

Walker Field Airport Authority

Minutes of the Regular Board Meeting

February 18, 2003

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

AIRPORT STAFF PRESENT: Corinne Nystrom David Anderson
Gary Mancuso Dan Reynolds
John Thomas

ALSO PRESENT: Ron Rouse of H.R. Aviation, LLC and Bob Kretschman of the Daily Sentinel.

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

Manager Nystrom stated that she had an additional informational item to provide to the Board at the end of the meeting regarding Mesa Airlines.

Commissioner Ammentorp moved to accept the Agenda. Commissioner McCormack seconded. Voice vote: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

Ron Rouse of H.R. Aviation, LLC recommended that the runway and taxiway turnoff stripes for Runway 11/29 be repainted to enhance the visibility of the striping.

IV. CONSENT AGENDA

A. Minutes: January 21, 2003 Regular Board Meeting

B. Landlord's Consent to Assignment of Rights for H.R. Aviation, LLC Ground Lease Agreement

H.R. Aviation, LLC, a FAR Part 135 air taxi operation, leases ground in the Runway 4/22 general aviation area for the purpose of constructing a hangar. Its lease agreement originally required that the hangar be completed by July 1, 2002. However, the Board approved an extension of the completion date to June 1, 2003. H.R. Aviation, LLC has completed the site preparation work and is in the process of obtaining a loan for the construction of the hangar. Previously, H.R. Aviation, LLC requested, and was granted, the right by the Board to assign to CIT Small Business Lending Corporation the right to acquire Lessee's (H.R. Aviation, LLC's) interest in the leasehold. Since the date of the approval of the assignment to CIT, H.R. Aviation, LLC changed lenders and is now requesting an assignment of its rights under the lease to WestStar Bank (instead of CIT).

If H.R. Aviation, LLC defaults on its loan obligation, the Consent gives WestStar Bank the right to acquire Lessee's interest in the leasehold and to assign the lease to a third party, all of which must be reviewed and approved in advance by the Authority.

At this time, H.R. Aviation LLC is current on all of its lease obligations. Authority Attorney Mike Grattan is reviewing the Consent Agreement to protect the Authority.

Staff recommended that the Board approve the Landlord's Consent Agreement and authorize the Chairman to sign the Consent on behalf of the Authority, contingent upon Authority Attorney approval of the Consent and the Authority's receipt of the \$200 administrative fee for a change to a Lease Agreement with the Authority.

C. First Addendum to Use and Lease Agreement with SkyWest Airlines, Inc.

SkyWest Airlines, Inc. currently leases 2,400 square feet located in the Third Airline Ticket Office (3rd ATO) and 934.5 square feet located in portions of the Second (2nd) and Fourth (4th) ATOs on the first (1st) floor of the terminal building. Due to the installation of explosive trace detection equipment (ETD) in the ticket counter area of the Third (3rd) ATO by the Transportation Security Administration (TSA) on December 1, 2002, SkyWest's exclusive use area in the Third (3rd) ATO has been reduced by 57.5 square feet to accommodate the equipment.

The TSA has refused to pay rent for the ETD machine space despite the airline's negotiations over the past two months with TSA to do so. Authority Attorney Grattan has reviewed the Addendum with SkyWest to protect the Authority.

Commissioner Kirtland inquired how the cost of the space utilized for the ETD equipment would be allocated. Manager Nystrom responded that Staff has initially reviewed the possibility of presenting a proposal at the March, 2003 Regular Boarding to include that space within the existing Baggage Processing Space in the Authority's Fees & Charges. This space is allocated among terminal building airline operators based on enplanements.

Staff recommended that the Board approve the First Addendum to Use and Lease Agreement with SkyWest Airlines, Inc. retroactive to December 1, 2002 and authorize the Chairman to sign the Addendum on behalf of the Authority.

D. First Addendum to Use and Lease Agreement with Thunder Mountain Ground Services, Inc.

Thunder Mountain Ground Services, Inc. currently leases 1,360.5 square feet located in the Second Airline Ticket Office (2nd ATO) which includes ticket counter space, consisting of 164 square feet. Due to the installation of explosive trace detection (ETD) equipment in a portion of Thunder Mountain Ground Services, Inc.'s ticket counter area by the Transportation Security Administration (TSA) on December 1, 2002, Thunder Mountain Ground Services, Inc.'s ticket counter area has been reduced by 33.75 square feet in order to accommodate the equipment. The revised ticket counter area now available to Thunder Mountain Ground Services, Inc. is 130.25 square feet.

The TSA has refused to pay rent for the ETD machine space despite negotiations over the past two months with TSA to do so. Authority Attorney Grattan has reviewed the First Addendum to protect the Authority.

Staff recommended that the Board approve the First Addendum to Use and Lease Agreement with Thunder Mountain Ground Services, Inc. retroactive to December 1, 2002 and authorize the Chairman to sign the Addendum on behalf of the Authority.

E. Request for Approval and Appropriation of Funding for Additional FY 2003 Capital Items

Current FY 2003 appropriated operating expenses total \$1,815.944 (excluding depreciation). If operating revenues and expenses for FY 2003 match exactly what was budgeted for the year, the December 31, 2003 non-restricted cash/cash reserves balance is projected to be \$952.942. Because of the favorable year-end FY 2002 revenue and expense variances, Staff recommended the appropriation of funds for the following additional capital items:

<u>Capital:</u>	
Terminal Building Public Seating.....	\$50,000
Design/Architectural- Stairwell Improvements, Entryway Renovations, and Term. Bldg. Roof Replacement	31,710
TOTAL.....	\$81,710

F. Bid Award and Contract Agreement for Terminal Building Seating

Staff advertised a Request for Sealed Proposals for the purchase of additional seating for the public areas on the first (1st) and second (2nd) floors of the terminal building. Staff opened bids Friday, February 14, 2003—three (3) bids were received. The additional seating will match the existing seating now located in the terminal building boarding area. The total number of seats requested was one

hundred (100). Seventy-six (76) are intended to be beam-type seating (four (4) seats each), and twenty-four (24) are intended to be the mod-continuous style or couch type seating (three (3) sets at eight (8) seats each). Staff worked with Van Sant Group to compare the proposals from each vendor, including cost, quality, design and installation.

Staff recommended that the Board approve the selection of Facilitex for terminal building seating and the purchase of the seating in the amount of \$31,112.49.

G. Bid Award and Consent Agreement for Computer System Upgrades

A request for bids was advertised recently for administration and operations computer upgrades. The proposed equipment for replacement includes: eleven (11) computer workstations (excluding monitors), 2 computer workstations (including monitors), 1 network server station (excluding monitor), and 1 color printer. Nine (9) bids were received. Five (5) of the nine (9) bids received did not meet the minimum specifications and/or exceeded the budgeted amount of \$25,000.00. Of the remaining four (4) bids that met the minimum specifications, Western Slope Networks Unlimited (WSNU) submitted the low bid. Final bid amounts for the qualifying firms were:

Able Electronics	\$24,720.44
Gateway.....	\$24,056.91
Micro Warehouse.....	\$21,562.58
WSNU	\$20,476.00

Vice Chairman Gardner inquired if the items would actually replace existing equipment or be used for upgrades. Staff responded that all but two (2) of the existing monitors would be utilized with the new equipment. The equipment would include a new network server, laser jet printer, and new CPU's for each workstation. The systems were last replaced in 1999.

Staff recommended the selection of Western Slope Networks Unlimited for purchase and installation of computer equipment for the Administration and Operations departments and that the Chairman be authorized to sign an applicable purchase agreement on behalf of the Authority, contingent upon Authority Attorney review and approval of the agreement.

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

V. ACTION ITEMS

A. Supplementary Agreement with Van Sant Group for Architectural Design and Engineering Services: 1) Terminal Building Entryway Renovations; 2) Terminal Building Roof Replacement; and 3) Terminal Building Stairway Modifications

The proposed Supplementary Agreement with Van Sant Group includes architectural design and engineering services for the renovation of the four (4) sets

of terminal building entryways (including the automatic doors), repair and replacement of sections of the terminal building roof, and modifications and upgrades to the terminal building exposed stairways.

The improvements to the entryways will include, at a minimum, new automatic doors, new sections of glass partitions, new controls, and new flooring. The roof repairs will include all of the remaining pitched/angled sections of the terminal building not previously replaced, but will not include the flat section over the ATO's. The stairway modifications will attempt to continue the style and appearance of the newer main stairway sections, as well as upgrade to meet all relevant building codes. This project will also include the west stairwell, but this stairwell will not have the appearance of the main stairs. The emphasis for the west stairwell will be on new handrails and separators to meet code. Van Sant Group's proposed cost to provide these services is \$31,710.

FCI Constructors will be involved in the final design and specifications as part of its role as the General Contractor/Construction Manager. FCI will also provide cost estimates and sub-contractor bids for Board consideration at a future Board meeting. The estimated cost for completing these projects is \$330,000. Van Sant Group will be authorized to proceed with each project as funding appropriations allow.

Commissioner Kirtland inquired if an observation area is still being considered for the terminal building. Manager Nystrom responded that possible locations for the observation area are being reviewed so that it can be located in the most desirable location. Because of the number of larger capital projects planned for 2003, Chairman McCormick recommended that the Board review capital projects at a Board Workshop.

Staff recommended that the Board approve and authorize the Chairman to sign the Supplementary Agreement with Van Sant Group for architectural design and engineering services for terminal building entryway renovations, terminal building roof repair and replacement, and terminal building stairway modifications for an amount not to exceed \$31,710.

Commissioner McCormack moved to approve and authorize the Chairman to sign the Supplementary Agreement with Van Sant Group for architectural design and engineering services for terminal building entryway renovations, terminal building roof repair and replacement, and terminal building stairway modifications for an amount not to exceed \$31,710. Commissioner Kirtland seconded the motion. Voice vote: all ayes. Motion carried.

VI. DISCUSSION ITEMS

A. Airport Fees and Charges: Airlines and Terminal Building Parking Lot

Staff presented the Board with information regarding airport fees and charges applicable to the airlines and terminal building parking lot. Manager Nystrom noted that Staff met recently with Steven Hart, Vice President of Market Development for SkyWest Airlines. Based on input received during that meeting

and in a letter to the Authority from Steven Dwiggin, Manager of Airport Affairs for SkyWest Airlines, Manager Nystrom recommended that the Board review its philosophy regarding Walker Field's Fees & Charges—fees charged to the airlines.

In addition, the Transportation Security Administration (TSA) recently promulgated new mandates pertaining to the curbside areas of the terminal building. Because of the increased security requirements, including random vehicle inspections at the terminal building curbside drop-off area, more people are choosing to enter the public parking lot immediately upon arriving at the airport terminal building, thus foregoing the drop-off or pick-up of their passengers at curbside.

Based upon feedback received from the WFAA Customer Service Survey (specifically comments pertaining to customers having to pay for short-term parking even if they utilize the public parking lot for only a few minutes), Manager Nystrom posed the question to the Board as to whether it would be appropriate to provide a grace period for customers utilizing the parking lot for short durations.

Manager Nystrom also noted that another issue to consider is allocating a portion of the revenues obtained from the public parking lot for parking lot improvements. She noted that Republic Parking System, the public parking lot concessionaire, sent a letter to the Authority suggesting that the parking lot fees be increased to cover the increased costs to Republic for providing the parking lot concession. Manager Nystrom initially suggested to the concessionaire that any additional funds from an increase in the parking fees should be designated specifically for parking lot improvements since the parking lot is twenty (20) years old and in dire need of rehabilitation.

Vice Chairman Gardner inquired how the parking lot agreement with Republic Parking is structured. Manager Nystrom stated that the Authority derives a percentage of revenue from the gross parking lot receipts. The contract for terminal parking is for a five (5)-year term—with two (2) years remaining on the existing term.

Commissioner Ammentorp inquired if security restrictions pertaining to the terminal building curbside areas may change in the near future. Manager Nystrom responded that security restrictions will continue to occur when security threat levels are heightened by the TSA. Chairman McCormick suggested that the Authority should review the possibility of reconfiguring the parking lot and curbside areas to allow for more flexibility in their usage for various levels of security requirements.

Chairman McCormick inquired if relocating the designated pick-up and drop-off area away from the terminal building would reduce the number of required security personnel. Manager Nystrom answered that at certain levels of security, the number of security personnel may be reduced. However, at higher designated security levels, there may be no resulting reduction in security personnel.

Commissioner McCormack inquired which specific rates Republic Parking wishes to raise. Manager Nystrom responded that Republic Parking has requested that the parking rates be raised for all time periods. Vice Chairman Gardner inquired if it

would be possible to obtain an analysis from the parking lot concessionaire on how many vehicles are parking and for what length of time. Manager Nystrom noted that Staff has requested this information from Republic Parking.

Commissioner Berryman asked if there has been any difficulty with unattended vehicles in front of the terminal building. Manager Nystrom stated that the number of unattended vehicles has been minimal. She noted that Staff closely monitors the terminal building curbside areas.

Commissioner Springer inquired if the TSA has indicated whether or not any additional capital funding sources may be available for security-related modifications. Manager Nystrom commented that the TSA has not indicated that it will provide an additional capital funding source.

The consensus of the Board was that there should not be free parking in the public parking lot. However, the possibility of creating a nominal fee, such as \$.50/hour or \$.25 for the first ½ hour should be reviewed. A decision on the exact rate will be made once additional information has been obtained.

As a separate item, Manager Nystrom reported that the Authority is currently in negotiations with the airlines regarding their leased space in the terminal building. Per their Building Use and Lease Agreements with the Authority, the negotiations period is from January 1st thru March 31st of each year, with any resulting change to their lease rates going into effect on April 1st.

Over the past three (3) years, the Authority has notified the airlines of annual rate adjustments tied to the Consumer Price Index (CPI-U), but received no responses. This year, the Authority received a response from SkyWest Airlines, Inc., requesting that because of difficult economic conditions in the airline industry, the Authority forego any rate increases to the airlines. Additionally, SkyWest recommended that the Authority review ways to cut its operating costs and possibly pass those savings to the airlines.

Vice Chairman Gardner expressed concern regarding setting a precedent if the Authority did not implement the CPI-U adjustment to the airlines, but implemented the CPI-U adjustment for all other airport tenants. Commissioner Kirtland stated that the Authority views itself as a partner with SkyWest Airlines, and recommended that the Authority review ways to offer additional value or services to SkyWest without reducing the lease rates. Commissioner Berryman noted that the Authority has recently provided several capital improvements in the terminal building that benefit all airline customers.

Commissioner McCormack commented that United Airlines is in the process of restructuring its fees with its regional airline partners. Thus the regional carriers will see their revenue streams reduced. Commissioner Springer stated that the airline economic model is broken—this will have an impact upon the Authority. Commissioner Berryman concurred that the Authority needs to be cognizant of those impacts and work with SkyWest Airlines, but realizing that the Authority may not be able to provide everything SkyWest Airlines is asking.

Manager Nystrom stated that the ticket counter areas utilized by the TSA for checked baggage screening has reduced the SkyWest Airlines and Thunder Mountain Ground Services leaseholds, thus reducing their operating costs. However, if that space is added into the Baggage Processing shared space, the cost of the space will be allocated to the airlines based on the number of their enplanements.

Commissioner Springer inquired what the effect would be if the airline terminal building lease rates are not increased by the CPI-U. Staff responded that it would result in an approximate \$7,000 budget variance for the Authority.

Vice Chairman Gardner commented that SkyWest Airlines has been a long-term partner of the Authority, and its economic health affects the economic health of the Airport. As a proactive partner, the Authority should work with SkyWest Airlines. He also expressed concern that it would set a precedence if the Authority deferred the CPI-U increase, and suggested the Authority negotiate with SkyWest Airlines and see if there might be other ways to help SkyWest Airlines' bottom line that would not negatively effect the Authority's financial health.

Vice Chairman Gardner recommended that the Authority review the possibility of not adding the airline ticket counter space (utilized for the ETD equipment) into the shared Baggage Processing Space, which is allocated on a monthly basis to the airlines based on passenger enplanements. The consensus of the Board was to not include this space within the Baggage Processing Space, and for Staff to present terminal building airline tenant fees and charges recommendations to the Board at the March, 2003 Regular Board Meeting.

Chairman McCormick commented that if any concessions are provided to the airlines, they should be provided for one (1) year only. Manager Nystrom responded that Staff will continue to negotiate with SkyWest Airlines and provide a recommendation to the Board at the March, 2003 Regular Board Meeting.

B. March Board Workshop

Because of the large number of upcoming airport capital projects, the consensus of the Board was to review these projects at the March Board Workshop. Additionally, the Board will discuss the WFAA Mission Statement, Vision, and Airport Layout Plan/Development Plan Update.

VII. BOARD COMMITTEE REPORTS

There were no Board Committee reports.

VIII. AIRPORT MANAGER'S REPORT

Commissioner Ammentorp inquired about the progress of United Airlines in following its plan to emerge from bankruptcy. Manager Nystrom stated that SkyWest Airlines, as a United Express affiliate, has had regular discussions with United Airlines. Based on those

discussions, United Airlines is supposedly progressing better than what is being portrayed by the media.

Chairman McCormick inquired about the Interspace Advertising signs located on the 2nd floor of the terminal building near the passenger security screening checkpoint and where the signs can be relocated. Manager Nystrom responded that the local representative for Interspace Advertising is planning to visit Grand Junction next month to review the terminal building for more appropriate locations for the advertising display boards. Interspace Advertising noted that it is addressing similar concerns at other airports. It is optimistic that better locations for the displays in the terminal building can be found.

IX. OTHER ITEMS

Manager Nystrom noted that Mesa Airlines has been bringing-in aircraft for maintenance at its facility that are not being reported on Mesa's monthly landing reports submitted to the Authority. The Authority has been in contact with Mesa regarding the non-payment of landing fees for these operations, but at this time the Authority has received no indication that Mesa plans to do so. Staff will be sending Mesa Airlines a reminder letter requesting that Mesa Airlines work with the Authority on this issue.

X. ADJOURNMENT

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

The meeting was adjourned at 6:44 p.m.

APPROVED AND ADOPTED THE _____ DAY OF _____, 2003.

Signature on-File

Robert W. McCormick, Chairman

ATTEST:

Signature on-File

David J. Anderson, Clerk