

# Walker Field Airport Authority

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## Minutes of the Regular Board Meeting

June 17, 2003

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

**AIRPORT STAFF PRESENT:** Corinne Nystrom David Anderson  
Debbie Peterson Charlie Novinskie  
Dan Reynolds Ted Balbier

**ALSO PRESENT:** Jon Johnson, Richard Schoenrad, and Pat Carroll of Timberline Ground Services, L.L.C., Richard A. Lawson of the Civil Air Patrol, Bob Kretschman of the *Grand Junction Daily Sentinel*, Louis Buescher of Buescher Family Limited Partnership, and Joseph Marie of Federal Express.

### I. CALL TO ORDER

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

### II. APPROVAL OF AGENDA

Manager Nystrom noted that Other Items A- "June Board Workshop" should be changed to "July Board Workshop."

Commissioner McCormack moved to approve the minutes as amended. 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: May 20, 2003 Regular Board Meeting

**B. Acknowledgement of Receipt of April, 2003 Financial Statements/Accounts Receivable Report**

On the Statement of Operations, progress has been made in increasing the positive budget variance between operating revenues and operating expenses. Year to date operating revenues are slightly under budget (1.9%), but close monitoring of expenses has resulted in year to date operating expenses that are 6.8% lower than budgeted. Including depreciation of \$525,841, the net result is an income to retained earnings balance of \$47,646. Another important calculation of operating revenue and expense performance can be used—Operating Income Before Depreciation (OIBD). Year to date OIBD is \$322,929. This amount is 8.9% higher than budgeted year to date.

Parking revenues, air cargo aircraft landing fees, and fuel tax revenues exceeded budget projections (year to date). Because of reduced military aircraft operations, military fuel flowage revenues are under budget, but the amount of the variance has remained level for the past two months.

On the Balance Sheet, nonrestricted cash/investments decreased 18.7% primarily from continued capital expenditures. Land, Buildings, and Equipment increased \$187,686 with expenditures for:

- Drainage improvements in the Runway 4/22 general aviation expansion area.
- Design work associated with terminal building stairwell improvements, entryway renovations, and roof replacement.
- PFC terminal building boarding area expansion project.

Accounts receivable increased \$169,433 primarily as a result of invoicing the rental car concessionaires for the overage for the end of the most recent concession period. Accounts payable increased \$40,815 as a result of the receipt of several large vendor invoices. PFC funds increased \$30,220 (net) with continued program collections and expenditures for the terminal building boarding area expansion project.

Overall, April yielded steady financial performance for the Authority.

Manager Nystrom commented that Staff has been in contact with Delta Airlines regarding its delinquent amounts owing the Authority, and payment is expected to be forthcoming.

Manager Nystrom commented that the former Budget Car Rental franchisee, Farabee Adventures, L.L.C., is delinquent in its amounts owing the Authority. The Authority is in the process of pursuing payment of these amounts from Farabee Adventures, L.L.C.'s performance bond company.

**C. State of Colorado Option to Increase Contract Services Regarding Colorado Division of Aeronautics Grant No. 02-25-11/9**

The Authority applied for and received a grant from the Colorado Division of Aeronautics in October 2001 for assistance in matching funding for FAA Airport

Improvement Projects (AIP) scheduled for fiscal year 2002. These AIP projects included:

AIP-24

- Terminal Building Boarding Area Improvements: Restrooms, Screening Area, Windows and Structural Repairs
- General Aviation Development Area Site Prep and Taxiway C1-A Extension
- New Electronic Fingerprinting System

AIP-26

- Design and Engineering for Air Cargo Apron Construction; Relocation and Improvement to Landing View Lane; New Security Equipment/Access Control System

Since it is still awaiting final invoices for some of the projects, the Authority has been unable to request full reimbursement from the State, and does not expect to be able to do so prior to the original contract period elapsing. In this event, the State requires a contract amendment to be executed to extend the contract period for an additional year. This amendment does not change the amount or conditions of the grant.

Staff recommended that the Board approve and authorize the Chairman to sign the Option to Increase Contract Services Regarding the Colorado Division of Aeronautics Grant No. 02-25-11/9.

**D. Resolution No. 2003-009: Resolution of the Board of Commissioners Regarding Authority to Execute Standardized Agreements for the Walker Field, Colorado, Public Airport Authority**

In January, 2003, the Board approved a resolution granting authority to the Airport Manager to execute "Form Leases," which include:

- Standardized Ground Lease Agreement
- Standardized Building Use and Lease Agreement
- Standardized Sublease Agreement

Upon signing the Form Leases, the Airport Manager apprises the Board at each Regular Board Meeting of any such leases which were signed during the previous month. The resolution will expire, if not renewed, on January 31, 2004.

In addition to the Form Leases, the Airport Authority utilizes several other "Standardized Agreements" for use in various transactions. At the May, 2003 Regular Board Meeting, the Board recommended that these Standardized Agreements be incorporated into a resolution (along with the Form Leases) to provide the Airport Manager with the Authority to execute all of these Standardized Agreements.

Proposed Resolution No. 2003-009 would provide the Airport Manager with authorization to execute the following "Standardized Agreements" and certain amendments thereto (unless such document contains additional provisions):

- Ground Lease Agreement
- Building Use and Lease Agreement
- Sublease Agreement
- Easement Deed and Agreement
- Independent Contractor Agreement
- Loan of Property Agreement
- Community Exhibit and Display Agreement
- Off-Airport Rental Car Agreement
- Licensing Agreement

If the Resolution is approved, the Airport Manager would continue to apprise the Board at each Regular Board Meeting of any such Standardized Agreements and amendments thereto which were signed during the previous month. This Resolution would expire, if not renewed, on January 31, 2004.

Manager Nystrom commented that based on previous discussion, the name of the "Loan Agreement" had been changed to "Loan of Property Agreement" to clarify intent of that agreement.

Based on Board feedback at the May, 2003 Regular Board Meeting, Staff recommended that the Board adopt Resolution No. 2003-009 and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner Palmer moved to approve the items on the Consent Agenda. Commissioner McCormack seconded. Roll call: all ayes. Motion carried.

## V. ACTION ITEMS

### A. Request by Timberline Ground Services, L.L.C. to Terminate Ground Lease Agreement

Timberline Ground Services, L.L.C. entered into a Ground Lease Agreement with the Authority on June 1, 1996 for the purpose of providing fixed base operator (FBO) services.

Timberline Ground Services, L.L.C. has reached an agreement to sell its assets to New Timberline Aviation, L.L.C. Consequently, Timberline is requesting to terminate its Ground Lease Agreement with the Authority so that New Timberline Aviation, L.L.C. will be able to enter into a new lease with the Authority for the parcel of ground currently occupied by Timberline Ground Services, L.L.C.

Staff recommended that the Board approve Timberline Ground Services, L.L.C.'s request to terminate its Ground Lease Agreement dated June 1, 1996, as amended, and authorize the Chairman to sign a corresponding Termination Agreement on behalf of the Authority contingent upon:

- Timberline Ground Services, L.L.C. being current on all amounts owing the Authority.
- Receipt of Termination of Ground Lease Agreement signed by Timberline Ground Services, L.L.C.
- Execution of a Standard Ground Lease Agreement with New Timberline Aviation, L.L.C.
- Authority Attorney Mike Grattan's review and approval of documents and agreements, as needed.
- Final sale and closing between Timberline Ground Services, L.L.C., and New Timberline Aviation, L.L.C.

Commissioner Palmer inquired about the length of involvement the proposed new owners have had with prior FBOs. Jon Johnson, representative of Timberline Ground Services, L.L.C., replied that he did not have specific information, but the duration of ownership of the previous FBOs was approximately three to five years.

Commissioner Ammentorp inquired as to the target date for closing the sale. Mr. Johnson replied that they hoped to close sometime in August. Commissioner Berryman asked if New Timberline Aviation, L.L.C will be leasing any portion of the parcel to the east of the existing leasehold for which Timberline Ground Services, L.L.C. currently has a first right of refusal. Manager Nystrom stated that New Timberline Aviation, L.L.C. will not initially be leasing any portion of that parcel. Additionally, the proposed Ground Lease Agreement with New Timberline Aviation, L.L.C. will not contain an option for the additional land.

Commissioner McCormack asked whether the termination of the old lease and the commencement of the new lease would occur simultaneously. Manager Nystrom noted that they would. Commissioner Palmer inquired if New Timberline Aviation, L.L.C. will have the same lease rate as Timberline Ground Services, L.L.C. Manager Nystrom commented that New Timberline Aviation, L.L.C. will have a slightly higher lease rate since its lease rate will be the current lease rate for new leases.

Commissioner Springer moved to approve Timberline Ground Services, L.L.C.'s request to terminate its Ground Lease Agreement dated June 1, 1996 as amended and to authorize the Chairman to sign a corresponding Termination Agreement on behalf of the Authority with the contingencies specified in Staff's recommendation. Commissioner Palmer seconded. Voice vote: all ayes. Motion carried.

**B. Ground Lease Agreement with New Timberline Aviation, L.L.C. for the Purpose of Providing Fixed Base Operator Services**

Timberline Ground Services, L.L.C. has reached an agreement to sell its assets to New Timberline Aviation, L.L.C. Consequently, Timberline Ground Services, L.L.C. has requested to terminate its Ground Lease Agreement with the Airport Authority so that New Timberline Aviation, L.L.C. will be able to execute a lease for the parcel of ground currently occupied by Timberline Ground Services, L.L.C. Timberline Ground Services, L.L.C.'s existing first right of refusal on the six-acre parcel east of its leasehold is not included in this proposed Ground Lease Agreement. However, New Timberline Aviation, L.L.C. may submit a letter of

intent to lease one acre adjacent to its ramp in conjunction with the Authority's future plans to develop an air cargo facility.

Staff recommended that the Board approve the standard Ground Lease Agreement with New Timberline Aviation, L.L.C. and authorize the Chairman to sign the Agreement on behalf of the Authority contingent upon:

- Final sale and closing between Timberline Ground Services, L.L.C. and New Timberline Aviation, L.L.C.
- Receipt of Termination of Ground Lease Agreement signed by Timberline Ground Services, L.L.C. and approved by the Board.
- Receipt of Ground Lease Agreement signed by New Timberline Aviation, L.L.C.
- Authority Attorney Mike Grattan's review and approval of documents and agreements, as needed.

Manager Nystrom commented that the Agreement will also include a provision to address the maintenance of the taxiway connectors between Taxiway "A" and New Timberline Aviation, L.L.C.'s leasehold. The provision will state that New Timberline Aviation, L.L.C. will maintain those connectors.

Commissioner Springer asked what the effects would be on the development of the air cargo facility if New Timberline Aviation, L.L.C. leases an additional one acre to the east. Manager Nystrom responded that a narrow one-acre parcel would not interfere with the construction of the air cargo facility.

Commissioner Springer inquired if the letter of intent would be an encumbrance on leasing the one-acre parcel to someone else. Manager Nystrom responded that the letter of intent does not serve as a right of first refusal; its purpose would be to serve only as a record of the discussions between the Authority and Timberline centering around the use of the one-acre parcel. There would be no specific guarantee attached to the letter of intent.

Commissioner Springer asked if it would be in the best interests of the Authority to solicit a letter of intent for the one acre parcel to the east of the existing leasehold. Manager Nystrom responded that it would serve as documentation that a discussion had taken place between the Authority and New Timberline Aviation, L.L.C. regarding that parcel. This information would assist future Boards and administrations. Even though New Timberline Aviation, L.L.C.'s interest in this parcel would be memorialized through a letter of intent, it will be required to file a standard lease application when it is ready to lease that parcel.

Chairman McCormick inquired if leasing the one-acre parcel would alter the development of the air cargo facility. Manager Nystrom stated that it would actually help the Authority in obtaining federal funding for the air cargo facility because of the requirement that the project benefit multiple users.

Chairman McCormick inquired if the proposed air cargo facility could be modified to incorporate the full six-acre parcel in question instead of having to extend to the south. Manager Nystrom commented that the air cargo facility needs to extend to

the south due to FAA height restriction issues arising from aircraft and/or facilities to be located in the air cargo facility area.

Chairman McCormick inquired what Staff would do if an entity other than New Timberline Aviation, L.L.C. requests to lease the area to the east of New Timberline Aviation, L.L.C.'s leasehold. Manager Nystrom responded that, in accordance with the Authority's standard leasing procedures, New Timberline Aviation, L.L.C., along with any other adjoining lessees, would be notified of the proposed lease. A public notice would also be placed on the parcel in question. New Timberline Aviation, L.L.C. would have an opportunity to submit its own request for a lease of that parcel. The Authority would then determine the most beneficial use of the parcel and grant the lease to that party.

Board consensus was for Staff to send a letter to New Timberline Aviation, L.L.C. informing them that when they are ready to lease the property to the east of their present leasehold, they follow standard leasing application procedures.

Commissioner Springer moved to approve the standard Ground Lease Agreement with New Timberline Aviation, L.L.C. and authorize the Chairman to sign the Agreement on behalf of the Authority with the contingencies outlined in Staff's recommendation and with the additional contingencies stipulating: (1) that this Lease Agreement comprise the total agreement between New Timberline Aviation, L.L.C. and the Authority; (2) that no letter of intent from New Timberline regarding the adjacent acreage be sent; and (3) that New Timberline Aviation, L.L.C. will maintain the taxiway connectors between the taxiway and its leasehold. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

**C. Request for Approval and Appropriation of Funds for Terminal Building Improvements**

At the January 2003 Regular Board Meeting, the Board authorized and appropriated \$87,000 for "2<sup>nd</sup> Floor Office Space Renovations." This office space will be leased to the Transportation Security Administration (TSA). Because of heating, ventilation, and air conditioning (HVAC) requirements for this project, the revised estimated total cost for this project is \$105,000.

At the May 2003 Regular Board Meeting, the Board authorized and appropriated \$38,527 for "New Concession Space—Terminal Building 2<sup>nd</sup> Floor." This project was to include construction of improvements for a proposed styling salon to be located west of the terminal building passenger security screening checkpoint on the second (2<sup>nd</sup>) floor. This project has been cancelled at the request of the operator of the salon.

Staff recommended that the Board authorize \$18,000 of the \$38,527 that was appropriated for the New Concession Space project be reappropriated for the 2<sup>nd</sup> Floor TSA Office Space Renovations since it will not be necessary to use these funds for the styling salon renovations.

Commissioner Palmer inquired if the renovation of the area where the styling salon would have been located will still proceed. Manager Nystrom responded that, based on the current budget, the space will not be remodeled until a prospective tenant is found.

Chairman McCormick asked about the lease agreement with TSA with respect to recovery of the cost of the improvements. Manager Nystrom responded that the lease term is for five-years with the repayment of TSA-specific improvements over a two year period.

Commissioner Ammentorp moved to authorize \$18,000 of the \$38,527 that was appropriated for the New Concession Space project be reappropriated for the 2<sup>nd</sup> Floor TSA Office Space Renovations since it will not be necessary to use these funds for the styling salon renovations. Commissioner McCormack seconded. Voice vote: all ayes. Motion carried.

**D. Supplementary Agreement with FCI Constructors, Inc. for Terminal Building Improvements**

This Supplementary Agreement with FCI Constructors, Inc. is for the following project:

- Renovations for new Transportation Security Administration (TSA) office space:

\$93,445	Construction cost
4,662	Contingency
<u>6,853</u>	General Contractor fee
<b>\$104,960</b>	<b>Total</b>

**Total cost of this Supplementary Agreement: \$104,960**

This project is the renovation of the former Airport Authority offices (now partially occupied by TSA) for TSA administration and training. The project includes new HVAC, electrical, windows, carpet, paint, doors, interior walls, and a separate space for law enforcement. The funding for this project is from Authority capital funds. However, TSA will reimburse the Authority for certain costs over the next two years pursuant to the lease agreement with TSA approved by the Board in March, 2003.

Staff recommended that the Board approve and authorize the Chairman to sign this Supplementary Agreement with FCI Constructors, Inc. to renovate terminal building office space in an amount not to exceed \$105,000 and to authorize the Airport Manager to sign change orders not to exceed \$10,000.

Commissioner Palmer inquired if the recommendation is for the Airport Manager to be authorized to sign change orders for \$10,000 in total or \$10,000 per change order. Manager Nystrom responded that it was \$10,000 total.

Commissioner Berryman asked if the Authority would have access to TSA's offices in case of an emergency. Staff responded that, per TSA requirements, the Authority will not have access to TSA's offices. However, FCI Constructors, Inc. will review the applicable building code requirements pertaining to emergency access to ensure compliance.



Commissioner McCormack moved to approve and authorize the Chairman to sign the Supplementary Agreement with FCI Constructors, Inc. to renovate terminal building office space in an amount not to exceed \$105,000 and to authorize the Airport Manager to sign change orders not to exceed \$10,000 (aggregate). Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

## VI. DISCUSSION ITEMS

### A. Tower Air Aircraft Stairs

To prepare for the possibility of large widebody aircraft (L1011 and B747) being diverted to Grand Junction during the 2002 Winter Olympics in Salt Lake City, the Authority purchased a set of aircraft stairs for use with these aircraft. The aircraft stairs have been utilized once since their acquisition. Durango-La Plata County Airport recently inquired about purchasing the stairs from the Authority. However, the stairs were damaged in a windstorm and are being inspected for insurance purposes. Staff inquired if the Board would entertain selling the stairs to another airport.

Commissioner Palmer inquired if the Airport had any other means of deplaning large aircraft if such an aircraft lands at Walker Field. Manager Nystrom responded that Thunder Mountain Ground Services, L.L.C. has an extension that can be added to its standard aircraft passenger stairs.

Chairman McCormick inquired what use Durango-La Plata County Airport has for the stairs and whether the stairs are in saleable condition as a result of the damage. Manager Nystrom indicated that Durango-La Plata County Airport's motivation was not provided during its phone call to the Authority. Regarding the saleable condition of the stairs, she stated that Staff is in the process of assessing the damage.

Commissioner McCormack expressed concern about the sale of the stairs and believed it prudent to retain the equipment. Board consensus was to assess damage to the stairs and consider retaining ownership of the stairs.

### B. Historical Revenue/Cost Allocations - 2002

On an annual basis, the Authority reviews the revenues and expenses derived in each of Walker Field Airport's activity centers. This information is used to assist the Authority in developing adjustments to its fees and charges and as a tool for formulating airport policies. Staff presented the results of the 2002 revenue/cost allocations at the meeting.

Commissioner Palmer inquired if the FAA specifies the activity centers to be used. Staff responded that the FAA does not promulgate guidelines, but it does approve of the activity center approach in setting fees and charges.

Commissioner Ammentorp asked about the increased expenses for Terminal Non-Aeronautical and Landside. Staff responded that the increase was attributable primarily to the increase in non-aeronautical tenant leased space and concessions versus aeronautical tenant leased space from 2001 to 2002. This resulted in a shift of some expenses of maintaining the common areas of the terminal building towards the

non-aeronautical tenants. Another reason was a change in the methodology of allocating administrative expenses.

Commissioner Ammentorp noted that, while revenues have remained constant over the past four years, expenses have risen. Manager Nystrom commented that, with the issuance of the revenue bonds and enterprise revenue notes, the overall net operating margin will continue to be smaller for the next several years.

Staff presented the Board with graphical comparisons of airport operating costs per flight among Walker Field and other area airports. Walker Field's costs are significantly lower than the other airports. Commissioner Springer commended Staff's efforts with monitoring its operating expenses.

## **VII. BOARD COMMITTEE REPORTS**

Commissioner Berryman reported that the ad hoc Personnel Committee met with Manager Nystrom and discussed organizational reassignments at the Staff level. Manager Nystrom added that she and the Committee also discussed the Authority's Mission, Vision, and organizational values and that this may be a topic for discussion at a future Board Workshop.

## **VIII. AIRPORT MANAGER'S REPORT**

There were no additions to or questions pertaining to the Airport Manager's Report.

## **IX. OTHER ITEMS**

### **A. July Board Workshop**

The July Board Workshop will take place on July 1<sup>st</sup>. The Board will tour the new general aviation (GA) development area so that the Commissioners can develop a visual perspective to better discuss the proposed changes to the Authority's Development and Architectural Covenants.

### **B. *Mesa Air Group***

Chairman McCormick asked about the status of Mesa Air Group reporting its landings that are associated with its maintenance facility operations. Manager Nystrom responded that Staff has been documenting the flights and will be invoicing Mesa Air Group for those flights.

### **C. *New Board Position***

Commissioner Palmer inquired if the Board had any specific traits they would like to see in a new Board member to replace Commissioner Ammentorp, who has selected not to seek re-appointment to the Board. Chairman McCormick replied that he would like to see someone who has an interest in the vision and advancement of Walker Field.

*D. SkyWest Airlines*

Commissioner Ammentorp asked how Staff felt about SkyWest's recent announcement regarding its continued affiliation with United Airlines as a United Express operator. Manager Nystrom responded that public feedback regarding SkyWest as a United Express operator has been positive.

*E. United Airlines*

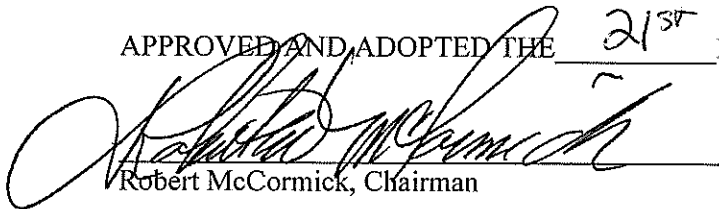
Manager Nystrom commented that the future of United Airlines in Denver continues to be up in the air.

**X. 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 7:09 p.m.

APPROVED AND ADOPTED THE 21<sup>ST</sup> DAY OF July, 2003.

  
Robert McCormick, Chairman

ATTEST:

  
~~Debbie Peterson, Clerk~~  
David J. Anderson