

# Walker Field Airport Authority

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## Minutes of the Regular Board Meeting

May 20, 2003

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

**AIRPORT STAFF PRESENT:** Corinne Nystrom David Anderson  
Debbie Peterson Gary Mancuso  
Dan Reynolds Ted Balbier

**ALSO PRESENT:** Tom Hall and Ron Rouse of H.R. Aviation; Merv Heineke of Extreme Construction; Kristine Novinskie of A Cut Above; Clark Eves and Chris Brown of the Colorado Plateau Mountain Bike Trail Association (COPMOBA); and former Airport Authority Commissioner Dennis Kirtland.

### I. CALL TO ORDER

The meeting was called to order at 5:15 p.m.

### II. APPROVAL OF AGENDA

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

### III. SPECIAL PRESENTATION TO COMMISSIONER KIRTLAND

Chairman McCormick presented a plaque of appreciation to Dennis Kirtland for his service on the Board. Commissioner Kirtland expressed his thanks to the Board and Staff.

### IV. WELCOME TO NEW BOARD MEMBER GREGG PALMER

The Board welcomed new Grand Junction City Council Board Member Gregg Palmer. Commissioner Palmer commented that he selected the Authority Board as his Board of choice on which to serve.

## V. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

## VI. CONSENT AGENDA

### A. Minutes: April 15, 2003 Regular Board Meeting

### B. Minutes: May 6, 2003 Special Board Meeting

### C. Acknowledgement of Receipt of March 2003 Financial Statements

On the Statement of Operations, year-to-date operating revenues are 2.0% lower than budgeted and year-to-date operating expenses are 5.4% lower than budgeted. Including depreciation, the net result is an income-to-retained-earnings balance of \$98,211.

Parking revenues and fuel tax revenues exceeded year-to-date budget projections. Because of reduced military aircraft operations, military fuel flowage revenues are under budget. 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, nonrestricted cash/investments decreased 6.4% primarily due to continued capital expenditures. Land, Buildings, and Equipment increased \$126,798 with expenditures for:

- Terminal building column/floor repairs, lighting and signage upgrades, and furniture acquisition for the meeters and greeters area.
- Design work associated with the terminal building stairwell improvements, entryway renovations, and roof replacement.
- East general aviation area signage.
- Design work associated with the relocation of Landing View Lane, cargo facility, and security access system.
- PFC terminal building boarding area expansion project.

Accounts payable decreased \$74,306 as a result of the payment of several large vendor invoices. PFC funds increased \$46,263 (net) with continued program collections and expenditures for the terminal building boarding area expansion project.

Restricted Assets includes the addition of the terminal building revenue bond proceeds and PFC enterprise revenue notes proceeds. Long-term debt (and applicable current portions) reflects these financing transactions. Additionally, per Board approval at the March, 2003 Regular Board Meeting, a Capital Improvement Reserve for the Terminal Building Public Parking Lot has been established in the Equity section of the Balance Sheet. The Reserve specifies the increase in terminal building public parking lot revenues that will be used for improvements related to this area.

Overall, March yielded steady financial performance for the Authority.

Commissioner Springer inquired into the revenues being slightly under budget. Staff noted that lower revenues are being experienced industry-wide. Manager Nystrom commented that Staff is working on reducing expenses and monitoring capital expenditures carefully.

D. **Resolution No. 2003-008: Request for Assistance from the Colorado Aeronautical Board and the Division of Aeronautics for a Grant to Participate in Local Match of Federal Funds for Airport Improvement Projects**

The Airport Authority submitted an application for a Colorado Division of Aeronautics Discretionary Grant in August of 2002. A grant for \$80,000 was approved in October, 2002 to match the Authority's local matching funds for FY 2003 Airport Improvement Program (AIP) grants.

This resolution is necessary to begin the grant funding distribution process and (1) names the Authority as the governing body for Walker Field Airport, (2) requests State Grant funds, and (3) commits to use the grant for AIP projects, as required in the contract documents related to the State Division of Aeronautics Grant Program.

Staff recommended that the Board approve and authorize the Chairman to sign Resolution No. 2003-008.

E. **Contract and Applicant Notice of Commitment with the State of Colorado for Grant Project No. 03-41-12/10: Participate in Local Match of Federal Funds for Airport Improvement Projects**

This is a proposed Contract with the Colorado Division of Aeronautics for the FY 2003 State Grant cycle that will provide assistance with local matching funds for the Authority's Airport Improvement Program (AIP) projects. These projects are:

- Terminal Building and Security Identification Display Area (SIDA) Access System Upgrade
- East Air Carrier Ramp Expansion

The contract documents include a commitment from the Authority to continue to operate Walker Field as a public use airport throughout the duration of the grant. The amount of this State Grant is \$80,000. The Authority's portion of the projects is estimated at \$105,000. The federally-funded portion is \$1,665,000 (for a total project amount of \$1,850,000). The Colorado Aeronautical Board approved this grant award in October, 2002 subject to State funding availability.

Staff recommended that the Board approve and authorize the Chairman to sign the Contract with the State of Colorado and authorize the Airport Manager to sign the Notice of Commitment for Grant Project No. 03-41-12/10.

F. **Community Exhibit and Display Agreement with Colorado Plateau Mountain Bike Trail Association, Inc.**

Colorado Plateau Mountain Bike Trail Association, Inc., (COPMOBA) is a nonprofit corporation dedicated to the development and maintenance of a regional



mountain bike trail system on the Colorado Plateau. COPMOBA has approached the Authority about temporarily displaying eight vintage and unique bicycles on the first floor of the terminal building, adjacent to the fourth airline ticket office.

The display will include a description of each bicycle. Information about COPMOBA will also be provided, including local mountain bike trail information and brochures.

Staff recommended that the Board approve the Community Exhibit and Display Agreement with COPMOBA and authorize the Airport Manager to sign the Agreement on behalf of the Airport Authority, contingent upon COPMOBA providing a certificate of insurance appropriate for the display, naming the Airport Authority as an additional insured.

Commissioner Springer moved to approve the items on the Consent Agenda as presented. Vice Chairman Gardner seconded the motion. Roll call: all ayes. Motion carried.

## VII. ACTION ITEMS

### A. Request by H.R. Aviation, LLC, for a Six-Month Extension of Ground Lease Agreement

H.R. Aviation, LLC, leases ground in the Runway 4/22 general aviation area for the purpose of constructing a hangar. Its lease agreement requires that the hangar be completed by July 1, 2002. At the Regular Board Meeting on June 18, 2002, the Board granted H.R. Aviation an extension of time to June 1, 2003 in order to complete the hangar.

H.R. Aviation completed the site preparation work for its hangar. According to H.R. Aviation, additional engineering for designing the hangar has been required in order to comply with FAA hangar height restrictions. Consequently, it is requesting an additional six-month extension of the development period to complete the hangar.

Staff recommended that the Board approve H.R. Aviation, LLC's request for a six-month extension of time to complete hangar construction through a Fourth Addendum to the Ground Lease Agreement. Additionally, Staff recommended that the Chairman be authorized to sign the Addendum on behalf of the Authority, contingent upon:

- Authority's receipt of proof of financing for the project.
- Completion of H.R. Aviation's hangar foundation by August 20, 2003.
- Completion of H.R. Aviation's hangar construction and issuance of a Certificate of Occupancy by November 20, 2003.
- Immediate increase of H.R. Aviation's ground rental rate to the full amount, as specified in the underlying Ground Lease Agreement, if the August 20, 2003 deadline is not met.
- The lease will terminate effective November 20, 2003, if the hangar is not completed, and any improvements remaining on the parcel will revert to the Airport Authority at no cost to the Authority.

- A Fourth Addendum to Ground Lease Agreement (containing the above contingencies) signed by H.R. Aviation, LLC and approved by Authority Attorney Grattan.

Commissioner Ammentorp expressed concern that allowing H.R. Aviation an extension to pay ground rent at one-half the rental rate may set a precedent for future requests for extensions by other tenants.

Manager Nystrom responded that the Lease Agreement with H.R. Aviation was approved under the old rental rate structure, which allowed for a one-half rate for portions of a parcel that were not a part of the footprint of the structure on the parcel. This extension is a carryover from that old policy. Thus this extension would not set precedent. The one-half rate is not a provision in any new leases.

Chairman McCormick inquired why Staff had selected the deadline of August 20<sup>th</sup> for completing the foundation. Manager Nystrom responded that it would be an incentive for H.R. Aviation to progress with completing the improvements by installing the foundation within the next three months, with completion of all improvements on that parcel within six months.

Commissioner Palmer inquired as to the reasons for the additional delays regarding the construction of the hangar now that the FAA has approved the hangar height. Mr. Heineke of Extreme Construction responded that Mr. Rouse and Mr. Hall experienced construction delays by trying to complete a lot of the work themselves. H.R. Aviation has now contracted with Extreme Construction to complete the construction.

Commissioner Springer moved to approve H.R. Aviation, LLC's request for a six-month extension of time to complete the hangar construction through a Fourth Addendum to the Ground Lease Agreement. Additionally, he moved to authorize the Chairman to sign the Addendum on behalf of the Authority. Commissioner Ammentorp seconded the motion. Voice vote: all ayes. Motion carried.

**B. Building Use and Lease Agreement with Kristine Novinskie**

Originally, this agenda item was for a proposed Building Use and Lease Agreement with Kristine Novinskie and Kristi Brandstadt. However, this agenda item has been modified as a proposed Building Use and Lease Agreement with Kristine Novinskie only. Kristine Novinskie, d/b/a "A Cut Above," (Tenant) proposes to operate a nonexclusive hair salon including massage and tanning booths, adjacent to the screening area on the second floor of the terminal building, with non-secured access. The Authority would provide the exterior walls, water, electric, fire suppression, heating, cooling, and venting to the space. The Tenant will install, at its own expense, wash stations, interior walls, additional electric, and plumbing to meet its specific requirements.

The Tenant would pay the Authority 8% of gross revenues for an eight-year term (with no cancellation provision). The total improvement costs are estimated to be approximately \$33,000. The portion of the improvements attributable to the salon in particular is estimated to be approximately \$16,000. The remaining portion,

\$17,000, is attributable to improvements that could benefit a wide variety of tenants in this space.

Based upon Tenant's estimate of gross revenues, the estimated annual amounts paid to the Authority will be approximately \$4,880. Consequently, it will take approximately four years to recoup the \$16,000 attributable to the extra concession requirements unique to the salon.

Staff recommended that the Board approve the Building Use and Lease Agreement with Kristine Novinskie and authorize the Chairman to sign the Agreement on behalf of the Board, contingent upon:

- Authority Attorney Grattan's approval of the additional provisions.
- Agreement signed by Kristine Novinskie.
- Authority's receipt of a security deposit in the amount of \$1,626.67.
- Proof of insurance naming the Airport Authority as additional insured.
- The Board appropriating and authorizing funds for the improvements.

Commissioner Ammentorp inquired about the approximate costs of the improvements to be constructed by the tenant. Kristine Novinskie responded that the estimated costs would be approximately \$15,000.

Commissioner Berryman inquired how the emissions created in the salon would be vented. Staff responded that mechanical engineers have initially indicated the need for a return air duct, but they are reviewing several options. Staff and the mechanical engineers are discussing the options with the Authority's general contractor, FCI Constructors, Inc.

Vice Chairman Gardner inquired if the proposed concession fee of 8% is consistent with other terminal building concessionaires. Staff stated that the rates for the salon would be slightly higher than other tenants in order to compensate for the additional improvements to be constructed. Commissioner Springer asked how much it would have cost to configure that area for the TSA instead of the proposed salon. Staff estimated that it would have cost the Authority approximately \$40,000 to \$50,000.

Commissioner Palmer inquired if the Tenant will be able to provide parking validation for its customers. Manager Nystrom responded affirmatively.

Commissioner Ammentorp asked if there is a possible appearance of a conflict of interest because Ms. Novinskie is the wife of an Authority employee. Manager Nystrom stated that Staff has processed this transaction in the same manner as any other request, and she is comfortable with how it was handled. Staff member Charlie Novinskie was not involved in the negotiations.

Chairman McCormick also commented that the Tenant would be paying 8% of gross sales, compared to other terminal building retail concessionaires who are only paying 6-7% with no amortization or payback required for improvements to their respective concession space.



Commissioner Berryman inquired about the sewer and drainage requirements for the Tenant's space. Staff responded that FCI Constructors is reviewing the design plans and will incorporate proper drainage requirements.

Commissioner Ammentorp moved that the Board approve the Building Use and Lease Agreement with Kristine Novinskie d/b/a "A Cut Above" and authorize the Chairman to sign the Agreement on behalf of the Board. Commissioner McCormack seconded the motion. Voice vote: all ayes. Motion carried.

**C. Request for Approval and Appropriation of Funds for Additional FY 2003 Capital Items**

Because of the favorable FY 2003 year-to-date operating variances and the availability of general revenue bond proceeds for terminal building improvements, Staff recommended the approval and appropriation of funds for the following items:

Expenses:

Book—History of Walker Field.....\$10,000

Capital:

New Concession Space—Term. Bldg. 2<sup>nd</sup> Floor.....\$38,527  
Utility Line Installation—General Aviation Area.....28,000  
Drainage Improvements—General Aviation Area.....8,600  
Counters—Ground Trans. and Ambassador Program.....7,000  
Fencing—Parking Lot and General Aviation Area.....7,000  
Lighting Upgrades—Terminal Building Area .....5,000  
Picnic Tables—Outside of Terminal Building.....3,000  
Office Wall for Administration Offices .....1,500

**TOTAL.....\$108,627**

Manager Nystrom noted that there is a \$5,000 difference between the estimated cost of constructing the concession space compared to the requested appropriation amount. The additional \$5,000 is for a contingency amount for that project.

Commissioner McCormack moved to approve and appropriate \$108,627 for the additional FY 2003 expenditures. Commissioner Ammentorp seconded the motion. Voice vote: all ayes. Motion carried.

**D. Supplementary Agreement with FCI Constructors, Inc. for Terminal Building and General Aviation Area Improvements**

The Supplementary Agreement with FCI Constructors, Inc. covers the following projects in the terminal building and general aviation development area:

- New counters and wall for Ground Transportation/Ambassador Program:  
Construction Cost \$7,126

Contingency	711
General Contractor	<u>547</u>
Total	\$8,384

- New concession space development:

Construction Cost	\$31,339
Contingency	0*
General Contractor	<u>2,188</u>
Total	\$33,527

*\* \$5,000 contingency is separate from the Supplementary Agreement amount.*

- Utility Installation (Sewer):

Construction Cost	\$16,987
Contingency	846
General Contractor	1,246
Total	<u>19,079</u>
Total Cost	\$60,990

The new ground transportation/Ambassador Program counters will be installed at the existing American Spirit Shuttle counter location and will match the appearance of the rental car and airline ticket counters. The new concession space will be located in the area of the existing vending/game machines on the second floor, optimizing the utilization of the narrow space directly west of the passenger screening checkpoint. The utility installation for general aviation is a trunk sewer line for new hangar construction in the recently-completed Runway 4/22 expansion area.

Commissioner Springer inquired if the underlying Contractor Agreement with FCI Constructors is working well and saving money for the Authority. Staff responded that the monetary savings will not be completely known until the projects are completed. However, the relationship with FCI Constructors is working very well. Based on the Authority engineer's estimates and previous projects, utilizing FCI Constructors for general contractor and construction management services is expediting project completions and reducing advertising and engineering costs.

Vice Chairman Gardner asked about the quality and timeliness of FCI Constructors' work. Staff responded that the quality appears very good. FCI Constructors is efficient and completes its projects quickly. Commissioner Springer questioned how Staff would know at the end of a project if using FCI Constructors had been cost-effective. Staff responded that they would be able to make a determination based on the final cost per square footage as compared to estimates by the Authority's engineering and architectural firms. Also, Staff has information available from prior projects from which to compare.

Chairman McCormick inquired if FCI Constructors has solicited the required three bids for the HVAC work in the TSA offices. Staff responded that FCI Constructors received bids from four qualified vendors.



Staff recommended that the Board approve and authorize the Chairman to sign the Supplementary Agreement with FCI Constructors, Inc. for terminal building and general aviation improvements with a guaranteed maximum price of \$60,990.

Commissioner Berryman moved to approve and authorize the Chairman to sign the Supplementary Agreement with FCI Constructors, Inc. for terminal building and general aviation improvements, including new ground transportation and Ambassador Program counters, new concession area development, and utility installation at a guaranteed maximum price of \$60,990. Vice Chairman Gardner seconded the motion. Voice vote: all ayes. Motion carried.

## VIII. DISCUSSION ITEMS

### A. Revisions to WFAA Development and Architectural Covenants

In 2001, the Board approved the Development and Architectural Covenants, which outlined the parameters under which any tenant would have to operate when constructing improvements on the airport. Staff reviewed the covenants and presented proposed revisions to the Board.

When the decision was made last year to proceed with the construction of a new general aviation hangar development area that entailed extending Taxiway C1-A, the Board directed Staff to draft additional development and architectural covenants that would apply to this area in addition to the underlying covenants that the Board approved in the past for all airport development.

Staff met with tenants and prospective tenants to solicit input from them regarding the additional covenants for the new development area. Using some of their feedback, Staff drafted a proposed set of new covenants and forwarded it to the tenants for comments. One written response was received. Another meeting was scheduled on Wednesday, May 14<sup>th</sup> to provide tenants and prospective tenants with another opportunity to comment before submitting the proposed covenants to the Board. Other than Authority Staff, there were no attendees at this meeting.

Staff reviewed the existing covenants and suggested the following changes:

1. Include a definition of FAR (Federal Aviation Regulations).
2. Replace references to FAA (Federal Aviation Administration) security with TSA (Transportation Security Administration) security.
3. Add a new provision, "Aircraft and Vehicle Storage," which states that aircraft and vehicles that are not operational and properly licensed may not be parked on the leasehold premises.

Commissioner Palmer inquired if an aircraft that is unusable because of maintenance is allowed to be parked on leasehold premises. Manager Nystrom responded that the Authority's Minimum Standards document addresses aircraft maintenance, but Staff can reference this type of situation within the proposed covenants by including a specific amount of time allowable for that type of aircraft parking. Commissioner McCormack suggested that the new provision regarding the vehicle parking only prohibit vehicles and aircraft parked outside of a hangar, not inside.

The tenants are in the process of being notified of these proposed changes and may offer comments either at a Board Workshop or in writing. Manager Nystrom recommended placing this item on the agenda for a Board Workshop for final public comment and for further Board discussion.

Commissioner Berryman commented that she would like to discuss it at a Board Workshop and would also like to discuss the enforcement of the proposed covenants as well as the current covenants. She further suggested that it would be a good idea for the Board to tour the applicable areas to gain a better understanding of the situation.

Commissioner Palmer inquired where the idea for these proposed changes originated. Manager Nystrom responded that it was a joint idea between the tenants and the Authority. The tenants commented that they wanted to make sure the Runway 4/22 general aviation expansion area maintained an aesthetically-pleasing appearance. Chairman McCormick inquired if the three-foot minimum for the pedestrian gates is large enough for handicapped accessibility. Staff noted that it will research this for the Board Workshop.

Board consensus was to discuss the proposed changes to the covenants and the enforcement of the current and proposed covenants at the next Board Workshop.

#### **B. Review of Authority to Execute Leases and Contracts**

At the April Board Meeting, the Board discussed the possibility of expanding the authority of the Airport Manager to sign leases and contracts on behalf of the Authority.

##### **Agreements Currently Included in Existing Authorization Resolutions:**

- Contracts under \$10,000
- Standardized Ground Lease Agreement (no additional provisions)
- Standardized Building Use and Lease Agreement (no additional provisions)
- Standardized Sublease Agreement (no additional provisions)

##### **Agreements for Consideration (if there are no additional provisions):**

- Standardized Easement Deed and Agreement
- Standardized Independent Contractor Agreement
- Standardized Loan of Property Agreement
- Community Exhibit and Display Agreement
- Standardized Off-Airport Rental Car Agreement
- Standardized Licensing Agreement

Commissioner Springer inquired if the existing process of the Airport Manager executing standardized agreements is working. Manager Nystrom stated it is working well and efficiently.

The Board requested that Staff prepare a resolution adding the proposed agreements for consideration to those already under the purview of the Airport Manager's authority to execute.

## IX. BOARD COMMITTEE REPORTS

Vice Chairman Gardner reported that the Personnel Committee met with the Airport Manager. The Committee noted that the Airport Manager not only met, but surpassed, the expectations and goals of the Committee over the past year. Commissioner Springer also commended Manager Nystrom's performance.

Chairman McCormick appointed Commissioner Berryman to serve on the Personnel Committee to replace former Commissioner Kirtland.

Manager Nystrom commented that she would like to meet with the Committee in the near future to discuss staffing and the Authority's customer service program.

## X. AIRPORT MANAGER'S REPORT

### *Mesa Air Group*

Manager Nystrom reported that Staff is continuing to work with Mesa Air Group regarding its landing reports. Mesa Air Group has not been reporting its non-scheduled landings that are attributed to its aircraft maintenance facility. This is approximately one to two flights/landings per week. Mesa Air Group's existing Ground Lease Agreement with the Authority specifically addresses these landings by providing a reduced one-half landing fee rate. Staff recently spoke with the Mesa Air Group's Chief Financial Officer regarding this issue.

Chairman McCormick inquired about the Authority's enforcement options. Staff responded that the Authority could declare Mesa Air Group in default of its Ground Lease Agreement. The company would then have 30 days to remedy the situation. However, Manager Nystrom commented that Staff could invoice Mesa for any documented flights from May 19<sup>th</sup> forward.

Commissioner Berryman inquired if the Walker Field Air Traffic Control Tower personnel would have the landings documented. Staff responded that the documentation from the FAA is time-consuming to decipher in order to find only a couple of specific landings per week.

The consensus of the Board was to have Staff observe and document landings attributed to Mesa's landings and submit a monthly invoice to Mesa Air Group for those landings.

### *America West Airlines*

Chairman McCormick asked if America West's plans to dispose of additional B737 aircraft and replace them with regional jets will possibly affect service at Walker Field. Manager Nystrom responded that America West will probably utilize the regional jets on the existing B737 routes.



*Freedom Air*

Chairman McCormick inquired if Staff had any new information regarding Freedom Air, an America West Express operator. Manager Nystrom responded that Staff is not aware of any recent information regarding Freedom Air, but they would keep the Board apprised of any new information.

**XI. OTHER ITEMS**

**A. June Board Workshop**

There will be no Board Workshop in June.

**B. Meeting with Grand Junction City Council and Mesa County Commissioners**

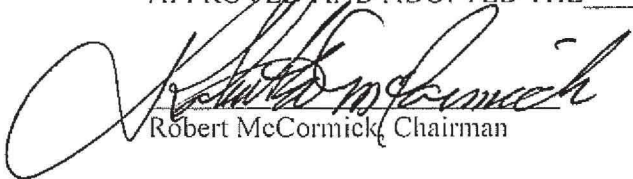
The meeting with the Grand Junction City Council and Mesa County Commissioners will be held June 12<sup>th</sup> from 3:00-5:00 p.m in the terminal building 3<sup>rd</sup> floor conference room. Preliminary topics include a discussion of airport capital improvement projects and a tour of the airport.

**XII. ADJOURNMENT**

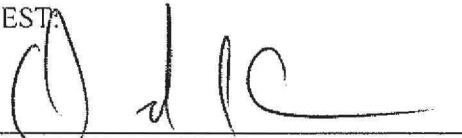
Commissioner McCormack moved to adjourn. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

There being no further business to come before the Board, the meeting was adjourned at 7:22 p.m.

APPROVED AND ADOPTED THE 17<sup>th</sup> DAY OF June, 2003.

  
Robert McCormick, Chairman

ATTEST:

  
David J. Anderson, Clerk