

Walker Field Airport Authority

Minutes of the Regular Board Meeting

December 16, 2003

BOARD COMMISSIONERS PRESENT: Miles McCormack Craig Springer
Robert McCormick Karen Berryman
Roger Little Gregg Palmer

AIRPORT STAFF PRESENT: Corinne Nystrom Charlie Novinskie
David Anderson Ben Peck
Donna VanLandingham Gary Mancuso
Ted Balbier Ed Storer
John Thomas

ALSO PRESENT: Don Desrosiers of Don D LLC; Doug Thompson, Ernie Buescher, and Louis Buescher of West Star Aviation; Timothy Fennie, Ryan Lohrer, and Richard Schoenrad of Timberline Aviation; Bob Kretschman of the Daily Sentinel; and Mike Sutherland of Sky Adventures, LLC/P.D.M. Group.

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

Manager Nystrom requested that Consent Item H, **“Sublease Agreement Between Daly Construction, Inc. and West Star Aviation, Inc”** be removed from the Agenda.

Commissioner Springer requested that Consent Items C, D and E; **“Resolution No. 2003-015: Amendment to Fees and Charges for Walker Field Airport, Grand Junction, Colorado”**; **“Resolution No. 2003-016: Amended Standardized Ground Lease Agreement and Ground Sublease Agreement”**; and **“Resolution No. 2003-017: Amended Standardized Building Use and Lease Agreement and Building Use and Sublease Agreement”**, be moved to Action Items.

Chairman McCormick requested the addition of Action Item H, "**Resignation of Commissioner James Gardner**".

Commissioner Berryman moved to accept the agenda as amended. Commissioner Palmer seconded. Voice vote: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments.

IV. CONSENT AGENDA

A. **Minutes: November 18, 2003 Regular Board Meeting**

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

On the Statement of Operations, a positive budget variance between operating revenues and operating expenses continues to be reflected. Year to date operating revenues are slightly under budget \$21,060 (-1,0%), but close monitoring of expenses have resulted in year to date operating expenses that are 8.4% lower than budgeted. Year to date Operating Income Before Depreciation (OIBD) is \$633,575. This amount is 20.9% higher than budgeted year to date.

Parking revenues, BLM Fire Center aircraft landing fees, and military aircraft fuel flowage revenues exceeded budget projections (year to date). Because of reduced general aviation aircraft operations, general aviation fuel flowage revenues are still under budget. Rental car revenues also continue to be less than budgeted.

On the Balance Sheet, non-restricted cash/investments decreased 4.9% primarily from the payment of larger capital project invoices. Accounts payable increased by \$315,541 because of the receipt of several large vendor invoices at the end of the month. Land, Buildings, and Equipment increased \$534,500 with expenditures for:

- Runway 4/22 general aviation area utility line installation
- East air carrier ramp expansion project
- Terminal building boarding area expansion project
- Terminal building central elevator modifications
- Command lighting for the new aircraft rescue firefighting vehicle

Accounts receivable increased slightly (\$4,686) with increased customer activity. PFC funds increased \$38,714 (net) with continued program collections and expenditures for the terminal building boarding area expansion project.

Overall, October yielded positive financial performance for the Authority.

C. Second Addendum to Use and Lease Agreement with Federal Express Corporation

Federal Express leases the Airport Authority hangar and approximately 98,769 square feet of ground west of the Airport Authority Fire Station for its cargo operations. Due to the east air carrier ramp expansion project, part of FedEx's leased area west of the hangar must be relinquished effective October 1, 2003, since the ramp is a federally funded airport improvement project and will be utilized as a common air carrier ramp. The proposed Second Addendum eliminates the common air carrier ramp from FedEx's leasehold, reducing its leased area from 98,769 square feet to 60,984 square feet.

Additionally, in a letter dated May 8, 2003, FedEx exercised its option to renew the Agreement term provision effective September 1, 2003 through and including August 31, 2008. The Authority acknowledged FedEx's option renewal and adjusted the hangar rent from \$1,100.00 per month to \$1,156.71 per month (per its Agreement) beginning September 1, 2003 through and including August 31, 2008. At FedEx's request, the above option and rent increase is memorialized in the Second Addendum.

Staff recommended that the Board approve the Second Addendum to Ground Lease Agreement with Federal Express Corporation and that the Chairman be authorized to sign the Addendum on behalf of the Authority.

D. Request by George Preuss to Terminate Ground Lease Agreement

At their request, Rodney M. Armstrong and Gwendlyn M. Armstrong's Ground Lease Agreement was terminated by the Airport Authority effective April 30, 2002. George Preuss purchased Armstrong's improvements and entered into a new Ground Lease Agreement with the Airport Authority effective May 1, 2002 for the purpose of using the hangar for aeronautical-related purposes. Now, Mr. Preuss has requested to terminate his Ground Lease Agreement effective November 30, 2003 because he is selling his improvements to Don D LLC. Don D LLC proposes to enter into a new Ground Lease Agreement with the Airport Authority effective December 1, 2003.

Don D LLC will be using the hangar for the same purposes as Preuss. Since the Standard Ground Lease Agreement will be used for the lease with Don D LLC without any additional provisions, the Airport Manager is authorized to sign the Ground Lease Agreement on behalf of the Airport Authority upon Board approval of the termination of the Pruess Ground Lease Agreement.

Staff recommended that the Board approve Mr. Pruess' request to terminate his Ground Lease Agreement effective November 30, 2003 and authorize the Chairman to sign a Termination Agreement on behalf of the Airport Authority contingent upon:

- Transfer of ownership of the hangar from George Preuss to Don D LLC;
- Execution of a new Ground Lease Agreement between Don D LLC and the Airport Authority, signed by the Airport Manager;
- Payment of the \$200 fee by Preuss for changes to agreements; and
- Pruess paying all amounts owing the Airport Authority through November 30, 2003.

Commissioner McCormack moved to approve the items on the Consent Agenda. Commissioner Little seconded the motion. Voice vote: all ayes. Motion carried.

V. ACTION ITEMS

- A. **Public Hearing Regarding Proposed 2003 Supplemental Budget and Appropriations**
- B. **Resolution No. 2003-018: Resolution to Adopt 2003 Supplemental Budget and Appropriate Sums of Money**

Members of the public were invited to provide comments or ask questions regarding the Proposed 2003 Supplemental Budget and Appropriations. Notice of the proposed budget was published in the Daily Sentinel in accordance with State law. The budget reflected discussions at recent public Board workshops.

Prior to the end of each fiscal year, it is necessary for the Authority to ensure that the budget for that year conforms with what has transpired during the year, especially with respect to expenditures. A Resolution is necessary to finalize the budget and provide appropriations before year-end.

The amended budget is still a projection, but is based upon actual financial data that has been compiled throughout the year. It incorporates the additions and deletions made in the capital budget, as previously authorized

by the Board on a case-by-case basis, as well as the changes in revenue and expense categories experienced during the year.

Staff recommended that the Board approve Resolution No. 2003-018 and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner Springer moved to approve Resolution No. 2003-018 and authorize the Chairman to sign the Resolution on behalf of the Authority. Commissioner Berryman seconded the motion. Roll Call: all ayes. Motion carried.

C. Public Hearing Regarding Proposed 2004 Budget and Appropriations

D. Resolution No. 2003-019: Resolution to adopt 2004 Budget and Appropriate Sums of Money

Members of the public were invited to provide comments or ask questions regarding the Proposed 2004 Budget and Appropriations. Notice of the proposed budget was published in the Daily Sentinel in accordance with State law.

The Proposed 2004 Budget was discussed at the November and December, 2003 Board Workshops. Staff commented that the 2004 budget incorporated all of the changes discussed at the December Board Workshop, including the elimination of the non-cash transfer from Cash Reserves to the Operating Fund.

Commissioner Palmer inquired why there was a difference of \$900,000 in total operating revenues between the estimated CY 2003 and the proposed 2004 budget. Staff responded that the difference was primarily attributed to federal grants. There were several federal grant projects that were scheduled to be signed off by the FAA by the end of 2003 and several that would be carried over into 2004. The difference also includes federal grant projects carried over from 2002 into 2003 and federal grant projects from 2003 that will be carried over into 2004. Commissioner Palmer inquired if Staff anticipated needing the line of credit. Staff responded that they did not.

Staff recommended that the Board approve Resolution No. 2003-019 and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner Little moved to approve Resolution No. 2003-019 and authorize the Chairman to sign the Resolution on behalf of the Authority. Commissioner Palmer seconded. Roll call: all ayes. Motion carried.

E. Resolution No. 2003-015: Amendment to Fees and Charges for Walker Field Airport, Grand Junction, Colorado

Part 2 of the Authority's Fees and Charges includes fees for aircraft operators and aircraft ground service operators. "Security Phone Fees" for phone services at the terminal building passenger security screening checkpoint are assessed at \$667.42 per year and pro rated on a monthly basis based on the total number of enplaned revenue passengers utilizing the boarding area during the applicable month. Because communications equipment needs have been modified at the checkpoint, the phone services are no longer required.

Based on current mandates by the Transportation Security Administration (TSA), the Authority is required to have a law enforcement officer (LEO) present at the security screening checkpoint at all times when the passenger screening operations are being conducted. In order to provide some financial assistance to airport operators for the costs associated with providing uniformed officers at the checkpoint, airport operators have the option of entering into a Reimbursement Agreement (RA) with the TSA.

Because of a partially successful appeal by the Authority, the proposed reimbursement amounts to the Authority are higher than the initial amounts offered by the TSA. However, the projected deficit (actual LEO costs minus TSA reimbursements) is estimated to be approximately \$ 150,000 for CY 2004. The Authority is continuing to aggressively pursue options which may result in reduced operational and/or security-related costs.

Part 7 of the Fees and Charges includes fees for the use of Authority supplies and services, including identification (ID) cards and keys. Staff has reviewed the applicable fees.

Staff recommended the following changes to the Fees and Charges with a proposed effective date of January 1, 2004:

Fee	Existing	Proposed
Security Phone (to be renamed TSA-Mandated Security Measures)	\$667.42/yr. Pro rated on a monthly basis	\$150,000/yr. pro rated on a monthly basis
Identification Cards – Charge to employer for ID Not Returned	\$25.00	\$50.00
Keys – Replacement		
If Broken	\$5.00	\$5.00
If Lost or Stolen	\$5.00	\$25.00

Copies of cassette tapes	No provision	\$5.00 per cassette tape
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In addition to the recommended changes, specific fees that are adjusted annually by the October to October Consumer Price Index (CPI-U) have been updated by 2.0%.

Commissioner Springer inquired if the security requirements change and the LEO requirements are modified, would the fees and charges also change. Manager Nystrom responded that Staff recommends that if the security costs incurred are less than the security revenues collected, the Authority reimburse the airlines at the end of the year.

Commissioner Springer inquired if Staff would include a written provision covering the return of unused funds to the airlines at the end of the year. Manager Nystrom responded that Staff would incorporate that into the Fees and Charges document. Chairman McCormick recommended that any promise regarding such a rebate to the airlines be put in writing to head off any future questions or problems.

Commissioner Springer inquired if Staff felt confident that the proposed changes to Fees and Charges would offset security costs incurred. Manager Nystrom responded that Staff felt the proposed changes were sufficient.

Commissioner Springer inquired if Staff felt this was the best way to cover the additional costs for security. Manager Nystrom responded that the Authority could attempt to absorb these costs. The Authority could also generate additional revenue to cover the costs by increasing fees in other cost centers; however, this would impact non-commercial airline customers. Therefore, passing the cost on to the airlines, for whom the security is actually provided, is the best alternative.

Commissioner McCormack moved to approve Resolution No. 2003-015: Amendment to Fees and Charges for the Walker Field Airport, Grand Junction, Colorado including a written provision to reimburse any unused security revenues to the airlines on an annual basis. Commissioner Berryman seconded. Roll call: all ayes. Motion carried.

F. Resolution No. 2003-016: Amended Standardized Ground Lease Agreement and Ground Sublease Agreement

The standardized Ground Lease and Sublease Agreements were approved at the January 18, 2000 Board Meeting and amended on October 17, 2000. After using the agreements, Staff recommended the following modifications to the Ground Lease and Sublease Agreements in order to enhance their usefulness:

Ground Lease Agreement

- Add references to the Transportation Security Administration where applicable in the Agreement.

Sublease Agreement

- Expand the prompted areas in Article 1 to further clarify Rent and Premises, and add prompted areas for Maintenance and Utilities, Security Deposit, and Additional Provisions.
- Modify Articles 3.3, 3.5, and 3.6 so that ground rent, security deposit and late fees are addressed in Article 1.
- Expand Article 4.1.2.1 to require review of the proposed improvements by the Authority and the primary tenant.
- Eliminate Article 4.3 that refers to the 18-month development period since this is the responsibility of the primary tenant.
- Modify Article 5.2 so that utilities are addressed in Article 1.
- Add references to the Transportation Security Administration where applicable in the Agreement.

Commissioner Springer asked Staff to clarify the changes being proposed. Staff responded that the changes provide more flexibility to deal with maintenance and security issues and make it easier for a tenant to sublease. The changes are not material for the airport but do affect the obligations between the tenants and subtenants.

Commissioner Berryman inquired if the proposed changes would cause increased security demands on tenants and subtenants by referencing the TSA. Manager Nystrom responded that airport tenants are already subject to all applicable TSA regulations.

Staff recommended that the Board approve and authorize the Chairman to sign Resolution No. 2003-016 incorporating the changes into the underlying Ground Lease and Sublease Agreements.

Commissioner Berryman moved to approve and authorize the Chairman to sign Resolution No. 2003-016 incorporating the changes into the underlying Ground Lease and Sublease Agreements. Commissioner Palmer seconded. Roll call: all ayes. Motion carried.

G. Resolution No. 2003-017: Amended Standardized Building Use and Lease Agreement and Building Use and Sublease Agreement

The standardized Building Use and Lease Agreement and Building Use and Sublease Agreement were approved at the September 19, 2000 Board Meeting and later amended on November 20, 2001. Staff recommended the following modifications to the Building Lease and Sublease Agreements in order to enhance the usefulness of those Agreements:

Building Use and Lease Agreement:

- Add references to the Transportation Security Administration where applicable in the Agreement.
- Article 1.15 will be re-named, "Utilities Provision".
- Add new Article 1.16. "Additional Provisions".

Building Use and Sublease Agreement:

- Add references to the Transportation Security Administration where applicable in the Agreement.
- Article 1.16 will be re-named, "Utilities Provision".
- Add new Article 1.17, "Additional Provisions".

Staff recommended that the Board approve Resolution No. 2003-017 incorporating the changes into the underlying Agreements and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner Little moved to approve and authorize the Chairman to sign Resolution No. 2003-017 incorporating the changes into the underlying Agreements. Commissioner Palmer seconded. Roll call: all ayes. Motion carried.

H. Resignation of Commissioner Gardner

Chairman McCormick stated that he had received an e-mail letter of resignation from Vice Chairman James Gardner.

Board consensus was to accept Vice Chairman Gardner's resignation and apprise the City Council that his position on the Board has a term ending date of May 2005.

Commissioner Palmer moved to accept Vice Chairman Gardner's resignation. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

VI. DISCUSSION ITEMS

A. Fixed Base Operator Minimum Standards for Military Customers

Manager Nystrom commented that Staff has contacted each of the fixed based operators (FBO's) to apprise them of this agenda item and to obtain input. Staff also contacted military personnel for their input on what they prefer to see when flying into a civilian airport. Consistently, the feedback included some items already included in the Authority's Minimum Standards, as well as several items not included. The proposed changes to the Minimum Standards incorporate items that are not required by the military, but could make Walker Field more attractive to military customers.

Commissioner Palmer inquired if the existing FBOs currently comply with the items as proposed. Manager Nystrom responded that based on discussions with the FBOs, most of the items are currently available to customers at both FBOs.

Commissioner Palmer inquired if the Airport could require an FBO to comply with Minimum Standards in order to bid on the military fueling contract. Manager Nystrom responded that under FAA regulations, an airport operator has the authority to set Minimum Standards. Although the FBO must comply with the Minimum Standards, the Authority cannot preclude an FBO from bidding on the fueling contract since the privity of contract for that transaction would be between the FBO and the Department of Defense.

Chairman McCormick inquired about the existing “grandfather clause” contained within the existing Minimum Standards. Manager Nystrom responded that although there was a provision in the most current Minimum Standards stating that the Standards are not retroactive, the lease agreements signed by the FBOs state that the FBOs will comply with all Minimum Standards. The lease agreements override and supersede the grandfather provision in the Minimum Standards. Staff recommended removing the grandfather provision from the Minimum Standards. Any non-compliant tenants would then be given the opportunity to request a variance. Manager Nystrom also commented that there are no provisions in the lease agreements covering customer service levels and suggested that this topic be discussed as well.

Chairman McCormick inquired if there would be any way to submit proposed Minimum Standards to the Department of Defense (DOD) for it to consider adding to its minimum standards. Commissioner Palmer replied that the best option for increasing military traffic would be to make the airport’s infrastructure attractive to military customers.

Commissioner Palmer inquired about the process for DOD military fueling contract bid selection. Timothy Fennie of Timberline Aviation responded that the DOD invites qualified FBOs to submit bids. Qualifications are determined through a site inspection process at each location. The DOD looks at the fuel farm, ability to dispense fuel, and the ability to keep the fuel clean.

Doug Thompson of West Star Aviation stated that the DOD looks at safety issues, but they don’t look at the amount of ramp space or available parking positions for aircraft.

Manager Nystrom recommended that Staff discuss these proposed changes with the FBOs before bringing a recommendation to the Board. Manager Nystrom proposed discussing this topic further at the January Board Workshop. The Board consensus was to discuss this item at the January Board Workshop.

VII. BOARD COMMITTEE REPORTS

There were no Board Committee reports.

VIII. AIRPORT MANAGER'S REPORT

Manager Nystrom reported that she attended the AAAE/ACI-NA/TSA/DHS Security Summit in Washington, DC. She felt the Transportation Security Administration (TSA) has come to the conclusion that some of its directives are difficult to implement without the cooperation of the airlines and airports. During the summit, it also became apparent that the TSA clearly expects airports and airlines to help fund the items necessary to comply with security directives due to a shortage in federal funding. Other airports expressed the same concern as Walker Field over issues pertaining to law enforcement officers and underfunded mandates.

Chairman McCormick inquired how well Congress was represented. Manager Nystrom responded that there were two staff members of the House Aviation Subcommittee and the Senate Aviation Subcommittee who noted that there was currently a federal budget crunch, so airports would have to help bear the financial burden.

Commissioner Palmer inquired if a means to settle disagreements and disputes had been discussed. Manager Nystrom responded that if airport operators have any concerns with specific security directives, they need to meet with the local Federal Security Director (FSD).

Chairman McCormick inquired if anyone suggested that local airports be more involved in decisions pertaining to security since they would have to incur more of the financial burden. Manager Nystrom responded that the responses from the TSA were positive towards involving the airports more in the decision making process at the local levels. The TSA also stated that it is turning over more of the decision making to the local FSD's.

Commissioner Little inquired what is scheduled between the current Board meeting and the next Board meeting. Manager Nystrom responded that she would be meeting with the Grand Junction Police Chief, as well as the TSA to discuss the LEO situation. Staff will be sharing the results of these discussions with the Board Security Committee.

IX. OTHER ITEMS

A. Nominating Committee for FY 2004 Board Officers

The current Board Officers' terms expire on January 20, 2004. The Board will consider appointing a Nominating Committee for 2004 Officers at the January Board Workshop.

B. January Board Workshop

The Board will discuss FBO Minimum Standards pertaining to military fueling operations. Staff will also present any new information pertaining to the TSA/LEO situation, and the Board will decide if it will appoint a Nominating Committee for 2004 Officers.

C. Budget

Commissioner Springer thanked the Staff for the exceptional job they did during the budget process.

D. Customer Delinquency

Commissioner Palmer requested that the Board be kept apprised of the status of customer delinquencies.

X. ADJOURNMENT

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

There being no further business to come before the Board, the meeting was adjourned at 7:04 p.m.

APPROVED AND ADOPTED THE _____ DAY OF _____, 2004.

(Signature on File)
Miles C. McCormack, Chairman

ATTEST:

(Signature on File)
David J. Anderson, Clerk