

\$20,000 payment for airport lease

Written by

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by G. Wright

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As reported previously in The Washington County Edition discussions/negotiations have been going on among City of Salem officials, members of the Salem Municipal Airport Board of Aviation Commissioners (BOAC), and representatives from Salem Speedway since early in 2008. The purpose of those discussions has been to develop a plan by which the current airport facility could be leased to the Salem Speedway several times throughout the year as a drag racing track and the lease revenues be used to pay the local matching funds for the new airport facility. (To read all previous stories about this subject [click here](#) .)

During the Monday, January 12, Salem Common Council meeting, Richard Deaton, representing Salem Speedway owner, Owen Thompson, presented a check in the amount of \$20,000 to Salem Mayor, David Bower. According to Deaton, the check serves two purposes. One was to show a good faith effort on behalf of Thompson. The other was as the first year's lease payment for a yet undetermined number of dates in 2009 that the current airport runway will be used for racing events.

As per a copy of the proposed lease agreement submitted to the Council, the \$20,000 is the first of a series of annual lease payments totaling well in excess of \$1 million. The proposed lease payments accelerate over the next five years to keep pace with the anticipated local matching requirements for the construction of the new airport facility.

In April of 2008, the Common Council voted to withdraw support from the project, citing a lack of tax money necessary to met the local matching funds obligation over the next five years. That amount, between \$800,000 and \$900,000 equates to 2.5 per cent of the estimated \$22 million cost of the project. After taking that action, several members of the Common Council and Bower all stated publicly that if a way could be found to fund the new airport project without the use of taxpayer money, they would support it.

At the January 12 meeting, Bower explained that if Thompson was confident enough to invest this kind of money, and considering what an asset Salem Speedway is to the community, every effort needs to be made to see that this deal goes forward.

With the good faith effort by Thompson and the proposed lease agreement, the wheels appear to be in motion for the largest public works project in the history of Washington County to begin construction in the near future.

On December 18, the Federal Aviation Administration sent a letter to BOAC President, Bill Barnett, approving the plan for the new airport. Appraisals of properties and homes needed to make way for the new facility are nearing completion.

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According to Salem City Attorney, Drew Wright, information regarding exact property descriptions and other unspecified details of the lease agreement will have to be worked out among the principal parties. Wright and Bower noted that the BOAC had the authority to lease the current airport facility but does not have the authority to sell the property. BOAC attorney, Larry Medlock, concurred with that opinion.

Wright went on to emphasize that if the lease agreement is executed, the sale of the existing facility will be a separate transaction. Wright explained that the lease does not mean Thompson will automatically be the high bidder for the property once the new airport facility is in operation. FAA regulations require that the property be appraised just prior to the time that it is offered for purchase. In May of 2008, the property was appraised at \$850,000.

Furthermore, FAA regulations state that the current facility cannot be sold until the new runway and safety equipment are operational. As stated earlier, the time line calls for the new facility to be completed in 2013.

The discussion ended with all parties agreeing to have attorneys for the City of Salem, the BOAC, and the Salem Speedway meet and hammer out the details of the lease agreement.

After the meeting, three of the four Common Council members present stated that if the new airport project can be funded and completed without local tax payer money, they would support the project.