necessary documents to enter into an agreement to purchase approximately 13.5 acres adjacent to the airport and to authorize any necessary documents." At the September 18, 2008 Council Meeting, Resolution No. 2435 was approved which included a contract to purchase 3.25 acres of this parcel and a 3 year option on the remaining 10.25 acres. An escrow account was opened based on this approval. During the escrow process it was discovered that there were title issues with this property. Those issues discussed with the Town Council at the November 6th meeting. At that meeting the Council decided to cancel the escrow and give the property owner's time to address the title issues. We were recently notified by Pioneer Title that the title issues the Town was concerned about have been resolved and the owner's are now ready to move forward with the sale.

In early 2009 the FAA funded the Environmental Assessment on this 13.5 acres. This funding was from the 2008-2009 Federal grant cycle. The study is now underway and expected to be completed later this year. The FAA has also told us verbally that they intend on funding 2 of our projects in the federal 2009-2010 grant cycle. Those two

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projects are: 1) Install distance remaining signs, taxiway edge markers, runway edge stripes and unlighted guidance signs to increase safety (RSAT No. 005 & 006); and 2) Construct service roads and fence around service roads and airport property to increase safety and security (RSAT No. 003). The estimated cost of these two projects is $780,000. The earliest we could expect FAA funding for this land purchase is in federal fiscal year 2010-2011. If this is a funded project in 2010-2011 then the funds would typically be available in the first half of 2011. A major reason for the FAA paying to relocate Airport Road was so the airport could acquire this property and expand. While the purchase of this property is a high priority for the Payson Airport and the FAA, there is no guarantee when it will actually be funded. The Environmental Assessment must be completed and accepted by FAA before they will consider funding the purchase.

The Town's 09-10 budget does not contain funding to make this land purchase. The funds could be budgeted in the 2010-2011 budget in anticipation of getting the grant funded in that year. If the grant is funded in 10-11 by the FAA then this will work. If the FAA does not fund the grant in fiscal 10-11 the purchase would need to be delayed until the grant is funded.

If the Town had an extra $2.16 million available in the reserve fund, the Town could still go ahead and purchase the property in 2011 and then wait for the FAA to reimburse the Town when the grant is funded. This advance purchase option carries a large amount of risk for the Town due to the uncertainty of when, or if, the FAA may fund the grant. Also, with the current economic conditions the Town does not have any reserve funds available. Therefore, the advance purchase is not a viable option.

Based on the above discussion, staff recommends including this property purchase in the Town's 2010-2011 budget but to only move forward with the purchase once the FAA has committed to funding their portion of the purchase.

PROS: The purchase of this property will allow the airport to expand.

CONS:

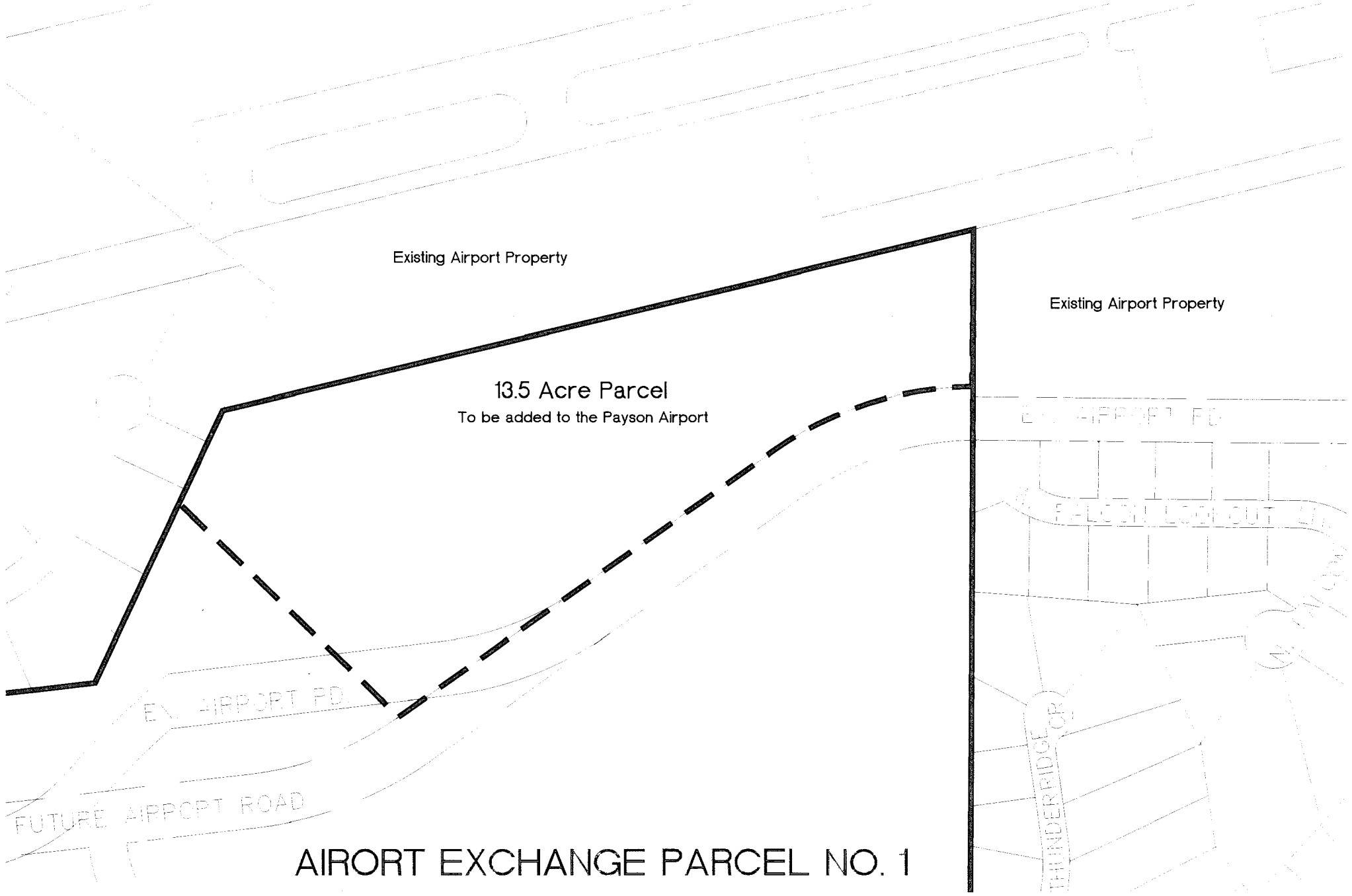
PUBLIC INPUT (if any): **N/A**

BOARD/COMMITTEE/COMMISSION ACTIONS/RECOMMENDATIONS (if any) (give dates and attach minutes): N/A

FUNDING:

Account Number:	Title:	Amount: $
Account Number:	Title:	Amount: $
Account Number:	Title:	Amount: $
Account Number:	Title:	Amount: $
		Total Cost: $

CFO: _____ Date: _____



AIRORT EXCHANGE PARCEL NO. 1