

Walker Field Airport Authority

Minutes of the Regular Board Meeting

September 17, 2002

BOARD COMMISSIONERS PRESENT: Miles McCormack Steve Ammentorp
Robert McCormick James Gardner
Karen Berryman Craig Springer

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

ALSO PRESENT: Bonnie Richards of GISDHO Shuttle, Inc. and Peg
Wallace of Thunder Mountain Ground Services, Inc.

I. CALL TO ORDER

The meeting was called to order at 5:17pm.

II. APPROVAL OF AGENDA

Vice Chairman McCormick moved to approve the Agenda. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. Minutes: August 20, 2002 Regular Board Meeting

B. Acknowledgement of Receipt of July, 2002 Financial Statements

On the Statement of Operations, year to date operating revenues are 20.2% higher than budgeted and year to date operating expenses are 6.4% lower than budgeted. The net result is an income to retained earnings balance of \$282,283. The income to retained earnings reflects revenues of approximately \$179,000 for security/law enforcement cost reimbursements from Airport Improvement Program (AIP-25) and the Transportation Security Administration (TSA).

Rental cars, aviation fuel tax, non-military governmental operations (leases and landing fees), airline, and parking revenues exceeded budget projections (year to date). Close monitoring of expenses during the month resulted in year to date operating expenses that are less than what was budgeted.

On the Balance Sheet, non-restricted cash/investments increased 12.5%, which corresponded with the receipt of large customer payments. Accounts payables increased \$23,602, reflecting the receipt of several large vendor invoices, and PFC funds increased \$20,374 with continued program collections. Land, Buildings, and Equipment increased \$94,046 with expenditures towards the airfield lighting equipment building/runway end identifier lights project.

Overall, July yielded favorable financial performance for the Authority.

Commissioner Springer inquired why revenues for air freight, airline, and military operations are less than what was budgeted. Staff responded that air freight aircraft operations have decreased because FedEx and other air cargo carriers have started shipping more of their items via surface transportation. For military operations, there has been a significant decrease in the number of military aircraft refueling at Walker Field, possibly because of the repositioning of aircraft to other locations throughout the world.

Commissioner Springer asked about the detailed line items contained within Interest and Miscellaneous Income. Staff noted that the main component is security cost reimbursements from the FAA of approximately \$150,000.

C. Letter of Engagement to Conduct Audit of FY 2002 Financial Statements

The proposed Letter of Engagement is for a second (2nd) year of a three (3)-year term with Dalby, Wendland & Co., P.C. to conduct the annual audit of the Authority's FY 2002 financial statements. The proposed fee is an amount not to exceed \$6,750. For the FY 2001 financial statements, the firm conducted the audit for a fee not to exceed \$6,250. The proposed fee is still less than the not to exceed amount of \$8,950 proposed by Chadwick, Steinkirchner, Davis & Co., P.C. during last year's bid process.

The Letter of Engagement is similar to the previous Letter of Engagement for the FY 2001 audit. The commencement date of the Audit will be approximately February 3, 2003, with the issuance of reports on or before April 15, 2003.

Staff recommended that the Board approve the Letter of Engagement with Dalby, Wendland & Co., P.C. to conduct the audit of the Authority's FY 2002 financial statements in an amount not to exceed \$6,750 and authorize the Chairman to sign the Letter of Engagement on behalf of the Authority.

D. Use and Lease Agreement with SkyWest Airlines, Inc.

On October 31, 2001 SkyWest Airlines, Inc. took over the operation of the United Express flights to Denver. At that time, SkyWest leased the Third (3rd) Airline Ticket Office (ATO) consisting of 2,400 square feet, in addition to the Second (2nd) ATO consisting of 1,123.5 square feet that SkyWest already occupied as the Delta

Connection carrier to Salt Lake City. SkyWest later leased an additional 238 square feet of office space located in the Fourth (4th) ATO.

Since SkyWest's Agreement expires September 30, 2002, it is requesting a new Agreement with an expiration date of September 30, 2007. In order to consolidate its operations, SkyWest is requesting to reduce its leased space in the Second (2nd) ATO from 1,123.5 to 696.5 square feet for a total leased area of 3,334.5 square feet. The rent payable to the Authority is \$23.93 per square foot for SkyWest's shared, exclusive, and non-exclusive space. Authority Attorney Mike Grattan has reviewed the Agreement to protect the Authority.

Staff recommended that the Board approve the Use and Lease Agreement and authorize the Chairman to sign the Agreement on behalf of the Authority.

E. Use and Lease Agreement with Mesa Airlines, Inc

Mesa Airlines, Inc. currently operates flights on behalf of America West Express. Its lease for the First (1st) Airline Ticket Office (ATO) expires on September 30, 2002. During the lease negotiations, Mesa Airlines determined that it needed more space in the First (1st) ATO and requested to lease the break room in addition to its existing space. If the new Agreement is approved, its leasehold will increase from 1,027 square feet to 1,461.50 square feet. The rent payable to the Authority is \$23.93 per square foot for Mesa Airlines' shared, exclusive, and non-exclusive space. Authority Attorney Mike Grattan has reviewed the Agreement to protect the Authority.

Staff recommended that the Board approve the Use and Lease Agreement and authorize the Chairman to authorize to sign the Agreement on behalf of the Airport Authority.

F. Use and Lease Agreement with Thunder Mountain Ground Services, Inc.

Thunder Mountain Ground Services, Inc. leases a portion of the First (1st) Airline Ticket Office (ATO) on the first floor of the terminal building consisting of 1,162 square feet in order to provide ground handling services for scheduled charter flights, non-scheduled airline diversions, and corporate, private, and military aircraft as requested by an airport fixed base operator. Its existing Use and Lease Agreement expires on September 30, 2002 with the current rent paid to the Airport Authority of \$675.83 per month.

Since Mesa Airlines is expanding its operations in the First (1st) ATO, Thunder Mountain has agreed to re-locate its operations to a portion of the Second (2nd) ATO, which will increase Thunder Mountain's leasehold to 1,360.5 square feet and its monthly rent to \$831.62 with an expiration date of September 30, 2007. Authority Attorney Mike Grattan reviewed the Use and Lease Agreement to protect the Authority.

Commissioner Berryman inquired why Thunder Mountain's lease rate appears to be less than the lease rates charged to the airlines. Staff commented that portions of its leasehold are pro rated based on the number of days of usage in those areas. Additionally, the space used by Thunder Mountain is available to any air carrier

wishing to lease the space 365 days per year. Should another carrier wish to lease this space, Thunder Mountain would have the option of increasing its rent and lease based on 365 days per year or move to available space in another ATO.

Commissioner Berryman inquired if the incumbent air carriers could provide the ground handling services that Thunder Mountain currently offers. Manager Nystrom responded that SkyWest and Mesa Airlines have indicated that they would not be able to take over the services that Thunder Mountain currently provides.

Staff recommended that the Board approve the Use and Lease Agreement with Thunder Mountain Ground Services, Inc. and authorize the Chairman to sign the Agreement on behalf of the Authority.

G. Ground Transportation Concession Agreement with GISDHO Shuttle, Inc.

GISDHO Shuttle, Inc., dba American Spirit Shuttle, currently leases 100 square feet of space in the terminal building, including the podium in the baggage claim area, for the purpose of operating a non-exclusive ground transportation concession. The term of the current agreement expires on September 30, 2002, and GISDHO is requesting a new lease agreement that will expire on September 30, 2003, plus one (1) additional one (1)-year term expiring September 30, 2004. Either party may terminate the agreement with 30 days prior written notice.

The leased premises will also include a parking area west of the rental car lot consisting of 1,250 square feet and the shared use of a storage room in the west portion of the baggage claim area. GISDHO's initial rent will be \$199.42 per month in addition to 10% of its Airport originated revenue.

Staff recommended that the Board approve the Ground Transportation Concession Agreement with GISDHO Shuttle, Inc. and authorize the Chairman to sign the Agreement on behalf of the Authority.

H. Lease Agreement Termination Request From Gerald B. Feather, Esq.

Gerald B. Feather, Esq. entered into a Ground Lease Agreement with the Authority for a parcel of ground between the Daly Construction and Plane Storage hangars in the Runway 4/22 general aviation area on March 30, 2001 for a twenty (20)-year term with one (1) ten (10)-year option. The Agreement requires that the leasehold must be fully developed or construction timely commenced within eighteen (18) months of March 30, 2001.

Mr. Feather indicated that he was not able to begin development on his hangar because of a downturn in the economy and the effects of the events of September 11, 2001 on general aviation. The eighteen (18)-month construction period expires September 30, 2002. Rather than request an extension of time to develop the parcel, Mr. Feather has requested that the Agreement be terminated. The monthly rent paid to the Authority, which has been paid through September, 2002, is \$66.14, and Mr. Feather is not entitled to a rent credit or rebate.

Commissioner Berryman asked if there are any other lessees who are in the same situation as Mr. Feather. Staff stated that there is another lessee, Hall & Rouse. However, the development period was extended for Hall & Rouse because of improvements to Navigators Way provided by Hall & Rouse at no charge to the Authority and delays encountered in the development of that parcel that were not within the control of Hall & Rouse.

Since Mr. Feather has not commenced construction and is requesting a termination of the lease, Staff recommended that the Board terminate Mr. Feather's lease in good standing as requested and as provided for in the agreement effective September 30, 2002. Additionally, Staff recommended that the property not be made available for leasing since it would be a good location for an aircraft taxi lane to undeveloped parcels located north of Aviators Way.

Commissioner McCormack moved to approve the items on the Consent Agenda. Commissioner Springer seconded. Voice Vote: all ayes. Motion carried.

V. ACTION ITEMS

A. Request for Approval and Appropriation of Funding for Additional FY 2002 Expenses and Capital Items

Current FY 2002 appropriated operating expenses total \$1,731,582 (excluding depreciation). If operating revenues and expenses for FY 2002 match exactly what was budgeted for the year, the December 31 2002 non-restricted cash/cash reserves balance is projected to be \$599,409. This is a targeted objective for the Authority.

Because of the favorable revenue and expense variances, including the receipt of reimbursements for law enforcement services and security costs, Staff recommended the appropriation of \$60,700 for the following additional expense and capital items:

- Landside Pavement Repairs\$1,000
- Terminal Bldg. Restroom Renovations/Upgrades19,500
- Pavement Repair 4,950
- FedEx/Comm'l Air Carrier Ramp Rehabilitation.....15,000
- Restaurant Renovations.....19,500
- Landside Signage Upgrades 750

Vice Chairman McCormick inquired if the appropriation for the restaurant renovation project will include expanding the restaurant area to the west, including into the old lounge area. Staff responded that the funding will allow for removing the wall between the existing restaurant area and the old lounge area and improving the expanded area.

Chairman Ammentorp asked if the restaurant renovations are a part of the Transportation Security Administration (TSA) passenger security screening checkpoint modifications. Staff responded that the checkpoint modifications will commence once the boarding area restrooms are relocated. Moving the glass walls

(located between the restaurant and the checkpoint) will be the last step of the security screening checkpoint modifications project and will take place later this year. The construction agreement for that project includes the relocation of the restaurant glass wall 15-20 feet to the west in order to expand the airline passenger meeters and greeters area.

Commissioner Berryman inquired what will be included in the terminal building restroom renovations/upgrades project. Staff commented that the improvements will incorporate Americans with Disabilities Act (ADA) upgrades, including new stalls, fixtures, cabinets, and sinks. Commissioner Springer asked when the restroom renovations project will be completed. Staff responded that K & G Enterprises, Inc. will commence work immediately and the project should be completed by mid-November.

Commissioner Springer moved to appropriate \$60,700 for additional expense and capital items. Vice Chairman McCormick seconded the motion. Voice vote: all ayes. Motion carried.

B. Contract Agreement with K & G Enterprises, Inc. for Renovations and Upgrades to First and Second Floor Restrooms

Following a detailed inspection for Americans with Disabilities Act (ADA) compliance of the terminal building first and second floor non-secured restroom facilities by the Van Sant Group, it was determined that certain upgrades to the facilities are necessary to fully comply with the ADA requirements. Staff sought a general contractor to work on a time and materials basis to cost effectively upgrade the restrooms and provide newer, modern fixtures.

Under the proposed agreement, K & G Enterprises, Inc. will bill the Authority at a rate of \$35.00 per hour. Materials not provided by the Authority will be billed at cost plus 15%. The contract amount for this project is an amount not to exceed \$19,500. Hourly rate cost comparisons were obtained from contractors, and K & G's was the lowest amount per hour.

Commissioner Gardner inquired how the not to exceed amount was derived. Staff stated that the goal was to keep the total cost for this project under \$20,000 so that a formal bid process would not be required and the project expedited.

Staff recommended that the Board approve the contract with K & G Enterprises, Inc. for the renovation and upgrades to the terminal building first and second floor non-secured restrooms for an amount not to exceed \$19,500. Staff also requested that the Chairman be authorized to sign the Contract Agreement on behalf of the Authority.

Vice Chairman McCormick moved to approve the contract with K & G Enterprises, Inc. for the renovation and upgrades to the terminal building first and second floor non-secured restrooms for an amount not to exceed \$19,500 and authorize the Chairman to sign the Contract Agreement on behalf of the Authority. Commissioner Gardner seconded the motion. Voice Vote: all ayes. Motion carried.

C. **Contract Agreement with Vista Paving Corporation for Airfield Pavement Repairs**

As part of the on-going pavement maintenance plan, Staff determined that specific repairs to certain portions of airfield pavement are necessary to prevent further deterioration of the affected surfaces. Staff sought bids for the specific repairs and received two (2) bids. Vista Paving submitted the lowest bid. Vista has proposed to complete this work for an amount not to exceed \$19,950.

The scope of the project includes:

- Roto-mill 3” of existing asphalt to lay and compact 3” of new asphalt on approximately 10,200 sq.ft. of non-leased ramp in the vicinity of the Colorado Division of Wildlife and West Star Aviation leaseholds.
- Remove asphalt and excavate 8” from existing asphalt elevation and replace with 4” road base and 4” asphalt on approximately 1,636 sq.ft. on the public use Taxiway “X” in the vicinity of the West Star Aviation T-hangars and the Completions hangar, as well as replacement of a 10” drainage culvert under the affected areas.

Staff recommended the Board approve the contract with Vista Paving Corporation for airfield pavement repairs with a not to exceed amount of \$19,950. Staff also requested that the Chairman be authorized to sign the Contract Agreement on behalf of the Authority.

Vice Chairman McCormick moved to approve the Contract Agreement with Vista Paving Corporation for airfield pavement repairs with a not to exceed amount of \$19,950 and authorize the Chairman to sign the Contract Agreement on behalf of the Authority. Commissioner McCormack seconded the motion. Voice vote: all ayes. Motion carried.

VI. **DISCUSSION ITEMS**

A. **Proposed Fees and Charges Revisions**

Staff presented the Board with proposed revisions to the Fees and Charges. At the June and July, 2002 Board Workshops, information was provided regarding the performance of Walker Field Airport's eight (8) existing cost centers. The results of the analyses indicated that five (5) of the cost centers are financially self-sustaining and three (3) cost centers operated at a deficit during FY 2001. The largest deficit was incurred in the "Airfield-Public Use" cost center.

Staff performed an in-depth review of the Airfield-Public Use cost center and calculated that this cost center would probably breakeven in 2009 based on the projected growth rate in aircraft operations and the current mix of aircraft. To accelerate the timeframe in which this cost center would breakeven, Staff developed two (2) options—breakeven in 2005 or 2007.

To breakeven in 2005 would require increasing landing fees and general aviation fuel flowage fees approximately 5.0% annually in addition to the existing

Consumer Price Index (CPI-U) adjustments. To breakeven in 2007 would only require those additional increases to be approximately 1.4%.

Vice Chairman McCormick inquired if the tenants had been informed about the presentation being made at this meeting. Staff responded that all tenants and several airfield operators had been invited to the Board Meeting to view the presentation and discuss the proposed changes.

Staff recommended that the Authority consider implementing a strategy to breakeven in the Airfield-Public Use cost center by 2007, with an emphasis on adjusting the commercial aircraft landing fees and general aviation fuel flowage fees. The consensus of the Board was for Staff to present the proposed fees and charges revisions at the October, 2002 Regular Board Meeting.

VII. BOARD COMMITTEE REPORTS

Vice Chairman McCormick reported that the ad hoc Personnel Committee will be meeting with Manager Nystrom at the end of September to discuss the preliminary results of the Customer Service Survey.

VIII. AIRPORT MANAGER'S REPORT

Airport Layout Plan Update

The Airport Layout Plan Update has been approved by the Federal Aviation Administration (FAA). Copies of the ALP Update were made available to the Board.

Terminal Building Security Checkpoint Modifications

Staff met today with representatives from the Transportation Security Administration (TSA) and Lockheed Martin to review layout plans for the terminal building security checkpoint modifications. The plans will be sent to Washington D.C. for final review and approval.

IX. OTHER ITEMS

Air Show

There will be an air show at the airport this weekend. In addition to an Authority barbeque at the air show on Friday evening and Saturday, Staff noted that the Air Show Committee has invited all Authority Board members to attend an Air Show VIP dinner on Thursday evening at the Sky Adventures, LLC building.

X. ADJOURNMENT

There being no further business to come before the Board, Vice Chairman McCormick moved to adjourn. Commissioner McCormack seconded. Voice vote: all ayes. Motion carried. The meeting was adjourned at 6:17 p.m.

APPROVED AND ADOPTED THE _____ DAY OF _____, 2002.

Signature on-File

Steve Ammentorp, Chairman

ATTEST:

Signature on-File

David J. Anderson, Clerk