

Walker Field Airport Authority

Minutes of the Regular Board Meeting

July 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 Gary Mancuso
Ted Balbier

ALSO PRESENT: Gene Murphy of Washington Group; Scott Seibold of Twin Otter International Limited (TOIL); Bob Barry and Louis Buescher of West Star Aviation; Mike Sutherland of Sky Adventures, LLC; and Bob Kretschman of the Daily Sentinel.

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

Commissioner McCormick moved to approve the agenda. Commissioner Little seconded. Roll call: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. Minutes: June 15, 2004 Regular Board Meeting

Commissioner Palmer requested that the Minutes from the June 15, 2004 Regular Board Meeting be changed to reflect that he was not in attendance.

B. Acknowledgement of Receipt of April, 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 \$78,499 over budget (10.3%). Year to date operating expenses are slightly over budget (0.2%). Year to date Operating Income Before Depreciation (OIBD) is \$130,524, which is \$53,618 higher than budgeted year to date.

Rental car, general aviation land lease, parking, commercial aircraft fuel flowage and landing fees, 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 year to date continues to be minimal, resulting in year to date capital contributions being under budget.

On the Statement of Net Assets, nonrestricted cash/investments decreased 6.3% primarily from the expenditure of funds for capital projects. Expenditures on capital projects also resulted in a reduction in total receivables (which included federal and state grant receivables). Accounts payable decreased (net) by \$93,654 as a result of the payments of large vendor invoices. Land, Buildings, and Equipment increased \$214,453 with expenditures for:

- Terminal building boarding area expansion project
- Replacement of airline ticket office area garage doors
- Installation of terminal building security access system
- Vehicle acquisition – GMC Yukon
- Purchase of skid loader with attachments
- Landscaping along Walker Field Drive
- Terminal building lighting upgrades

The Terminal Building Bonds Acquisition Fund (funds used for construction costs) decreased by \$109,383 with expenditures towards the terminal building boarding area expansion project. PFC funds increased \$45,131 (net) with continued program collections. Overall, April yielded positive financial performance for the Authority.

Commissioner Palmer requested an update regarding the American Aviation delinquent account. Staff stated that American Aviation's account has been assigned to a collection agency. American Aviation made a partial payment on the delinquent account several days ago. The collection agency is continuing the collection process.

C. Resolution No. 2004-014: Amendment of Walker Field, Colorado, Public Airport Authority By-Laws (Second Reading)

At the June 15, 2004 Regular Board Meeting, the Board approved the first reading of a proposed amendment to the Authority's By-Laws. The proposed resolution would amend the Authority's By-Laws to incorporate several changes, including:

- Clarification regarding the indemnification of Authority employees;
- Clarification of Director term limits;
- Addition of Director attendance requirements; and
- Raising the contract amount at which formal bid procedures are required from \$10,000 to \$25,000.

State of Colorado House Bill 04-1019 was recently approved by the State Legislature and signed into law by the Governor. It increased the contract amount at which formal bid procedures are required from \$10,000

to \$50,000. The proposed Authority By-Laws reflect an increase to \$25,000. Because the effective date of the State law is the later of August 4, 2004 or when several contingencies within the legislation have been satisfied, the effective date of the proposed Authority By-Laws would correlate with the effective date of the legislation.

The proposed resolution would amend the Authority's By-Laws to reflect the listed changes and several minor grammatical changes. To amend any sections of the Authority's By-Laws, the Board must approve a proposed amendment at two (2) Board meetings approximately one (1) month from each other, with publication of the proposed resolution prior to each of those meetings. The first (1st) publication of the proposed amendment occurred in The Daily Sentinel on June 9th. The second (2nd) publication of the proposed amendment was on July 14th.

Staff recommended that the Board approve and authorize the Chairman to sign Resolution No. 2004-014: Amendment of Walker Field, Colorado, Public Airport Authority By-Laws (Second Reading) with an effective date of the later of August 4, 2004 or when the applicable contingencies associated with HB04-1019 have been satisfied.

D. Change Order No. Four for AIP No. 3-08-0027-27: East Air Carrier Ramp Project/Amendment to Mays Concrete, Inc. Contract

In April, 2004 the Board approved Change Order No. 3 to relocate the existing drain line from under the new east air carrier ramp and to cure drainage issues in front of the FedEx building. By doing this, the storm water flow was improved from the aircraft rescue firefighting building area and several future drainage issues were mitigated. Additional pavement was completed inside the fence and around the inlets to eliminate potential erosion and foreign object debris (FOD) producing areas. This pavement also controls the gradient and flow to the lower inlets.

When the area was exposed, several problems were discovered that required the expansion of the quantities of Change Order No. 3. A large section of FedEx's sewer had to be replaced, along with additional asphalt. A V-pan was installed to better facilitate drainage, and an additional ten (10) feet of storm drain was installed to achieve a better grade in the line. These changes are all incorporated in Change Order No. 4. The existing contract amount with Mays Concrete for this project is \$886,888. This proposed Change Order would increase Mays Concrete's contract to \$903,897.56 (an increase of \$17,009.56). This revised contract amount falls below the amount of funds already appropriated in the budget for AIP-27. Therefore, no additional funding appropriation was requested.

Staff recommended that the Board approve Change Order No. 4, authorize the Chairman to sign an Amendment to the contract with Mays Concrete, Inc., and authorize the Airport Manager to sign Change Order No. 4 on behalf of the Authority.

Commissioner McCormick requested some background information pertaining to the need for the additional items contained within the proposed Change Order.

Gene Murphy of Washington Group, the Authority's engineering firm, commented that when a drain line was exposed during the project, they discovered a sewer line needed to be removed and regraded. The FAA reviewed the proposed modifications and approved the Change Order as a part of the project for federal funding eligibility.

E. Request for Approval and Appropriation of Funds for Additional FY 2004 Capital Item

Current FY 2004 appropriated operating expenses total \$2,036,160 (excluding depreciation). If operating revenues and expenses for FY 2004 match exactly with the projected revenues and expenses, the December 31, 2004 non-restricted cash/cash reserves balance is projected to be at least \$807,552, which is also the targeted balance.

Denver International Airport (DIA) holds periodic sales of surplus equipment. DIA's equipment is generally well-maintained as a part of a structured program and is offered at substantial markdowns in an effort to assist airport operators across the state in obtaining high-quality equipment at very affordable prices. A sale of surplus equipment is scheduled on July 22nd. Staff is planning to attend the sale and would like to purchase equipment that will assist with snow removal and capital construction projects.

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 capital item:

Capital:
Surplus Equipment.....\$15,000

F. Amendment No. 14 to Contract with Washington Group International, Inc. for Engineering and Project Administration Services for Airport Improvement Program Project No. 3-08-0027-29: Relocate Landing View Lane and 30" Water Line; Rehabilitate Taxiway C-1A; and Design Runway 4/22 General Aviation Development Area

This proposed amendment to the Washington Group contract is for engineering and project administration services associated with the construction, testing, and acceptance of the Landing View Lane and 30" water line relocation, rehabilitation of Taxiway C-1A, and the design of the Runway 4/22 general aviation development area.

* Contract Amount: Maximum of \$319,778 plus a fixed fee of \$37,553
(Total amount not to exceed \$357,331)

These fees are subject to FAA review and approval and have already been accepted by the FAA as fair and reasonable. The fees would be funded with 95% federal AIP funds as part of AIP-29 Grant. The total amount of Airport Authority funds would not exceed \$17,867. These funds have already been appropriated by the Board.

Staff recommended that the Board approve and authorize the Chairman to sign Amendment No. 14 to Contract with Washington Group International, Inc. for Engineering and Project Administration Services for Airport Improvement Program Project No. 3-08-0027-29 for an amount not to exceed \$357,331, subject to the execution of the final Grant Agreement by the FAA, the Airport Authority, the City of Grand Junction, and Mesa County.

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

V. ACTION ITEMS

A. Request by West Star Aviation, Inc. to Terminate Ground Lease Agreement

West Star Aviation, Inc. entered into a Ground Lease Agreement with the Airport Authority on April 17, 2004 for approximately 8.43 acres from which Timberline Aviation had previously operated. Buildings are located on that leasehold that West Star purchased from Timberline Aviation.

West Star Aviation, Inc. has reached an agreement to sell a portion of its assets (including the hangar) on this leasehold to Junction Property Management, LLC for storing, parking, and maintaining aircraft owned or leased by them or other third parties. Consequently, West Star Aviation, Inc. requested to terminate this Ground Lease Agreement with the Airport Authority on the 8.43 acres. This would enable Junction Property Management, LLC to enter into a new ground lease agreement with the Airport Authority for a portion of the parcel, including the portion on which the hangar is located.

The remainder of the former Timberline Aviation parcel would be retained by the Airport Authority for use in providing aircraft access from Taxiway "A" to the recently-purchased property to the south of Landing View Lane. The calibration pads will continue to be leased by S. M. Stoller.

Staff recommended that the Board approve West Star Aviation, Inc.'s request to terminate its Ground Lease Agreement dated April 17, 2004 and authorize the Chairman to sign a corresponding Termination Agreement on behalf of the Airport Authority contingent upon:

- West Star Aviation, Inc. being current on all amounts owing the Airport Authority;
- Execution of a Ground Lease Agreement between the Airport Authority and Junction Property Management, LLC for a portion of the leased premises;
- Airport Authority Attorney review and approval of the applicable documents and agreements associated with these transactions, as needed; and
- Final sale and closing between West Star Aviation, Inc. and Junction Property Management, LLC.

Manager Nystrom noted that if the Board approved the termination of West Star's Ground Lease Agreement, Junction Property Management, LLC is ready to execute a Ground Lease Agreement with the Authority.

Commissioner Palmer inquired about the size of the applicable parcels in that area if the West Star Ground Lease Agreement is terminated. Manager Nystrom highlighted the parcel that Junction Property Management, LLC would lease. Additionally, she referenced the existing calibration pads parcel (currently leased by S.M. Stoller), and she commented that a portion of the remaining former Timberline Aviation ramp would be utilized for a taxiway to access parcels to the south.

Commissioner Palmer questioned whether or not West Star had constructed the aircraft ramp in that area. Manager Nystrom responded that Timberline Aviation constructed the original ramp in 1996 and expanded the ramp approximately three or four years ago. She furthered that a portion of the expanded ramp is the area that the Authority plans to utilize as a north-south taxiway to access the parcels to the south.

Commissioner Berryman asked about the term of the Ground Lease Agreement with Junction Property Management, LLC. Manager Nystrom stated that the term is for twenty (20) years with a ten (10) year renewal option. Commissioner Palmer asked if the ground lease rate will be the same as the existing ground lease rate for West Star Aviation. Manager Nystrom responded that the ground lease rate will be the same.

Commissioner Lacy asked if Timberline Aviation had paved the ramp surrounding the calibration pads. Manager Nystrom stated that approximately three or four years ago, Timberline Aviation entered into an access agreement with the U.S. Department of Energy contractor to use the areas surrounding the calibration pads. Timberline Aviation then paved that area for additional ramp. If the Board approves the termination of West Star's Ground Lease Agreement and the Authority enters into a new Ground Lease Agreement with Junction Property Management, LLC, two parcels will be created—west of the calibration pads and east of the calibration pads. Staff recommended that the parcel to the west of the calibration pads be reserved for a taxiway to access developable parcels to the south of that area.

Mr. Bob Barry of West Star Aviation stated that West Star Aviation is interested in leasing the parcel to the west of the calibration pads, and is not interested in leasing the parcel to the east of the calibration pads since the eastern parcel is smaller than what they would prefer.

Commissioner McCormick sought confirmation that what was being considered for this agenda item is the termination of West Star Aviation's existing Ground Lease Agreement for the leasehold in this area. Manager Nystrom affirmed his understanding and added that West Star Aviation requested that its entire leasehold in this area be terminated. Mr. Barry confirmed Manager Nystrom's statement. Manager Nystrom stated that the Authority is in discussions with West Star Aviation regarding the possibility of leasing a parcel near the calibration pads. This would be a separate transaction.

Commissioner McCormick moved that the Board approve West Star Aviation, Inc.'s request to terminate its Ground Lease Agreement dated April 17, 2004 and authorize the Chairman to sign the corresponding Termination Agreement on behalf of the Authority contingent upon:

- West Star Aviation, Inc. being current on all amounts owing to the Airport Authority;
- Execution of a Ground Lease Agreement between the Airport Authority and Junction Property Management, LLC for a portion of the leased premises;
- Airport Authority Attorney review and approval of the applicable documents and agreements associated with these transactions, as needed; and
- final sale and closing between West Star Aviation, Inc. and Junction Property Management, LLC.

Commissioner Palmer seconded. Voice vote: all ayes. Motion passed.

Commissioner Palmer expressed his and the Board's appreciation for West Star Aviation's and Grand Junction Economic Partnership's efforts in attracting Twin Otter International Limited (via Junction Property Management, LLC) to the Airport and for their contributions to the community.

B. Bid Award and Contract for Airport Improvement Program Project No. 3-08-0027-29: Relocate Landing View Lane and 30" Water Line; Rehabilitate Taxiway C-1A

The scope of this proposed project includes the relocation of Landing View Lane and the 30" Ute Water line 250 feet south of the existing location. Because of funding constraints, Schedule III (rehabilitation of the older portion of Taxiway C-1A) will be deferred until federal funding is available.

Manager Nystrom referred to a letter dated July 19th from Washington Group International, Inc. which outlined the bids that were submitted for this particular project. She noted that four (4) bids were received. The lowest bidder overall was M.A. Concrete Construction, and it appears to be the recommended low bidder, subject to Authority verification that M.A. Concrete Construction meets the bid specifications.

Manager Nystrom indicated that this project will be a multi-year project, which means that the Authority will be using 2004 and 2005 federal entitlement funds for this project.

Staff recommended that the Board award the bid to M.A. Concrete Construction for Schedules I and II (relocation of Landing View Lane and relocation of the Ute Water line). Additionally, Staff will possibly rebid Schedule III once the funds become available or recommend awarding Schedule III to M.A. Concrete Construction since it is the lowest overall bidder (all three (3) schedules in aggregate).

Commissioner Berryman asked for additional information pertaining to Schedule III. Manager Nystrom explained that Schedule III is the rehabilitation of Taxiway

C-1A. She noted that the existing pavement condition of Taxiway C-1A will allow for a deferral of this Schedule.

Commissioner Berryman moved to award the bid to and approve the Chairman to sign a Contract for Schedules I and II with M.A. Concrete Construction, subject to FAA concurrence and execution of the final Grant Agreement with the FAA, the Authority, the City of Grand Junction, and Mesa County. Additionally, Commissioner Berryman moved to authorize the Airport Manager to sign change orders of less than \$10,000, subject to FAA concurrence. Commissioner Lacy seconded. Voice vote: all ayes. Motion carried.

VI. DISCUSSION ITEMS

Commissioner Little asked for additional information pertaining to Junction Property Management, LLC. Scott Seibold, owner of Junction Property Management, LLC and Twin Otter International Limited highlighted the company's operations. It specializes in maintaining and refurbishing De Havilland DHC-6 Twin Otter aircraft for use by governmental entities, sightseeing companies, and contractors.

The Board welcomed Mr. Seibold and his company to Walker Field.

VII. AIRPORT MANAGER'S REPORT

Manager Nystrom noted that she attended Frontier Airlines' 10-year anniversary celebration. She visited with several Frontier representatives, including President & CEO Jeff Potter and Chairman of the Board Sam Addoms. She added that because of higher fuel prices, airlines must have higher load factors than they needed in the past. On average, some of the airlines must now have load factors of approximately 80% to breakeven.

Commissioner Berryman commended Manager Nystrom for her presentation at a recent Rotary Club meeting. She indicated that Manager Nystrom did a fabulous job.

Manager Nystrom stated that Staff is progressing in its review of proposals submitted by firms interested in being selected to serve as the Authority's engineering consultant.

Commissioner McCormick stated he saw an ad recently for a food and beverage concessionaire for the terminal building. Staff indicated that several entities have requested information. The entities have ranged from local operators to several large concessionaires. The current food and beverage operator's Concession Agreement with the Authority will end on October 31st. Manager Nystrom stated that Staff will have a recommendation for Board consideration at the September Regular Board Meeting.

VIII. OTHER ITEMS

A. August Board Workshop

Manager Nystrom recommended that Landside Commercial Development and a review of 2003 Revenue and Expense Cost Center Allocations be placed on the Agenda.

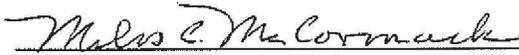
Commissioner McCormick asked Manager Nystrom if a draft Position Statement for the Landside Commercial Development would be available for Board review prior to the Workshop. Manager Nystrom responded that Staff is reviewing an initial draft at the present time and will forward the draft to the Board prior to the Workshop.

VIII. ADJOURNMENT

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

There being no further business to come before the Board, the meeting was adjourned at 5:59 p.m.

APPROVED AND ADOPTED THE 17th DAY OF August, 2004.



Miles C. McCormack, Chairman

ATTEST: 

David J. Anderson, Clerk