

Walker Field Airport Authority

Minutes of the Regular Board Meeting

December 18, 2001

BOARD COMMISSIONERS PRESENT: Miles McCormack Steve Ammentorp
Robert McCormick Karen Berryman
Dennis Kirtland James Gardner

AIRPORT STAFF PRESENT: Corinne Nystrom Gary Mancuso
David Anderson Dan Reynolds
Charlie Novinskie Ted Balbier

ALSO PRESENT: Charles Pearson of Two Rivers Pilot Supply; Barney Barnett; and Ken Sublett.

I. CALL TO ORDER

The meeting was called to order at 5:15pm.

II. APPROVAL OF AGENDA

Commissioner McCormick moved to approve the Agenda as amended. Commissioner McCormack seconded. Voice vote: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. **Minutes: November 20, 2001 Regular Board Meeting**

B. **Acknowledgement of Receipt of October, 2001 Financial Statements/Accounts Receivable Report**

October, 2001 reflected a full month of operational and fiscal changes since the events that occurred on September 11th. On the Statement of Operations, year to date operating revenues are 1.3% lower than budgeted and year to date operating expenses are 5.3% lower than budgeted. The net result is an income to retained earnings balance of \$283,780, which is \$42,024 higher than budgeted year to date.

Terminal building concessions, parking, slurry bomber landing fees, and aviation fuel tax revenues remain over budget (year to date), and close monitoring of expenses by all departments resulted in year to date operating expenses that are less than what was budgeted.

On the Balance Sheet, nonrestricted cash/investments decreased 13.1% for the month, which corresponded with a decrease in Accounts Payable of \$244,726—the result of several large vendor payments during the month. Because of the completion of the east air carrier ramp reconstruction project, the State of Colorado Discretionary Aviation Grant funds advanced for this project were transferred into the Authority’s general operating account for payment to the engineering consultant and contractor. PFC funds increased \$24,425 with continued program collections. Land, Building, and Equipment increased \$149,203 primarily from several projects in-progress, including AIP-22 (runway end identifier lights on Runways 4 and 22 and airfield electrical equipment building construction) and the completion of the terminal building 3rd floor renovation project.

Overall, October resulted in favorable financial performance for the Authority.

C. Renewal of Rocky Mountain HMO Health Insurance Plan

Staff presented the Board with a proposed renewal of the existing Rocky Mountain HMO employee health insurance plan. The Authority’s existing health plan anniversary date with Rocky Mountain HMO is January 1st. In projecting the health insurance expense line item for the FY 2002 proposed budget, Staff originally programmed a 25% increase in health insurance premiums. This projected increase was based on preliminary discussions with Rocky Mountain HMO and various health insurance news articles.

To assist with analyzing the Authority’s fringe benefit program, Staff researched several health insurance options and surveyed other governmental entities in the region (including several airport operators). Currently, the Authority pays 60% of the health insurance premiums, with participating employees paying 40% of the premiums. The Authority received a proposed acceptance letter from Rocky Mountain HMO outlining the actual premiums for FY 2002—10% increase from FY 2001.

Staff recommended that the Board approve the renewal of the existing health insurance coverage with Rocky Mountain HMO (NH10/\$100 (20, 30, 50%) Plan) for one (1) year and authorize the Airport Manager to sign the acceptance letter on behalf of the Authority.

D. Assignment of Lease from J. Fuoco, LLC to Corporate Hangars Condominium Association, Inc.

Staff presented the Board with a proposed Assignment of Lease from J. Fuoco, LLC to Corporate Hangars Condominium Association, Inc. J. Fuoco, LLC, managed by James Fuoco, leased a parcel of ground from the Airport Authority on December 1, 1999 in the Runway 4/22 general aviation area. The LLC constructed a hangar on the parcel consisting of 5 individual condominium hangars. Since 3 of

the hangars are now sold, Mr. Fuoco is requesting that the lease be assigned from J. Fuoco, LLC to Corporate Hangars Condominium Association, Inc.

Attorney Mike Grattan reviewed the Assignment to protect the Airport Authority. Commissioner McCormick asked if the Airport Authority is following the same procedures for this assignment as it has with previous assignments. Staff responded affirmatively.

Staff recommended that the Board approve the Assignment from J. Fuoco, LLC to Corporate Hangars Condominium Association, Inc. and authorize the Chairman to sign the Assignment on behalf of the Authority.

E. Request for Additional Funding for Terminal Building and Rental Car Parking Lot Improvements: Water and Drainage Mitigation

Staff presented the Board with a request for additional funding for terminal building and rental car parking lot improvements for water and drainage mitigation. The terminal building and rental car parking lot improvements (originally approved by the Board at the October, 2001 Regular Board Meeting) required additional rock backfill and drainage control to accommodate high water table problems and storm water drainage. Soft, boggy areas were revealed during the excavation of the south rental car site as well as the western public parking site. A water resistant fabric and “pit run” material has been installed to alleviate the problem.

The costs of the modifications are estimated at \$1,670. Staff incorporated this requested appropriation into the FY 2001 Supplemental Budget contingent upon Board approval.

Staff recommended that the Board appropriate \$1,670 for the additional water and drainage work.

Commissioner McCormack moved to approve the Consent Agenda. Commissioner Kirtland seconded. Voice vote: all ayes. Motion carried.

V. ACTION ITEMS

A. Bid Award and Letter of Engagement to Perform Audit of Walker Field Airport Authority Financial Statements

Staff presented the Board with information regarding bids received for the audit of the Airport Authority’s financial statements and a recommended bid award. In November, 2001, the Authority advertised a request for proposals (RFP) to conduct the audit of the Airport Authority’s financial statements with a possible three (3) year engagement. Two accounting firms submitted bids—Chadwick, Steinkirchner, Davis & Co., P.C. and Dalby, Wendland & Co., P.C.

Chadwick, Steinkirchner currently provides audit services for the Authority, and submitted a proposed fee in an amount not to exceed \$8,950.00. Dalby, Wendland

proposed a fee not to exceed \$6,250.00. Each firm indicated it would be able to provide the audit report to the Board no later than April 16, 2002.

Staff met with representatives of each firm to clarify the proposals, scope of services, and to obtain additional information pertinent to the audit. Dalby, Wendland stated that several of its staff members specialize in government and not-for-profit accounting and auditing services. Thus Dalby, Wendland would like to concentrate more on these types of services. Additionally, Dalby, Wendland used to perform audit services for the Montrose County Regional Airport Authority until 1993 and the Walker Field Airport Authority.

Chadwick, Steinkirchner has performed the audit services for the Authority for the three (3) previous fiscal years. Additionally, it currently performs audit services for Montrose County Regional Airport and Eagle County Airport. Chadwick, Steinkirchner stated that its proposed fee has increased from the previous term (previously at \$7,500) to better reflect actual job costs incurred over the past three (3) years. These increased costs have been incurred because of a higher level of airport activity and increased federal audit requirements.

Vice Chairman Ammentorp requested clarification on the additional hours section within each of the proposals. Staff noted that this section addresses the possibility for additional time charged for services provided if the firms are delayed in access to necessary documents during the audit. This provision has been included in letters of engagement with other accounting firms in prior years.

Commissioner McCormick asked why the bid provided by Dalby, Wendland is substantially lower than what the Authority is currently paying for audit services. Staff commented that Dalby, Wendland expressed a large amount of interest in performing the audit services.

Staff noted that the Airport Authority would not be locked into a three (3) year commitment with the selected audit firm. Thus if the proposed cost for the audit services next year is substantially higher than this year, the Authority can place the audit services out to bid. Since the auditors report directly to the Board, Staff did not make a recommendation to the Board.

Commissioner McCormick moved to award the bid to and approve the Letter of Engagement with Dalby, Wendland & Co., P.C. and authorize the Chairman to sign the Letter of Engagement on behalf of the Authority. Commissioner Gardner seconded. Voice vote: all ayes. Motion carried.

B. Lease with Federal Aviation Administration for the Air Traffic Control Tower Building and Fire Bays

Staff presented the Board with a proposed lease agreement between the Federal Aviation Administration (FAA) and the Authority for space in the air traffic control tower building and the former fire bays. The FAA currently leases approximately 5,837 square feet for Air Traffic Control (ATC) operations and the Systems Service Center (SSC) offices. The existing lease rate was based on Airport Authority historical costs for the operation of the occupied space.

However, changes in the FAA grant assurances require the airport sponsor to provide space rent-free to the FAA for services that directly support the airport.

Since ATC and a portion of SSC directly support Walker Field, 2,931 square feet utilized for those operations are rent-free. The 2,906 square feet that is occupied by SSC that does not support Walker Field is subject to rent at \$8.00 per square foot. Additionally, the FAA wishes to rent the former fire bays, consisting of approximately 3,060 square feet at \$5.00 per square foot. The rent will not include janitorial services or utilities. The proposed lease will commence on January 1, 2002 and expire on September 30, 2006. The rent for the former fire bays will commence April 1, 2002. The total annual rent paid to the Airport Authority will be \$38,544.

Staff noted that the FAA is requiring the Authority to provide assurances that the fire bay leasehold is free of hazardous materials. Thus the Authority is in the process of contracting with an environmental firm to conduct a Phase I environmental assessment of the premises. Commissioner Gardner asked if the Authority provides security for the air traffic control tower facility. Staff commented that the Authority currently contracts with a third party to provide outside security services for the facility.

Commissioner Berryman requested clarification on the alterations provision within the agreement. Specifically, in the event of abandonment of the premises, is the FAA responsible for removing its property? Does the Authority have the option to require the government to restore the property to original condition? Staff answered that the Authority has the option of requesting the government to restore the premises to the original pre-lease condition. During its presence at the airport, the FAA has been an excellent tenant and has maintained its leased space.

Attorney Mike Grattan has reviewed the lease to protect the Authority.

Staff recommended that the Board approve the FAA Lease for Real Property for the air traffic control tower building and fire bays and authorize the Chairman to sign the Lease on behalf of the Authority.

Commissioner Kirtland moved to approve the Lease for Real Property with the Federal Aviation Administration for the air traffic control tower building and former fire bays and authorize the Chairman to sign the Lease on behalf of the Authority. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

C. **Request for Building Use and Sublease Agreement Between Two Rivers Pilot Supply and Crossland Aviation, LLC dba Crossland Jet an Affiliate of Raytheon Aircraft Charter & Management, Inc. Air Carrier Certificate #ERYA682D**

Staff presented the Board with a request for approval of a sublease agreement between Two Rivers Pilot Supply and Crossland Aviation, LLC. Carol Eichert and Charles A. Pearson are operating a non-exclusive pilot supply shop on the second floor of the terminal building named "Two Rivers Pilot Supply." Two Rivers Pilot Supply is requesting to sublease 263 square feet of office space to

Crossland Aviation, LLC, which proposes to operate a Federal Aviation Regulation (FAR) Part 135 aircraft charter service.

In order to meet Walker Field's Requirements and Minimum Standards for Commercial Aeronautical Services and Activities for Aircraft Charter and Taxi, Crossland Aviation must lease or sublease 2,500 square feet of hangar space, as well as a customer lounge, restrooms, and telephone. Currently, Crossland Aviation leases sufficient hangar space at the Herr hanger (which is managed by West Star Aviation, Inc.) to meet the minimum standards for hangar space.

Commissioner Berryman requested clarification on the fire code egress requirements for the leasehold. Staff responded that the egress requirements are being met.

Staff recommended that the Board approve the sublease agreement between Two Rivers Pilot Supply and Crossland Aviation, LLC and authorize the Chairman to sign the sublease on behalf of the Authority contingent upon:

- Receipt of a copy of Crossland Aviation, LLC's FAR Part 135 Air Carrier Certificate
- Receipt of a copy of Crossland Aviation, LLC's operating agreement with Raytheon Aircraft Charter & Management, Inc.
- Receipt of proof of insurance naming WFAA as additional insured
- Receipt of documentation that Charles A. Pearson is authorized to sign for Crossland Aviation, LLC

Commissioner Kirtland moved to approve the Building Use and Sublease Agreement between Two Rivers Pilot Supply and Crossland Aviation, LLC dba Crossland Jet, an affiliate of Raytheon Aircraft Charter and Management, Inc. and authorize the Chairman to sign the Agreement on behalf of the Authority. Commissioner McCormick seconded. Voice vote: all ayes. Motion carried.

D. Public Hearing Regarding Proposed 2001 Supplemental Budget and Appropriations

Members of the public were provided the opportunity to comment or ask questions regarding the Proposed 2001 Supplemental Budget and Appropriations. The notice of the proposed Supplemental Budget was published in accordance with State law. There were no public comments.

E. Resolution No. 2001-017: Resolution to Adopt 2001 Supplemental Budget and Appropriate Sums of Money

Staff presented the Board with proposed Resolution No. 2001-017: Resolution to Adopt 2001 Supplemental Budget and Appropriate Sums of Money. Prior to the end of each fiscal year, it is necessary for the Authority to ensure that the budget for that year conforms to what has transpired during the year, especially with respect to expenditures. A resolution is necessary to finalize the budget and authorize and appropriate before year-end.

The amended budget is still a projection, but is based upon actual financial data that has been compiled throughout the year. It incorporates the additions and

deletions made in the capital budget, as previously authorized by the Board on a case-by-case basis, as well as the changes in the contributed capital, revenue, and expense categories during the year.

Commissioner McCormick inquired as to the availability of a copy of the proposed budget to the public. Staff stated that a notice was published in the newspaper, and the agenda is posted in public locations and distributed to all airport tenants. If any member of the public requests a copy of the proposed budget, it is provided to them. Additionally, the public is welcome to stop by the Authority administration offices, and a staff member will review the budget with them and address specific comments or questions.

Staff recommended that the Board approve Resolution No. 2001-017 and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner McCormick moved to approve Resolution No. 2001-017 and authorize the Chairman to sign the Resolution on behalf of the Authority. Commissioner McCormack seconded. Roll call: all ayes. Motion carried.

F. Public Hearing Regarding Proposed 2002 Budget and Appropriations

Members of the public were provided the opportunity to comment or ask questions regarding the Proposed 2002 Budget and Appropriations. Notice of the proposed 2002 Budget was published in accordance with State law. There were no public comments.

G. Resolution No. 2001-18: Resolution to Adopt 2002 Budget and Appropriate Sums of Money

Staff presented the Board with proposed Resolution No. 2001-018: Resolution to Adopt 2002 Budget and Appropriate Sums of Money. The proposed 2002 Budget was discussed at the November and December, 2001 Board Workshops. Based on updated data, the most recent 2001 projections reflect a more favorable current fiscal year than originally projected. Consequently, modifications were made to the proposed 2002 Budget to include up to a 5% merit increase for eligible Authority Staff members.

Staff recommended that the Board approve Resolution No. 2001-018 and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner Kirtland moved to approve Resolution No. 2001-018 and authorize the Chairman to sign the Resolution on behalf of the Authority. Commissioner Berryman seconded. Roll call: all ayes. Motion carried.

VI. BOARD COMMITTEE REPORTS

A. FACILITIES COMMITTEE

No report.

B. *PERSONNEL COMMITTEE*

No report.

VII. AIRPORT MANAGER'S REPORT

A. *TERMINAL RENOVATIONS*

Manager Nystrom reported that Staff met with airline personnel to review possible terminal building modifications during 2002 required as a result of increased federal security mandates. She noted that Staff will continue to hold tenant meetings to discuss proposed projects and other tenant-related issues.

B. *GRAND JUNCTION POLICE DEPARTMENT SUBSTATION*

Staff provided an update on a possible Grand Junction Police Department (GJPD) substation to be located in the terminal building at Walker Field. The Authority forwarded a proposed agreement to the GJPD. The Grand Junction City Attorney is reviewing the agreement.

Commissioner McCormick inquired why the terminal building is a desired location for a GJPD substation. Staff commented that currently, GJPD officers patrolling certain northern areas of Grand Junction have to go to Mesa State College to complete paperwork. Walker Field is more convenient for them. Additionally, the officers would provide an increased security presence at the airport during certain times of the day.

The substation will be subject to rent but will be paid by providing in-kind police protection services in the airport terminal building. The agreement states that the rent will be based on a per square foot rate. The GJPD has expressed interest in setting-up the substation prior to the start of the 2002 Winter Olympics in Salt Lake City.

Commissioner Kirtland asked if the location of the police substation inside the terminal building is contingent upon the decision of the federal government to require local law enforcement vs. federal employees at the security screening checkpoint. Staff responded that the GJPD would like to locate a substation in the terminal building regardless of security screening checkpoint requirements. However, the proposed lease includes a cancellation provision if the GJPD later determines that the substation is underutilized.

C. *WALKER FIELD NEWSPAPER ADVERTISEMENT*

Staff commented that Walker Field Airport advertisements are appearing in the Daily Sentinel this week, with a full page ad appearing in next Sunday's edition.

D. PRE-BID MEETING FOR AIRPORT IMPROVEMENT PROGRAM (AIP-22) PROJECT

A pre-bid meeting will be held on December 19, 2001 for the Airport Improvement Program (AIP-22) project with the Authority engineering firm and prospective bidders. The bids will be due on January 9, 2002. Projects for AIP-22 include runway end identifier lights (REILs) for Runways 4 and 22 and construction of a new airfield lighting and electrical building (ALEB). The FAA will allow the REILs for Runway 4 to be baffled to reduce the impact of the lights upon I-70 traffic and residents to the south of the airport.

Commissioner McCormick suggested providing information to area residents regarding the lights. Staff stated it would provide applicable information to the public prior to the utilization of the REILs.

E. WEST STAR AVIATION INTEREST IN ADDITIONAL PARCEL

Manager Nystrom stated that the Authority received a letter from West Star Aviation expressing interest in leasing 6.83 acres of additional land from the Authority. The leasing of additional land would be subject to the current ground lease rates.

F. COLORADO AERONAUTICAL BOARD MEETING

Manager Nystrom attended the Colorado Aeronautical Board meeting in Denver on December 14th and also participated in the Colorado Department of Transportation budget meeting with the Colorado State Legislative Joint Budget Committee.

G. HOLIDAY PARTY

All Authority Board members and Staff are invited to attend the Authority holiday party on December 13th at 12:00 noon at the Confederate Air Force Hangar.

VIII. DISCUSSION ITEMS

A. Nominating Committee

This committee will select nominees for the positions of Chairman, Vice Chairman, Treasurer, Clerk, and Deputy Clerk for 2002. The positions of Chairman and Vice Chairman are selected from existing Board members. Commissioner McCormick stated that historically the Vice Chairman moves into the position of Chairman. Acting Chairman Ammentorp stated that Chairman Springer has requested that he (Chairman Springer), Commissioner Kirtland, and Commissioner Berryman serve on this committee.

B. Mesa Airlines Accounts Receivables Update

Staff updated the Board regarding Mesa Airlines' account with the Authority. The Authority recently received a \$2,600 payment from Mesa Airlines. This payment

takes Mesa out of the over 90 days past due status. Staff will continue to work with Mesa in reducing the delinquent amounts.

Commissioner McCormick inquired about the stability of America West Airlines. Manager Nystrom commented that America West's long-term stability is in question, and this is one of the reasons why Mesa's feeder service agreement with Frontier Airlines is of such high importance to them.

C. Runway 4/22 General Aviation Area Fencing Update

Staff updated the Board on the Runway 4/22 general aviation area fencing requests sent to Larry Kempton, Ron and Larry Nunnery, and Tom Daly. Responses were received from each of the lessees. Mr. Kempton's response indicated he would be willing to pay up to \$200.00 of the total costs, which would include an access gate. The Nunnerys letter stated they would build all of the fencing for their leasehold upon the completion of the construction of their hangar if the Authority will install a vehicle gate on the Nunnery leasehold to address multiple user access issues. Mr. Daly has agreed to accept the Authority's proposal to pay for 50% of the cost to install 6-foot chain link fence on his leasehold.

Commissioner McCormick asked if the Hall/Rouse parcel has a permanent access gate. Staff commented that the Hall/Rouse parcel has a half-gate at this time. The Board suggested looking into installing a permanent, full-size security gate.

D. Widebody Aircraft Passenger Stairs

Staff reported that the cost to rent aircraft passenger stairs for widebody aircraft, such as the B777, B767, DC-10, and B747 during the 2002 Winter Olympics in Salt Lake City is approximately \$10,000, including transportation. The primary expense is the transportation because the providers are located in Florida and California. Ken Sublett suggested looking into the availability of the units from the U.S. Government Services Agency (GSA) and Military Property Disposal. He stated that he would provide Staff with the addresses and phone numbers for these entities.

The rental would be an operational cost as opposed to a capital cost. The Authority By-Laws will be reviewed to determine if the lease of the aircraft passenger stairs would have to be put out to bid. Staff will discuss this issue with the authorized aircraft ground handlers to see if they have received inquiries about handling widebody aircraft.

Staff stated that if the Authority purchases the stairs, it would become a capital item, necessitating an appropriation of funds for that purpose. Staff prepared a cost-benefit spreadsheet regarding the stairs. Currently, Delta Airlines does not utilize B747 aircraft, and has very few B777s, none of which are utilized on regularly scheduled Salt Lake City routes. However, Delta does use B767 aircraft in Salt Lake City on a scheduled basis, and some charter flights might utilize widebody aircraft. The majority of diverted aircraft that land at Walker Field do not deplane passengers.

Commissioner McCormick asked what the results would be if a B747 had to divert to Walker Field for eight hours due to a storm in the Salt Lake City area. Staff responded that Thunder Mountain Ground Services has a set of aircraft stairs that can be modified to deplane those passengers. Due to the fact that the airlines are aware of availability of ground support equipment, airlines generally do not divert widebody aircraft to Walker Field.

Ken Sublett stated that the landing of the widebody aircraft at Walker Field is very unlikely due to the lack of ground support equipment to handle those aircraft. Therefore, leasing or purchasing the equipment may not even be an issue for the Authority. The consensus of the Board was to discuss this issue again at the January, 2002 Board Workshop after obtaining additional information.

IX. OTHER ITEMS

A. GOVERNOR'S ROUND TABLE FOR ECONOMIC DEVELOPMENT

Commissioner Gardner attended the Governor's Round Table for Economic Development where transportation and air transportation issues were discussed.

B. MILITARY AIRCRAFT OPERATIONS

Ken Sublett commented on several issues pertaining to military aircraft operations. First, these operations should not be treated in a similar manner to general aviation. There are several safety issues arising from military aircraft operations including: aircraft parts and equipment such as ejection seats; rapid refueling; high-degree of skill and knowledge required to maintain and service the aircraft; hot brakes; external fuel storage tanks; composite materials used in the manufacturing of the aircraft; and armament on the aircraft.

Another issue associated with these operations is the emission of unregulated noise from the aircraft. Third, military aircraft have heavy footprints, leading to excessive stress and deterioration of aircraft movement areas. Fourth, jet blast hazards accompany these aircraft, resulting in safety concerns and additional pavement deterioration. There are also security issues arising from locating military aircraft at a civilian airport. The aircraft are easier to access at a civilian airport than if they are located at a military base.

Mr. Sublett noted that military aircraft make significant demands on the environment and on the infrastructure of an airport. These demands necessitate that the Authority address these issues. He furthered that the Authority is incurring significant additional risk by allowing military aircraft operations at Walker Field while private entities on the airport are receiving most of the economic benefits from these operations. Thus, the Authority needs to review how it will recoup the costs associated with the additional risks.

XI. ADJOURNMENT

There being no further business to come before the Board, Commissioner McCormick moved to adjourn the meeting. Commissioner Kirtland seconded. Voice vote: all ayes. Motion carried.

The meeting was adjourned at 8:02 pm.

APPROVED AND ADOPTED THE 15TH DAY OF JANUARY, 2002.

Signature on File

Steve Ammentorp, Chairman

ATTEST:

Signature on File

David J. Anderson, Clerk