

Walker Field Airport Authority

Minutes of the Regular Board Meeting

May 18, 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 Gary Mancuso
Ben Peck Ted Balbier
Donna VanLandingham Ed Storer

ALSO PRESENT: Harry Tucker, Attorney; Larry Kempton of Kempton Air Service; Dave Kasnoff of FCI Constructors, Inc.; Paul Wisecup of RMBC; Gary Hanson; Gerald Boren; Les DeNaughel of the FAA-Salt Lake City; Jeff Wood; Jack Carpenter of Plane Storage, LLC; Gordon and Marbella Autry; Steve and Lyn Bottom of TriStar Aviation; and Ron and Larry Nunnery of Grand Junction Aircraft Sales.

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

Manager Nystrom requested that Action Item B- "Selection of Coverages, Amounts, and Approval and Appropriation of Funds for Annual WFAA Insurance Coverage" be removed from the Agenda due to the fact that the proposed premiums for 2004 are below what the Board budgeted for insurance. Staff is reviewing the possibility of increasing the general liability limits since the premiums for such coverage are under the amounts budgeted.

Commissioner Palmer inquired why the Authority would want to increase the general liability insurance limits. Manager Nystrom responded that the existing \$10 million combined single limit coverage appears to be lower than average for airports similar in size to Walker Field.

Manager Nystrom requested that Action Item E- "Acknowledgement of Receipt of March, 2004 Financial Statements/Accounts Receivable Report" be removed from the Agenda. These financial statements will be presented to the Board at the next Regular Board Meeting.

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

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments.

IV. CONSENT AGENDA

A. **Minutes: April 6, 2004 Special Board Meeting**

B. **Minutes: April 20, 2004 Regular Board Meeting**

C. **Revised Walker Field Airport Authority Air Operations Area Safety Policy**

Due to the growth at Walker Field Airport in recent years, Staff has revised the WFAA Air Operations Area Safety Policy. Staff has also met with Walker Field tenants to listen to their ideas about revisions. At the May 4, 2004 Board Workshop, Staff presented the proposed revisions to the Board for discussion. Board-recommended changes have been implemented into the document.

Staff recommended that the Board approve the revised Safety Policy and authorize the Chairman to sign the Safety Policy on behalf of the Authority.

D. **Resolution No. 2004-013: Use Application for Passenger Facility Charges Currently Being Collected Through Application No. 4 of the Passenger Facility Charges Program**

At the February 2001 Regular Board Meeting, the Board approved the submittal of Passenger Facility Charge (PFC) Application No. 4 to impose (collect) PFCs for specific capital projects, including expansion of the air carrier ramp (\$200,000). The application was approved by the FAA.

Resolution No. 2004-013 is a part of the formal application process to allow the Authority to use (spend) PFCs for the expansion of the air carrier ramp.

Notices of the proposed use application were sent to all airlines that reported enplanements at Walker Field Airport during 2002 and to all airlines that remitted PFCs to the Authority during 2003. As required by the FAA, these notices also provided an invitation to all of the airlines to attend a meeting (Friday, April 9, 2004) at which they could pose questions regarding the proposed application. No airline representatives attended the meeting.

Individual airlines had thirty (30) days from the date of the meeting to certify agreement or disagreement with the proposed application. No comments were received. Approval of the Resolution would provide authorization to the Airport Manager to submit the application to the FAA.

Staff recommended that the Board adopt Resolution No. 2004-013: Use Application for Passenger Facility Charges Currently Being Collected Through Application No. 4 of the Passenger Facility Charges Program: Air Carrier Ramp Expansion.

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

V. ACTION ITEMS

A. Request by Gerald Boren to Discuss:

1. **Mesa County Building Code Compliance at Kempton Air Service Hangar**
2. **Mesa County Building Department, Grand Junction Fire Department, and Ute Water Jurisdiction at the Airport**

Gerald Boren, a subtenant of Charlie One Alpha, Inc. addressed the Board regarding several issues. First, he stated that an individual was residing within the Kempton Air Service Hangar. Second, an advertisement in the yellow pages of a local phone book for Kempton Air Service refers to Mr. Jim Stafford as an FAA Designated Examiner. According to Mr. Boren, the FAA did not have any documentation regarding that claim. Third, the County's records note the Kempton Air Service hangar as being used as a vacant storage building. Accordingly, Kempton Air Service may have been paying less County taxes than what it would have paid had the hangar been designated as used for its present operations. Finally, Mr. Boren commented that Kempton Air Service's water supply was obtained through tapping-in to another tenant's water line.

Mr. Boren recommended that the Authority require that all stand-alone structures have their own utility taps. Additionally, the Authority should require and provide easements for all electrical lines at the airport. Mr. Boren also felt that it was unfair that Kempton Air Service wasn't required [by Mesa County or the City of Grand Junction] to provide a paved parking lot for its customers. Because Kempton Air Service paid fewer taxes for its structure and was not required to provide a paved parking lot, Mr. Boren believes that this creates an unfair financial advantage for Kempton Air Service compared to other airport tenants.

Mr. Boren stated that he has voiced his concerns about Kempton Air Service at tenant meetings and that Staff has told him that they do not want to receive complaints in writing.

Commissioner Palmer inquired which of the concerns raised by Mr. Boren were of specific legal concern for the Authority. Manager Nystrom responded that per their respective ground lease agreements, tenants are required to comply with all federal, state, local and Airport Authority laws, rules, regulations, procedures, policies, and directives. The ground lease agreements also require tenants to pay all applicable taxes associated with operations on their leaseholds. Additionally,

the ground lease agreements require tenants to provide their own utilities. However, the ground lease agreements do not specify what methods the tenants must use in providing their utilities.

Commissioner Palmer inquired if the issue of residing on a leasehold is addressed within the ground lease agreements. Manager Nystrom noted that the ground lease agreements establish specific uses for which the leaseholds may be used. Use of the property for a domicile, if not specifically allowed by the ground lease agreements, would be a violation of the ground lease agreement. There are currently no ground lease agreements in which residing on a leasehold is allowed.

Commissioner Palmer commented that the only items that appeared to be within the Authority's purview were the possibility of someone residing in the Kempton Air Service hangar and issues regarding easements. All of the other issues appeared to fall outside the Authority's jurisdiction.

Larry Kempton, owner of Kempton Air Service, addressed the Board regarding Mr. Boren's comments. He noted that the Kempton Air Service hangar has a bed and bathroom in the hangar for use when pilots need to shower and rest between flights. These facilities are also used on a temporary basis by an individual who offered to provide on-site security services 2-4 nights per week.

Mr. Kempton stated that in August 2003, Mr. Boren threatened him because Mr. Kempton had reported to the Authority that Mr. Boren may be operating a business out of a hangar which is not authorized for such use. Mr. Kempton furthered that the situation between Mr. Boren and him has escalated since that time.

Mr. Kempton commented that his understanding was that it was a common practice for tenants to perform tenant-finish on the interiors of their hangars. When it was determined that there are additional Mesa County Building Department requirements with which to comply when performing such improvements, he took steps to correct the situation.

Regarding the water line tap, Mr. Kempton stated that he had a verbal agreement with Ken Nesbitt of United Companies to allow him to share the water line. Mr. Kempton no longer uses that water line because Kempton Air Service has its own water tap.

Mr. Kempton noted that there have been a lot of recent concerns regarding individuals driving on Taxiway C1A. He stated that the Authority's increased enforcement of safety and security requirements may have led to Mr. Boren's dissatisfaction with the Authority's operations, since Mr. Boren did not initially meet the requirements for being allowed to operate his private vehicle on that taxiway.

Commissioner Berryman inquired if Mr. Kempton knew that Kempton Air Service may have been in violation of its ground lease agreement by allowing someone to reside on the property. Mr. Kempton responded that he was not aware that his arrangements were construed to be in contravention to his ground lease agreement.

Commissioner McCormick inquired why the Kempton Air Service hangar was listed as a storage facility by the County Assessor's Office. Mr. Kempton responded that all hangars used for business purposes are referred to as storage hangars by the Assessor's Office. Mr. Kempton explained that the hangar was constructed with initial plumbing and electricity, and it was known by the Building Department and Assessor's Office that he was going to construct an office inside the hangar at a later date.

Vice Chairman Springer inquired if there is a problem with personal vehicles being driven on Taxiway C1A. Mr. Kempton explained that there used to be a problem, but because of the increased enforcement of safety policies by the Authority, the problem is diminishing.

Mr. Kempton responded to the concern expressed by Mr. Boren about an instructor of Kempton Air Service not being certified as a designated examiner. Mr. Kempton stated that the FAA Flight Standards District Office in Salt Lake City issued a letter which listed that instructor as a designated examiner.

Commissioner Palmer inquired if most airport tenants have their own utility hookups. Manager Nystrom responded that general aviation tenants have access to a Walker Field trunk line, but it is the tenant's responsibility to hook into that line. Staff noted that there could be 4-5 hangars on one tap, sharing one meter and that Ute Water has indicated that it does not have a problem with this type of arrangement.

Manager Nystrom responded to Mr. Boren's statement regarding Staff not wanting to receive written complaints. To the contrary, Staff actually encourages tenants to forward written complaints to the Authority because it makes it easier for Staff to follow-up regarding specific tenant issues. She commended Mr. Boren for putting his concerns in writing.

Paul Wisecup, a tenant in the Runway 4/22 general aviation area, recommended that the Authority continue to be consistent in its enforcement of lease-related issues. He also commented that many condominium hangar units share one water tap because there is an underlying responsible party, usually the condominium association, that accepts responsibility for the billings.

Mr. Boren expressed concern regarding possible fire hazard issues on the Kempton Air Service leasehold. Commissioner Palmer responded that he had spoken with a representative of the Grand Junction Fire Department. The representative assured him that the Fire Department enforces the fire code at the airport, and no code violations were found on the Kempton Air Service leasehold on the most recent inspection.

Commissioner Palmer noted that there appears to be several issues that the Authority should continue to review, such as the consistent enforcement of ground lease requirements. Additionally, the Authority should address the perception that a few tenants may have regarding an apparent unfair and unequal treatment among tenants.

Commissioner Palmer stated that Staff should continue monitoring all leaseholds on the airport, be aware of the improvements and uses on the leaseholds, and alert other agencies whenever there are any changes on the leaseholds. Manager Nystrom agreed that inconsistent enforcement of airport policies and leases can occur, however, Staff does not intentionally "play favorites" with any of the tenants. She stated that Staff does not have the resources to continuously monitor tenant activities 24 hours per day. Therefore, violations may occur but not be observed, thereby resulting in the perception of inconsistency. However, when an inspection reveals a possible violation, Staff makes a point to follow up on it with the tenant or user.

Chairman McCormack suggested continuing this discussion at a future time. The Board consensus was to table this issue for future discussion. There was no action taken.

B. Security Personnel Reimbursement Agreement between the Transportation Security Administration and the Walker Field Airport Authority

Per Transportation Security Administration (TSA) Security Directives, the Authority is required to have an armed law enforcement officer (LEO) or security guard present at the security screening checkpoint at all times when passenger screening operations are being conducted. Currently, armed security guard services are provided by Colorado Security Professionals, Inc. and the LEO services are provided by the City of Grand Junction Police Department on an as-needed basis.

In order to provide financial assistance to the Authority for the costs associated with providing uniformed officers or security guards at the checkpoint, WFAA can enter into a Reimbursement Agreement (RA) with the TSA. The initial term of the RA is June 1, 2003 through September 30, 2004, with up to three (3) one (1)-year extensions at the option of the TSA.

Although the standard provisions within the RA are acceptable, Staff disagreed with the initial proposed amounts of the reimbursements proffered by the TSA. The City of Grand Junction LEO costs were \$37.59/hour, but the TSA's initial reimbursement offer was \$24.84/hour. As a result of an appeal by Staff, the reimbursement offer for the LEO costs was increased to \$31.32/hour for the period of June 1, 2003 - January 14, 2004.

Effective January 15, 2004, an armed security guard service replaced the LEO presence at the security screening checkpoint. Because of the lower costs associated with the armed security guard service (\$24.00/hour 1/15/04 - 4/6/04; \$29.50/hour thereafter), the TSA is offering a reimbursement rate of \$24.00/hour for January 15, 2004 - September 30, 2004, with 3% proposed annual increases for subsequent fiscal years (to be negotiated).

Based on a 14.5 hour armed security guard presence at the security screening checkpoint per day, the resulting deficit is approximately \$23,816 per year to WFAA. Passenger airlines serving Walker Field are currently paying a TSA-Mandated Security Measures Fee of \$150,000 per year to the Authority to help offset these costs, with unused amounts to be refunded annually to the airlines.

Staff recommended that the Board approve and authorize the Chairman to sign the Security Personnel Reimbursement Agreement between the TSA and the Authority for security services. Also, Staff will initiate another appeal to the TSA for the insufficient reimbursement amounts for April 7, 2004 – September 30, 2004, and for subsequent years as applicable.

Commissioner McCormick moved to approve and authorize the Chairman to sign the Security Personnel Reimbursement Agreement between TSA and the WFAA. Commissioner Palmer seconded. Voice vote: all ayes. Motion carried.

C. Acknowledgement of Receipt of February, 2004 Financial Statements

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 \$43,445 over budget (11.9%). Additionally, year to date operating expenses are 4.2% lower than budgeted. Year to date Operating Income Before Depreciation (OIBD) is \$50,406, which is \$59,070 higher than budgeted year to date.

Rental car, general aviation land lease, 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 February was minimal, resulting in year to date capital contributions being under budget.

On the Statement of Net Assets, nonrestricted cash/investments decreased 6.7% primarily from the payment of several large vendor invoices. Accounts payable decreased (net) by \$200,878 as a result of payments of these large vendor invoices. Land, Buildings, and Equipment increased \$125,473 with expenditures for:

- Terminal building boarding area expansion project
- Installation of terminal building security access system

Accounts receivable increased \$57,703 primarily as a result of the invoicing of the "TSA-Mandated Security Fee" to the airlines. Additionally, there were several new airport tenants added to the accounts receivable system in February. PFC funds decreased \$129,167 (net) with payment number 2 of 8 of the PFC enterprise revenue notes for the terminal building boarding area expansion project.

Overall, February yielded positive financial performance for the Authority.

Commissioner Palmer moved to acknowledge receipt of the February, 2004 financial statements. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

D. Request for Approval and Appropriation of Funds for Additional 2004 Expense and Capital items

Because of favorable year to date operating variances and the availability of existing funds, Staff recommended the approval and appropriation of funds for the following expense and capital items:

Reallocation:

Boiler System Upgrades/Water Line Replacement
to Terminal Building HVAC Upgrades\$89,900

Expense:

Salary- Administrative Assistant- Administration\$28,000
Salary/Benefits-Projects & Airfield Facilities Mgr.
Reclassification\$4,800

Capital:

Tile Border- 1st Floor Restrooms.....\$1,400
Baggage Carousel Upgrades2,000
Service Entrance Doors and Frame.....2,000
Climate Control for Server Room3,000
Passenger Luggage Carts (10).....3,500

Workstation Furniture and Accessories4,500
Laptop Computer1,600
Add'l Terminal Building HVAC Upgrades.....51,000

TOTAL ADD'L\$101,800

Commissioner McCormick moved to approve and appropriate \$101,800 for the additional expense and capital items and to re-allocate \$89,900 to the terminal building HVAC upgrades. Commissioner Little seconded. Voice vote: all ayes. Motion carried.

IX. DISCUSSION ITEMS

Commissioner Palmer recommended that the monthly Safety Report that Staff provides to the Board include some comparisons to prior time periods. Staff responded that since the Safety Report was only initiated in January, 2004 comparisons will become available beginning in January, 2005.

Commissioner McCormick inquired about the possible impacts on the Authority regarding the changes in aircraft types used for BLM Air Center slurry bomber operations. Manager Nystrom stated that this revenue line item is historically budgeted conservatively and that the reduction in potential landing fees due to the size of the smaller aircraft was already taken into consideration when the 2004 budget was prepared.

IX. AIRPORT MANAGER'S REPORT

Commissioner Berryman, Commissioner Palmer and Commissioner McCormick commended Staff for doing a great job on hosting the Colorado Airport Operators Association (CAOA) Spring Conference.

VIII. OTHER ITEMS

A. June Board Workshop and Retreat

The Board Retreat will be held on Saturday, June 5th, 8:00am-1:00pm. Manager Nystrom commented that Staff did not have any recommended issues to place on the Agenda for the June Board Workshop and suggested that the Board hold the Board Retreat in lieu of the June Board Workshop. The Board agreed.

Manager Nystrom stated that the Authority will be meeting with tenants the next day to solicit input on identifying benchmarks for growth and development at the airport. Although that would be the main topic for discussion, Staff encouraged tenants to discuss any other issues they had.

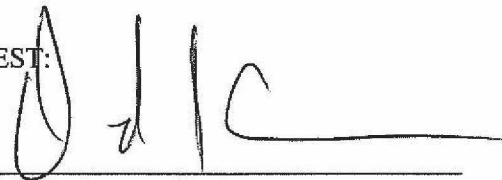
IX. ADJOURNMENT

Commissioner Palmer 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 7:24 p.m.

APPROVED AND ADOPTED THE 15th DAY OF June, 2004.


Miles C. McCormack, Chairman

ATTEST: 

David J. Anderson, Clerk