

Walker Field Airport Authority

Minutes of the Regular Board Meeting

April 20, 2004

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

AIRPORT STAFF PRESENT: Corinne Nystrom Charlie Novinskie
David Anderson Ted Balbier
Donna VanLandingham

ALSO PRESENT: Dana Burns of Dalby, Wendland & Co., P.C.

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

There were no requested changes to the Agenda.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments.

IV. CONSENT AGENDA

A. Minutes: March 16, 2004 Regular Board Meeting

B. Acknowledgement of Receipt of January 2004 Financial Statements/Accounts Receivable Report

Effective January 1, 2004, the Authority implemented required components of the Governmental Accounting Standards Board (GASB) Statement No. 34. The changes include additional year-end reporting requirements (Management Discussion & Analysis—MD&A) and a slightly revised format for the financial statements:

- Statement of Revenues, Expenses, and Changes in Net Assets (formerly Statement of Operations); and
- Statement of Net Assets (formerly Balance Sheet)

On the Statement of Revenues, Expenses, and Changes in Net Assets, a positive budget variance between operating revenues and operating expenses is reflected. Year to date operating revenues are \$21,957 over budget (11.9%). Additionally, year to date operating expenses are 12.3% lower than budgeted. Year to date Operating Income Before Depreciation (OIBD) is \$27,082. This amount is 35.1% higher than budgeted year to date.

Rental car, parking, general aviation aircraft fuel flowage, and ground transportation revenues exceeded budget projections (year to date). Because of the large amount of federal grant expenditures accrued at the end of 2003, the amount of capital contributions realized in January was minimal, resulting in year to date capital contributions being under budget.

On the Statement of Net Assets, nonrestricted cash/investments increased 5.0% primarily from the receipt of federal grant proceeds and customer payments. Trade accounts payable increased by \$198,699 because of the receipt of several large vendor invoices at the end of the month. "Accounts Payable- Restricted," an account used to segregate several 2003 end of year invoices for federal, state, and PFC-funded capital projects, decreased \$326,646 with the payment of several of the invoices. Land, Buildings, and Equipment increased \$181,561 with expenditures for:

- Terminal building boarding area expansion project
- Power washer
- Automated external defibrillators

Accounts receivable decreased \$25,711 with customer payments received. PFC funds increased \$21,237 (net) with continued program collections.

Overall, January yielded positive financial performance for the Authority.

C. **Contract with State of Colorado to Accept 2004 State Aviation System Grant; Resolution No. 2004-009: Request for Assistance from the Colorado Aeronautics Board and the Division of Aeronautics for a State Aviation System Grant; Applicant Notice and Commitment**

In August of 2003, the Airport Authority applied for a grant from the Colorado Aeronautics Board for matching funds for the 2004 airport capital projects, which include the relocation of Landing View Lane; relocation of the 30-inch Ute waterline; rehabilitation of CI-A taxiway; and design of the next general aviation development phase south of Navigator's Way. The Aeronautics Board granted \$111,111 for these projects last October, and the Aeronautics Division recently sent three copies of the contract and related documents for Board action. This is standard procedure that must be followed each time the Airport Authority receives funding from the Aeronautics Division.

Staff recommended that the Board approve the Contract, Resolution No. 2004-009, and the Applicant Notice and Commitment and authorize the Chairman to sign the documents on behalf of the Airport Authority.

D. Change Order No. Three for AIP No. 3-08-0024-27 – Air Carrier Apron Expansion

In August, 2003, the Board approved a contract with Mays Concrete to replace and enlarge the asphalt east air carrier ramp with a concrete ramp in the amount of \$857,455. Approval of Change Order No. Three would increase this amount to \$886,888. With this change, the total cost of the project still falls below the total amount previously approved and budgeted for the AIP 27 projects due to prior cost savings on these projects. The FAA is agreeable to the change order.

Approval of Change Order No. Three would allow Mays to: 1) relocate and replace the existing drain line from under the new ramp and cure drainage problems in front of the FedEx building. By doing this, the storm water flow from the aircraft rescue firefighting (ARFF) building area will be improved, and future drainage problems will be eliminated; 2) Pave the surface adjacent to the south and east perimeter security fences, with a gradient directed toward the field inlets in order to eliminate erosion and foreign object debris (FOD)-producing areas.

Since the Board has already budgeted enough funds for this Change Order, no additional funds are requested at this time.

Staff recommended that the Board: 1) approve Change Order No. Three to the air carrier ramp expansion project, thereby amending the contract with Mays Concrete from \$857,455 to \$886,888; 2) authorize the Airport Manager to sign the Change Order on behalf of the Airport Authority.

Commissioner McCormick moved to approve the Consent Agenda. Commissioner Springer seconded. Roll call: all ayes. Motion carried.

V. ACTION ITEMS

A. FY 2003 Audit Report of the Walker Field Airport Authority Financial Statements

Dana Burns, a senior accountant with Dalby, Wendland and Co., P.C., presented the Board with its Audit Report of the Authority's Financial Statements. Ms. Burns stated that this year's audit went very well. They encountered no unusual or significant adjustments with the exception of Accounts Payable related to the construction projects at the end of the year. The larger than anticipated amount of invoices received in early FY 2004 for work performed in FY 2003 resulted in actual expenditures in excess of budgeted expenditures, which is a possible State budget law violation. The violation may be rectified by an Amendment to the Authority's FY 2003 Supplemental Budget. This proposed correction is included on the Agenda as Action Items B and C.

Commissioner Palmer inquired how the Authority could ensure that future budget violations, such as the one experienced this time, would not occur. Ms. Burns recommended that open lines of communication between the contractors and the Authority, as well as finalizing the supplemental budget later in the year, would assist in this area.

Ms. Burns reported that the Authority is in good financial health, with working capital of approximately \$900,000, which is the excess of current assets minus current liabilities. Operating income before depreciation was positive and net cash provided from operating activities was \$450,000. Operating cash accounted for the increase in total cash during the year. Land increased as a result of the land acquisition for the future air cargo facility, and there substantial increases to building and land improvements fixed assets as a result of many capital projects during the year. Long term debt shows the addition of the Airport Revenue Bonds and the Enterprise Revenue Notes. Revenues exceeded the budget by approximately \$490,000 and the Expenditures exceeded the budget by approximately \$360,000. The Authority's internal controls were in compliance with all federal regulations. There were no findings of questioned costs.

Vice Chairman Springer expressed the Board's thanks to Dalby, Wendland, and Co., P.C. for a job well done.

Vice Chairman Springer moved for the acceptance of the FY 2003 Audit Report of the Authority's Financial Statements. Commissioner McCormick seconded. Voice vote: all ayes. Motion carried.

B. Public Hearing Regarding Proposed Amendment to 2003 Supplemental Budget and Appropriations

Combined with Action Item C.

C. Resolution No. 2004-010: Resolution to Amend 2003 Supplemental Budget and Appropriations

Members of the public were invited to provide comments or ask questions at this time regarding the proposed Amendment to 2003 Supplemental Budget and Appropriations. Notice of the proposed Supplemental Budget was published in the Daily Sentinel in accordance with State law.

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.

At the December 16, 2003 Regular Board Meeting, the Board adopted a supplemental budget for 2003. This budget was based on information available in early December. At that time, projections were made as to anticipated federal grants, state grant, and PFC capital expenditures. These amounts were thought to be conservative (allowing for sufficient cushion). Although all of these projects (and all of the WFAA funded projects) are under the total amounts budgeted for each project, the amount of work completed (and invoiced) in 2003 was larger than what was budgeted in the supplemental budget for the remainder of 2003. This

resulted in total expenditures exceeding budgeted amounts, which may be a violation of State law. Although the total expenditures exceeded budgeted amounts, the majority of these expenditures resulted in corresponding increases in revenues (because of federal and/or state grant eligibility for these expenditures).

Description	2003 Original Budget	2003 Suppl. Budget	2003 Actual	2003 Amended Suppl. Budget
Federal Grant Expenditures	\$3,072,939	\$2,017,029	\$2,453,484	\$2,453,484
State Grant Expenditures	\$142,447	109,442	137,100	137,100
PFC Capital Expenditures (other than debt retirement)	200,000	284,517	397,252	397,252

The Authority's audit firm indicated that this type of budget violation is a common occurrence with public entities, especially when larger capital projects are in-progress at year-end. According to the audit firm, the resulting consequence of this type of violation, if any, is generally a letter from the Office of State Auditor indicating that, in the future, the entity should ensure that total expenditures do not exceed the total budgeted amounts.

Although this may be a common occurrence with other public entities, Authority Staff views this type of violation as unacceptable. Staff requested a recommendation from the Authority's audit firm as to what immediate corrective action the Authority could pursue, and recommendations to mitigate the possibility of this occurring in future budget cycles.

For immediate corrective action, the audit firm recommended that the Authority adopt an amendment to the 2003 supplemental budget to be sent with the audited financial statements to the State Auditor. This will convey to the State Auditor that the Authority is aware of the violation, and that it intends to maintain compliance with State law.

For future budgets, the audit firm recommended that the Authority budget even more conservatively in the supplemental budgets than what it has in the past, and for the Authority to obtain more detailed estimates from the contractors as to how much of their respective projects they anticipate completing prior to the end of each year. The Authority received approximately \$800,000 of invoices in 2004 (one as late as February 20th) for work completed through 2003. These included invoices from FCI, Mays Concrete, Washington Group, and Johnson Controls. Staff will work more closely with these entities during the next supplemental budget process to ensure that year-end invoices are estimated more realistically and forwarded to the Authority sooner.

Staff commented that, if approved, they would submit a letter to the Office of the State Auditor indicating knowledge of the possible violation and an affirmation that the situation had been corrected.

Staff recommended that the Board approve and authorize the Chairman to sign Resolution No. 2004-010: Resolution Amending 2003 Supplemental Budget and Appropriations on behalf of the Authority.

Commissioner McCormick moved to approve and authorize the Chairman to sign Resolution No. 2004-010: Resolution Amending 2003 Supplemental Budget and Appropriations on behalf of the Authority. Vice Chairman Springer seconded. Roll call: all ayes. Motion carried.

D. Resolution No. 2004-011: Resolution to Increase Minimum Amount for Expenditures to be Capitalized

For over ten (10) years, the Authority has capitalized project expenditures when the total project costs are equal to or greater than \$500. As activity at Walker Field continues to grow, and the number of airport projects increases, the benefits of capitalizing such small amounts has decreased. Additionally, Staff resources needed to track these smaller projects could be utilized more efficiently for other duties.

Additionally, because of the increased number of capital projects, the Authority's audit firm suggested that the Authority increase the minimum amount required for expenditures to be capitalized. In 1998, there were approximately twenty (20) capital projects. In 2003, there were over sixty-five (65) capital projects—five (5) of which were equal to or less than \$1,000.

The proposed Resolution would increase the minimum amount (to \$1,000) for which project expenditures would be capitalized and which would require specific Board approval for funding. Items costing less than \$1,000 would be expensed out as part of the Expense budget. The \$1,000 amount was suggested by the auditors.

Vice Chairman Springer commended Staff for working to improve the efficiency of the Authority's operations. He stated that this proposed resolution is good policy.

Staff recommended that the Board approve and authorize the Chairman to sign Resolution No. 2004-011: Resolution to Increase Minimum Amount for Expenditures to be Capitalized on behalf of the Authority.

Vice Chairman Springer moved to approve and authorize the Chairman to sign Resolution No. 2004-011: Resolution to Increase Minimum Amount for Expenditures to be Capitalized on behalf of the Authority. Commissioner Palmer seconded. Roll call: all ayes. Motion carried.

E. Resolution No. 2004-012: Amendment to Fees and Charges for the Walker Field Airport, Grand Junction, Colorado

Per the existing Use and Lease Agreements with the terminal building airline tenants, annual rates applicable to their operations are negotiated commencing January 1st and conclude prior to March 31st of each year. As a part of its annual fees and charges review, the Authority analyzes historical revenue/expense

allocations, surveys of comparable airports, and breakeven analysis. From the review, proposed fees and charges are developed that assist the Authority in carrying-out its Mission and achieving its Vision by providing the best possible services and facilities with a cost-effective rate structure. Initial discussions with the terminal building airline tenants centered on the following fees and charges modifications:

- Implementing a Consumer Price Index (CPI-U) adjustment of 2.0% for all existing leased and shared space (shared space consists of terminal building passenger boarding areas and inbound/outbound baggage processing space)
- Adding the new boarding area (6,000 sq. ft.) to shared space, at a rate of \$12.33/sq.ft./yr.

During this year's negotiations, airlines requested that instead of having separate shared space rental rates for the older boarding area and the new boarding area (as initially proposed by the Authority), a single rate should be utilized which incorporates the various rental, janitorial, and maintenance components, along with anticipated cost savings that may be attained through the economy of scale from the increased square footage.

Based on the feedback, Staff recommended implementing the following modifications to the Authority's Fees and Charges, effective April 1,2004:

- Implementing a Consumer Price Index (CPI-U) adjustment of 2.0% for all existing leased and shared space
- Adding the new boarding area (6,000 sq. ft.) to shared space
- Single rate for all shared space of \$17.44/sq. ft./yr.

These changes will provide the Authority with an additional \$44,691 per year to apply towards making the Terminal Building- Aeronautical cost center a financially self-sustaining cost center.

In addition to these changes, the proposed Fees and Charges document includes updated amounts for existing fees and charges (e.g. disposal station) based on the CPI-U adjustment of 2.0% where applicable, as previously approved by the Board.

Vice Chairman Springer inquired if there had been any reluctance on the part of the tenants regarding the additional cost from the expansion. Staff responded that there had not been any negative feedback regarding the additional costs. The Operation's Director for Mesa Airlines inquired about the additional cost to utilize the jetways and was pleased to hear that there was no additional charge. SkyWest had initially expressed concern based on the first proposal over having a shared space rate for the old boarding area and a separate rate for the new boarding area. It felt it would be easier to have one, across-the-board, shared space rate that would take into account the increased square footage. Based on that input, Staff developed a lower per square foot rate.

Vice Chairman Springer inquired how much of the additional \$44,691 per year is attributable to the CPI-U adjustment and how much as a result of the additional square footage from the new boarding area. Staff responded that the CPI-U adjustment, which was implemented for the counter and office space on the ground

floor, accounted for approximately \$3,000 of the increase. The additional boarding area accounted for approximately \$41,000. Additionally, Staff noted that because of the increase in enplanements of 16-18%, the actual cost per passenger to the airlines may remain relatively the same as last year.

Commissioner Lacy inquired if there would be any cost to the airlines to utilize the jetways. Manager Nystrom responded that, because the funds for the jetways came from PFC's, not operating budget, there would be no usage charge. At some point in time, the Authority may decide to incorporate a maintenance fee if necessary.

Staff recommended that the Board approve Resolution No. 2004-012: Amendment to Fees and Charges for the Walker Field Airport, Grand Junction, Colorado and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner McCormick moved to approve Resolution No. 2004-012: Amendment to Fees and Charges for the Walker Field Airport, Grand Junction, CO and authorize the Chairman to sign the Resolution on behalf of the Authority. Commissioner Berryman seconded. Roll call: all ayes. Motion carried.

F. Easement Deed and Agreement with the City of Grand Junction for Stormwater Detention Basins

The City of Grand Junction approached the Airport Authority about building stormwater detention basins on Airport property for the purpose of reducing flooding for areas downstream of the airport and to facilitate future airport stormwater drainage requirements. The two areas proposed for the basins are the Leach Creek basin west of 27 1/4 Road (consisting of 14.10 acres) and the Independent Ranchman's basin south west of Runway 4/22 (consisting of 14.267 acres). The City of Grand Junction will construct and maintain both ponds at its expense. Since the detention basins are a utility service and do not preclude future use of the surface area (as long as the surface activities do not interfere with the operation of the detention basins), a non-exclusive Easement Deed and Agreement is the appropriate agreement form to use for the proposed basins.

The Independent Ranchman's basin will directly provide future stormwater detention for airport development (up to 30.5 acre feet of stormwater drainage impoundment) and will serve as consideration to the Airport Authority for granting the Easement.

The FAA has no objection to the construction of the basins as proposed, and the basins are shown on the most recent Airport Layout Plan (ALP) Update. However, the FAA has requested that the City meet several conditions, including:

- Wildlife and wetland mitigation, written maintenance plan. Ranchman's basin to drain within 23.9 hours.
- Coordination with the FAA Facilities Manager to ensure that the basins do not affect FAA infrastructure.
- Encourage as steep and riprap'd of a slope as possible.
- FAA review of upstream detention basins proposed by the City to be located on BLM land.

Authority Attorney Lloyd Quesenberry reviewed the Easement Deed and Agreement and made necessary changes in order to protect the Authority. At its March 2004 regular meeting, the Grand Junction City Council approved the proposed Easement Deed and Agreement for submittal to the Authority Board for consideration.

Commissioner McCormick inquired what type of construction would be used for the basins. Staff responded that a new damn would be constructed at the Leach Creek location to contain the runoff, and the Ranchman's location would enlarge an already existing detention pond. Commissioner Lacy inquired if the ponds would cause migratory waterfowl problems. Commissioner Palmer responded that the City discussed that possibility and they were not anticipating either basin being full for any duration long enough to attract waterfowl.

Commissioner McCormick inquired how the basins would benefit the Authority. Staff responded that in developing areas of the airport, the new basins will provide six times the Authority's existing drainage capacity. This will allow for future growth at the Airport.

Commissioner Springer inquired if the Authority would lose any leaseable space to the basins. Staff responded that the locations to be used for the basins are areas that are not desirable for leasing. The Ranchman's location would need a considerable amount of fill to bring it to a usable level.

Commissioner McCormick inquired about the anticipated timeframe for the construction of the basins, and if the Authority could use fill dirt excavated during the construction of the basins. Staff responded that the initial schedule is for the basins to be completed within 2-3 months. Manager Nystrom responded that Staff would contact the City regarding the availability of dirt excavated during the construction.

Vice Chairman Springer inquired if the basins could be moved if the Authority should decide to lease those locations in the future. Staff responded that the Agreement gave the Authority the right to move any part or all of the facilities at any time at its expense at its sole discretion.

Vice Chairman Springer asked what would happen if the FAA changed any of its requirements regarding the detention ponds at some point in the future. Staff responded that the City would have two options. The first would be to nothing, in which case the City would be in breach of its obligations contained within the Agreement and the performance bond would be utilized to modify the detention basins as needed. The second option would be for the City to modify the detention basins at its expense.

Staff recommended that the Board approve and authorize the Chairman to sign the Easement Deed and Agreement with the City of Grand Junction, contingent upon the City of Grand Junction meeting the FAA's conditions and requirements for the construction of the basins.

Vice Chairman Springer moved to approve and authorize the Chairman to sign the Easement Deed and Agreement with the City of Grand Junction, contingent upon the City

of Grand Junction meeting the FAA's conditions and requirements for the construction of the basins. He further moved that the Authority pursue the use of available dirt excavated from the construction sites. Commissioner Little seconded. Voice vote: all ayes. Motion carried.

VI. DISCUSSION ITEMS

Commissioner Lacy commented that he had been approached by an on-airport tenant regarding a bid for a fuel system, and wanted to confirm that there would be no conflict of interest in his submitting a bid for the system. Board consensus was that there would be no conflict in submitting a bid. However, he should excuse himself from any voting on Board items pertaining to the bid.

VII. AIRPORT MANAGER'S REPORT

Manager Nystrom commented that the Airport has initiated its Ambassador Program. The volunteer Ambassadors are in the terminal building answering questions and assisting customers. There are currently 12 participants, but Staff projects more volunteers once the Retired Senior Volunteer Program (RSVP) members are available to participate in the Ambassador Program. Staff will also be in touch with the local high schools since there are a number of students over 18 who are required to perform community service as a part of their graduation requirements.

The Ambassadors attend a 2-hour orientation class and are provided with a reference manual that includes information about the airport and the community, including local maps. Ultimately, there will be between 20-30 participants on a rotating schedule working from 9am – 5pm Monday through Friday. Staff members are also participating in the Program.

VIII. OTHER ITEMS

A. May Board Workshop

Commissioner McCormick inquired if the Board could discuss the possibility of scheduling a Board Retreat at the May Workshop.

Manager Nystrom requested that a discussion on proposed revisions to the Authority's By-Laws and Authority's Safety Procedures be added to the agenda.

Update on Colorado Security Professionals

Manager Nystrom noted that the contractor which provides armed security guard presence for the terminal building passenger security screening checkpoint, Colorado Security Professionals, was successful in obtaining the required insurance coverage (\$5,000,000 general liability combined single limit) as of April 1, 2004. The additional insurance will cost approximately \$50,000/year. Colorado Security Professionals has requested that it be allowed to increase their rate from \$24.00/hour to \$29.50/hour to cover the additional insurance expenses. Approval

of the Services Agreement for the security guard services was contingent upon receipt of the additional insurance. The \$24.00/hour rate in the Agreement was agreed upon prior to availability of information regarding the cost of the additional insurance. The original bid was based upon the insurance it had at that time.

Vice Chairman Springer inquired if the amounts contained in the proposed Reimbursement Agreement between the Transportation Security Administration (TSA) and the Authority will cover the increased hourly rate. Manager Nystrom responded that the proposed Reimbursement Agreement was submitted to the TSA at the \$24.00/hour rate. The Authority could submit a request to the TSA to amend the Reimbursement Agreement to cover the additional amount. Otherwise, the additional amount will be covered by the \$150,000/year TSA-mandated security fee currently received from the passenger air carriers.

Commissioner Berryman commented that Colorado Security Professionals was under investigation for possible violations involving non-payment of overtime to its employees. Staff responded that they had been assured that the investigation had nothing to do with any work performed for the Authority.

Commissioner McCormick inquired how long the term will be for the proposed Reimbursement Agreement with the TSA. Manager Nystrom responded that the Reimbursement Agreement would have a 5-year term, with the reimbursement amounts to be negotiated annually. The annual reimbursement periods would be October 1st – September 30th.

Staff recommended that the Board approve the increased armed security guard services rate from \$24.00/ hour to \$29.50/hour effective April 1, 2004. Commissioner Palmer suggested figuring out the exact hourly rate to cover the additional premiums.

Commissioner McCormick moved to negotiate the hourly rate increase for Colorado Security Professionals in an amount to cover the increased insurance premiums necessary to obtain the \$5,000,000 of general liability combined single limit coverage effective from April 1, 2004 until September 30, 2004. Commissioner Little seconded. Vice Chairman Springer abstained due to a possible conflict of interest. Voice vote: all ayes. Motion carried.

Colorado Airport Operators Association (CAOA) 2004 Spring Conference

Manager Nystrom reminded the Board about the CAOA Spring Conference that the Authority will be hosting in Grand Junction May 12th – May 14th. There will be a special reception hosted by Van Sant Group on May 13th from 5:00pm – 6:00pm.

B. Personnel Matters (Executive Session)

Commissioner Berryman moved to enter into Executive Session in order to discuss Personnel Matters as outlined in the Colorado Revised Statutes CRS 24-6-402 (4)(f). Without compromising the purpose for which the Executive Session was requested, the topic of discussion would pertain to Airport Manager performance goals and organizational review. Commissioner McCormick seconded. Voice vote: all ayes. Motion carried.

Chairman McCormack noted that the Executive Session would be recorded in the same manner as the recording of the open portion of the Board Meeting. Additionally, he stated that no formal action would be taken during the Executive Session.

The Board entered into Executive Session at 6:55 p.m.

The Board exited Executive Session at 8:42 p.m.

Commissioner Palmer moved to approve the revised organizational chart as submitted by the Airport Manager. Commissioner Lacy seconded. Voice vote: all ayes. Motion carried.

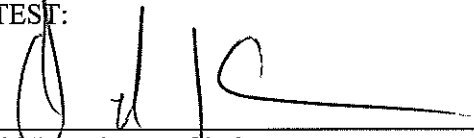
VIII. ADJOURNMENT

There being no further business to come before the Board, Commissioner Palmer moved to adjourn the meeting. Commissioner Lacy seconded. Voice vote: all ayes. The meeting was adjourned at 8:43 p.m.

APPROVED AND ADOPTED THE 18th DAY OF May, 2004.


Miles C. McCormack, Chairman

ATTEST:


David J. Anderson, Clerk