

Walker Field Airport Authority

Minutes of the Regular Board Meeting

June 15, 1999

BOARD COMMISSIONERS PRESENT: Miles McCormack Robert McCormick
Steve Ammentorp Ken Sublett
Craig Springer Gary Morris
Mike Sutherland (arrived at 5:29pm)

AIRPORT STAFF PRESENT: Corinne Nystrom John Thomas
Dan Reynolds Charlie Novinskie
Ted Balbier David Anderson

ALSO PRESENT: Park Douma of West Star Aviation and Joe Marie of Federal Express.

I. CALL TO ORDER

Chairman McCormack called the meeting to order at 5:19pm.

II. APPROVAL OF AGENDA

Chairman McCormack asked for additions or changes to the published Agenda. Manager Nystrom requested that Consent Item B- "First Addendum to Terminal Building Lease Agreement with Mesa County Economic Development Council" be relocated to Discussion Items and "Restaurant Concession Update" be added to Discussion Items. She requested both of the new Discussion Items be discussed prior to Discussion Item A- "F-14 Static Display Acquisition Status." The Agenda was modified as requested.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. Minutes: May 18, 1999 Regular Board Meeting

A modification to the Minutes will be made to reflect Commissioner Morris's presence at the May 18, 1999 Regular Board Meeting.

B. First Addendum to Terminal Building Lease Agreement with Mesa County Economic Development Council

Relocated to Discussion Item A.

C. Public Service Utility Easement to Colorado Skunkworks Lease Parcel

Staff presented the Board with a proposed Easement Agreement between Public Service Company of Colorado and the Authority for the benefit of the Colorado Skunkworks leasehold. The document is a standard easement agreement which would allow Public Service to install utility lines to the proposed Colorado Skunkworks hangar site.

Staff recommended approval of the proposed Easement Agreement between Public Service Company of Colorado and the Authority and that the Chairman be authorized to sign the Agreement on behalf of the Authority.

D. WFAA Computer Upgrade RFP Award

Staff presented the Board with a proposed bid award for the acquisition of computer equipment for the upgrade of the Authority's computer system. Nine (9) bids in response to a request for proposals for Y2K computer upgrades were received. Eight (8) of the nine (9) proposals exceeded the budgeted amount of \$23,000. The one proposal that did not exceed the budgeted amount did not meet minimum specifications.

After careful evaluation of the proposals, the proposals were narrowed to three finalists: Gateway (\$27,000- need to purchase some software separately; Micron (\$26,710.32- all inclusive); and Dell (\$28,000- need to purchase some software separately). All three proposals meet or exceed minimum specifications.

Staff recommended the purchase of the computer equipment from Micron. The additional amount of \$3,710.32 over the original budgeted amount is available through savings on other Authority capital projects for the first half of 1999.

Chairman McCormack inquired whether or not Staff is comfortable with the customer support Micron is proposing to provide to the Authority. Staff noted that it is comfortable with Micron's proposal.

E. Request for Funding for Capital Improvement Projects/Equipment - 3rd Quarter, 1999

Staff presented the Board with a list of proposed capital improvement projects/equipment for the second half of 1999. The 1999 Authority Budget included a list of capital improvement projects/equipment which the Staff would consider recommending to the Board for budget approval during the latter part of 1999.

Items included on the original list which have been removed from consideration are: Administration Office Carpeting; Ramp Access Road - Airline (this was incorporated into AIP-18); Sling Chairs (50); Vacation of Easements; and Replace Red Line (Phone). The following items were added to the revised list in addition to the items already listed previously: Boarding Area Carpet; Landscaping Plan Update; Paint F-11 Aircraft; C1A Access Road Paving; 4/22 Fire Hydrant & Water Supply Line (additional); and Voice Mail System.

Staff recommended the Board approve funding for the capital improvement projects/equipment as listed on the revised capital improvement projects/equipment list for the second half of 1999.

F. Request for Funding for Operations Staff Position Upgrades

Vice Chairman McCormick requested that this Agenda Item be relocated to Action Item A. The Agenda was modified as requested.

G. Amendment to Reimbursable Agreement with FAA for Installation of Localizing Directional Aid

Staff presented the Board with a proposed Amendment to the existing Reimbursable Agreement between the FAA and the Authority for the installation of a localizing directional aid. The FAA has located a localizer in its inventory and has earmarked it to be installed at Walker Field Airport instead of the Authority purchasing a new system for installation. The cost of this existing system would not be passed on to the Authority. However, the FAA has indicated that with the proposed localizer, new distance measuring equipment (DME) would need to be acquired by the Authority.

The proposed Amendment clarifies the total reimbursable amount to the FAA as well as the mechanism for the FAA to assume maintenance on the system once it is installed and commissioned. The total cost delineated in the Agreement is \$152,189. The Authority will receive an FAA Airport Improvements Program (AIP) grant for up to \$142,659 as well as a Colorado Division of Aeronautics Grant of \$60,000. The Authority would provide any necessary matching funds in an amount not expected to exceed \$20,000.

Staff recommended the Board approve the Amendment to the Reimbursable Agreement between the FAA and the Authority and that the Chairman be authorized to sign the Amendment on behalf of the Authority. Staff recommended that such approval be contingent upon Authority Attorney Briggs' review.

H. April, 1999 Financial Statements/Accounts Receivable Report

Vice Chairman McCormick noted that the summary of the April, 1999 Financial Statements was included in the Board packets. He recommended that the summary be included as a part of the Minutes.

The Authority is continuing to experience operating revenues which are slightly higher (4.8%) than what was budgeted year to date and operating expenses which are less (16.3%) than what was budgeted year to date. The net result of the favorable operating revenues and expenses has been an income to retained earnings balance of \$143,900, which is 100% higher than year to date last year and 40% higher than what was budgeted year to date this year.

Parking lot, general aviation, air freight, and rental car revenues account for most of the higher than budgeted operating revenues. Close monitoring of the operating expenses by the Operations and Maintenance departments account for most of the under budget operating expenses.

Trade receivables continue to be higher than last year. Approximately \$110,000 of the \$329,900 is from rental car concession overages, which were invoiced as of April 30th. Because of on-going capital projects, the Authority will continue to experience a fluctuation of the trade payables.

On the Balance Sheet, higher than budgeted income to retained earnings has resulted in an increase of unrestricted cash and investments by approximately \$35,000. Overall, April was a good financial month for the Authority.

Vice Chairman McCormick moved to approve Items A, C, D, E, and G, and to acknowledge receipt of Item H on the Consent Agenda. Commissioner Sutherland seconded. Voice vote: all ayes. Motion carried.

V. ACTION ITEMS

A. Request for Funding for Operations Staff Position Upgrades

This item was relocated from Consent Agenda Item F.

Staff presented the Board with a proposed plan of organizational changes. The proposed changes are a part of the ongoing process to increase efficiency and performance levels of Staff, and include: position title changes, assigned duties changes, and position upgrades.

Proposed position title changes include changing Project & Development Coordinator to Project & Development Manager, Administrative Services Coordinator to Administrative Services Manager, Operations Assistant to Public Safety Assistant, and Airport Maintenance Workers to Airport Maintenance Worker IIs. Additionally, Airport Services Workers would become Airport Maintenance Worker Is and the Facilities & Firefighting Coordinator would become the Public Safety Manager. Manager Nystrom noted that the proposed job title changes are intended to more accurately reflect the duties and levels of responsibilities within the organization.

Regarding assigned duties changes, the Public Safety Manager (Ted Balbier) would be responsible for airport security (FAR Part 107 compliance) in addition to continued responsibility for airfield operations (FAR Part 139 compliance). This position would no longer oversee building and landside maintenance operations. Management Information Systems (MIS) coordination would be handled by the Operations & Planning Analyst (John Thomas) rather than the Properties Coordinator (currently vacant).

Position upgrades would include an upgrade of two existing Airport Maintenance Worker positions. The two positions would report directly to the Project & Development Manager (Dan Reynolds). One position would serve as the Landside Operations Coordinator and the other would serve as the Building Maintenance Coordinator. Airport Maintenance Worker Is would report directly to the two Coordinators. The additional cost of upgrading these two positions would be approximately \$3,400 - \$4,600 depending on which employees fill the Coordinator positions. In-house promotional recruitments would be conducted for both positions.

Staff recommended that the Board authorize the upgrades of two Airport Maintenance Worker positions to Landside Operations Coordinator and Building Maintenance Coordinator, and that funds be appropriated to allow for the upgrades to the higher salary ranges as reflected on the proposed Compensation Schedule. Staff also recommended that the salary range for the Operations & Planning Analyst position be upgraded (as reflected on the proposed Compensation Schedule) to account for the transfer of the MIS coordination duties from the Properties Coordinator position.

Vice Chairman McCormick expressed concern regarding the proposed Organizational Chart because of Coordinators reporting to Coordinators. Additionally, he noted that different salary ranges among Coordinator positions may cause some personnel issues. Chairman McCormack inquired whether Vice Chairman McCormick's concerns pertained to the Organizational Chart or the request for funding. Vice Chairman McCormick responded that his only concerns were with the Organizational Chart and the proposed position titles, which could be reviewed at a later time.

Vice Chairman McCormick moved to authorize the upgrades of two Airport Maintenance Worker positions to Landside Operations Coordinator and Building Maintenance Coordinator; that funds be appropriated to allow for the upgrades to the higher salary ranges as reflected on the proposed Compensation Schedule; and that the salary range for the Operations & Planning Analyst position be upgraded (as reflected on the proposed Compensation Schedule) to account for the transfer of the MIS coordination duties from the Properties Coordinator position. Commissioner Sublett seconded. Voice vote: all ayes. Motion carried.

Manager Nystrom inquired whether the motion included title changes as proposed by Staff. The consensus of the Board was to move forward with the plan as presented by Staff.

VI. DISCUSSION ITEMS

A. First Addendum to Terminal Building Lease Agreement with Mesa County Economic Development Council

Relocated from Consent Agenda Item B.

Staff presented the Board with an update on the negotiations for an addendum to the existing terminal building lease agreement between the Mesa County Economic Development Council (MCEDC) and the Authority. Following the release of the FAA's Policy and Procedures Concerning the Use of Airport Revenue, the Authority reviewed all non-aeronautical leases to verify conformance with the Policy. Staff has held several discussions with MCEDC to discuss the Policy and how it affects the MCEDC lease.

A proposed addendum to MCEDC's lease agreement was drafted by the Authority and presented to the MCEDC for review. MCEDC Staff requested that they be granted additional time to present the proposed Addendum to the MCEDC Board of Directors at their meeting next Tuesday. The proposed Addendum includes a CPI-U adjustment provision, changing the term of the Agreement to a month-to-month tenancy until the highest and best use for the third floor is determined by the Authority, and a rent credit provision for the Authority's use of the MCEDC Conference Room.

Staff commented that the MCEDC indicated it plans to seek the involvement of 3rd parties into the lease negotiations process. Vice Chairman McCormick inquired about the existing MCEDC monthly lease rate. Staff noted that the MCEDC's current rate is \$245/month (approximately \$4/sq.ft./yr.), and based

on a telephone survey, the average lease rate for comparable office space in Grand Junction is approximately \$10 - \$11/sq.ft./yr., or approximately \$1,400 - \$1,500/month.

Commissioner Ammentorp asked if the \$10 - \$11/sq.ft./yr. rate would be considered a fair market value lease rate by the FAA. Staff commented that the proposed Addendum would provide sufficient time for the Authority to obtain an appraisal for the various areas within the terminal building. Additionally, the Authority would need to determine the highest and best use for all space within the terminal building.

Commissioner Springer inquired whether or not the MCEDC could be relocated to the 2nd floor of the terminal building. Staff noted that in the past, the second floor has been designated as commercial retail space. Commissioner Springer asked if the MCEDC would be amenable to relocating within the terminal building. Staff responded that in prior discussions with the MCEDC, the MCEDC noted that the 3rd floor conference room is integral to its operations. Thus it would not be interested in relocating at this time. Manager Nystrom commented that regardless of where the MCEDC is located in the terminal building, it will have to eventually pay the fair market value lease rate for the space.

B. Restaurant Concession Update

Staff provided the Board with an update on the terminal building restaurant concession. Staff commented that it received a letter from Coffee Time, LLC requesting an amendment to its existing lease in order to expand its menu. After the receipt of that letter, Staff met with Coffee Time to discuss the possibility of Coffee Time relocating its operations to the 2nd floor restaurant area. If Coffee Time chooses to relocate to the 2nd floor, the percentage of gross sales concession fee would be increased to pay for equipment rental and Authority improvements to that area. A proposed amendment to Coffee Time's Agreement would incorporate these changes and several contingencies.

Coffee Time requested that if it relocates to the 2nd floor, it be allowed to keep its exclusivity for the sale of espresso and cappuccino products. Staff noted that exclusivity can only be granted if the Authority puts the concession out to bid. In addition to discussions with Coffee Time regarding possible relocation to the 2nd floor, Staff commented that it has researched the possibility of locating a vending machine concession in the former restaurant area. However, based on the information received, including the high initial start-up costs, perishable nature of the foods, and liability issues, the existing terminal building vending machine concessionaire stated that it would not be interested in bidding on such a concession.

Staff noted that Van Sant Group, as a part of the terminal building renovation study, recommended several items which could improve the appearance and functionality of the 2nd floor restaurant area, including removing the windows and replacing the carpet. Vice Chairman McCormick asked if Van Sant Group reviewed the possibility of locating a vending machine concession in this area. Manager Nystrom responded that Van Sant Group did not provide positive feedback regarding that idea. Vice Chairman McCormick noted that a vending machine concession could be tied-in or located near the proposed business center. Staff commented that Coffee Time also suggested locating the proposed business center near the 2nd floor restaurant area, and Staff is working with US West in finding a suitable location for the business center.

Commissioner Sublett inquired why Coffee Time wishes to relocate to the 2nd floor of the terminal building. Manager Nystrom commented that Coffee Time had initially requested restaurant equipment be moved from the 2nd floor to the 1st floor for its operations. To reduce the amount of restaurant

equipment transferred out of the preferred 2nd floor restaurant location, Staff recommended to Coffee Time that it relocate to the 2nd floor.

Chairman McCormack asked if Staff's intention is to put the restaurant concession out to bid. Manager Nystrom recommended pursuing the relocation of Coffee Time to the 2nd floor first because Coffee Time has been a successful concession. To grant exclusivity for the sale of espresso and cappuccino, the Authority must place the concession out to bid.

Commissioner Sublett inquired how much it would cost the Authority to move the windows and replace the carpet in the restaurant area. Staff responded that it would cost approximately \$7,000.

Commissioner Morris asked if the proposed improvements are consistent with the Van Sant Group terminal renovation study. Manager Nystrom responded that the changes would be consistent with the study, which is scheduled for completion by the end of July, 1999.

Commissioner Morris inquired what the proposed rent would be for Coffee Time if it relocated to the 2nd floor. Staff responded that Coffee Time is currently paying a 6% of gross sales concession fee. However, because Coffee Time would be utilizing Authority restaurant equipment, the concession fee would probably be increased. Chairman McCormack asked if there would be any concerns with the security of Coffee Time's equipment if it relocated to the 2nd floor and the windows are removed. Staff commented that, with few exceptions, Coffee Time's equipment on the 1st floor has not been disturbed.

Vice Chairman McCormick commented that he is not convinced at this point that it would be in the best interests of the Authority to offer exclusivity to Coffee Time for any product, and further action regarding a change in the existing food service offerings or location should be postponed until the completion of the terminal renovation study by Van Sant Group. Manager Nystrom recommended placing the terminal renovation study on the July, 1999 Board Workshop Agenda to provide the Board with an opportunity to provide additional input prior to the completion of the study.

C. AIP Projects Update

Staff provided the Board with an update on the three current Airport Improvement Program (AIP) projects. AIP-17 is in the process of being closed out. A Notice of Final Settlement to RW Jones has been advertised. Staff commented that it has had discussions with RW Jones regarding its request for reimbursement for additional costs. Regarding AIP-18, Blue Angel Lane has been completed, and the rehabilitation of Taxiways 'A' and 'C' is in-progress.

Two bids have been received for the installation of a backup localizer as a part of AIP-19. However, the FAA notified the Authority not to award the bid because the FAA may have a localizer that it may be able to provide for the project. If the FAA provides the localizer, the Authority may have to obtain distance measuring equipment (DME) to be installed with the localizer as a part of the project. The revised reimburseable agreement with the FAA increased the cost to \$152,000, which is within budget. Because of the possible savings, the excess AIP funds may be carried over to future AIP projects.

D. F-14 Static Display Acquisition Status

Staff provided the Board with an update regarding the possible acquisition of an F-14 aircraft for static display at the Airport. Last week, Staff met with Doug Thompson of West Star Aviation to discuss a letter the Authority received from the Naval Museum in Pensacola, Florida. The letter indicated that an

F-14 aircraft is not available at this time. Staff noted that Mr. Thompson is not comfortable in providing the Authority with a written commitment from the military for the aircraft.

Vice Chairman McCormick inquired about the status of the proposed restaurant to be constructed in the former West Star paint hangar. Park Douma of West Star indicated that West Star and Mesa Airlines are in the process of working out a plan for the joint use of the ramp area adjacent to the restaurant. Manager Nystrom noted that the Authority received a copy of a proposed site plan for the restaurant and mixed-use facility.

Vice Chairman McCormick asked if the Mesa County Health Department will allow the restaurant to be constructed inside a former paint hangar. Manager Nystrom commented that the Authority will incorporate contingency provisions into the proposed ground lease agreement between Sky Adventures, LLC and the Authority which will require the restaurant's construction to be in compliance with all applicable building and health codes.

Commissioner Sublett inquired whether the Authority has formulated a clear sequence of events for the acquisition of the F-14 static display aircraft. Manager Nystrom commented that Staff has not developed a specific plan because the Authority has not entered into a ground lease agreement with Sky Adventures, LLC. Chairman McCormack noted that the Authority has reserved the option of refusing the aircraft. Chairman McCormack asked if the FAA has approved the plans for the development of the former paint hangar. Manager Nystrom responded that Staff has had discussions with the FAA regarding the proposed plan, and the FAA is requiring that the proposed restaurant have some type of connection to the users of the terminal building, such as a walkway. Additionally, Sky Adventures, LLC may have to obtain a 7460-1 from the FAA if they alter the size or shape of the existing structure.

E. Runway Litigation Update (Executive Session)

Vice Chairman McCormick moved for the Board to enter into Executive Session to discuss the status of the Runway 11/29 litigation. Commissioner Morris seconded. Unanimously carried. The Board entered into Executive Session at 6:29pm.

Vice Chairman McCormick moved for the Board to exit Executive Session. Commissioner Sutherland seconded. Unanimously carried. The Board exited Executive Session at 6:39pm.

VII. OTHER ITEMS

There were no Other Items.

VIII. ADJOURNMENT

There being no further business to come before the Board, Commissioner Sutherland moved to adjourn the meeting. Vice Chairman McCormick seconded. Unanimously carried. The meeting was adjourned at 6:39pm.

APPROVED AND ADOPTED THIS ____ DAY OF _____, 1999.

Miles C. McCormack, Chairman

ATTEST:

David J. Anderson, Clerk