

Walker Field Airport Authority

Minutes of the Regular Board Meeting

October 19, 2004

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

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

ALSO PRESENT: Bob Kretschman of The Daily Sentinel; Jana Gerow of Development Construction Services, Inc.; and Markus Hockenson, Christine Campbell, and Jason Graham of Enterprise Leasing Company of Denver (dba Enterprise Rent-A-Car).

I. CALL TO ORDER

The meeting was called to order at 5:16 p.m.

II. APPROVAL OF AGENDA

Commissioner McCormick asked about the procedures that will be used for the Airport Manager's performance evaluation. Chairman McCormack responded that he will provide the Board with informational packets covering the evaluation process, and the evaluation will be included on the agenda for the November Board Meeting.

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

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. Minutes: September 21, 2004 Regular Board Meeting

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

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 \$194,643 over budget (12.2%). Year to date operating expenses are slightly under budget (5.2%). Year to date Operating Income Before Depreciation (OIBD) is \$484,653, which is \$266,620 higher than budgeted year to date.

Rental car, general aviation land lease, parking, commercial aircraft fuel flowage, landing fees, and terminal building concession revenues exceeded budget projections (year to date). Additionally, as a result of the TSA Reimbursement Agreement, the Authority will be reimbursed for most of the 2003 and 2004 terminal building passenger screening checkpoint law enforcement officer (LEO)/security guard expenses. 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 11.7%. This is attributed to a corresponding decrease in accounts receivable of \$70,233. Accounts payable increased \$70,439 with the receipt of several large vendor invoices at the end of the month.

Land, Buildings, and Equipment fixed asset accounts increased \$140,811 with expenditures for:

- Boarding area expansion project
- Terminal building signage upgrades
- Terminal building heating, ventilation, and air conditioning (HVAC) upgrades
- Terminal building customer information kiosk
- Passenger luggage carts (10)
- Landscaping along Walker Field Drive

Accrued liabilities decreased \$123,606 from the payment of retainage for the east air carrier ramp expansion and taxiway C1A expansion area projects. PFC funds decreased \$122,097 (net) with payment number 3 of 8 of the PFC enterprise revenue notes for the terminal building boarding area expansion project. This also resulted in a decrease of \$141,262 (net) in Restricted Assets.

Overall, August yielded positive financial performance for the Authority.

Commissioner Springer inquired about the reimbursement amounts that the Authority will receive from the Transportation Security Administration (TSA) for law enforcement/security guard services at the passenger security screening checkpoint and how those amounts are reflected on the financial statements. Staff outlined the procedures for reflecting those amounts within the financial statements. Additionally, Staff noted that the airline security fee revenues received by the Authority that are in excess of the actual security expenses incurred by the Authority will be refunded to the airlines on a prorated basis.

Commissioner Springer asked if the Authority's non-restricted cash reserves policy is adequate in light of the airline industry downturn and the potential for additional security measures that may need to be implemented at a later date. Staff stated that they felt very comfortable with the existing policy, and noted that the Authority's policy is a lot more conservative than similar policies at many other airports.

C. **Amendment No. 15 to Contract with Washington Group International, Inc. for Design and Bidding 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 No. 15 is for the design and bidding services associated with the construction 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, with a contract maximum of \$266,388.

The fees are subject to FAA review and approval and have already been accepted by the FAA as fair and reasonable. Ninety-seven and one-half percent (97.5%) of the fees will be funded with federal Airport Improvement Program (AIP) funds and Colorado State Discretionary Grant (CDAG) funds. The total amount of Authority funds will not exceed \$6,659.70. These funds have already been appropriated by the Board.

Staff recommended that the Board approve and authorize the Chairman to sign Amendment No. 15 to Contract with Washington Group International, Inc. for Engineering, Design and Bidding Services for Airport Improvement Program Project No. 3-08-0027-29 for an amount not to exceed \$266,388.

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

V. **ACTION ITEMS**

A. **Request by Enterprise Leasing Company of Denver (dba Enterprise Rent-A-Car) for Extension of Time to Complete Service Area Facility Improvements**

As a part of its bid proposal for an on-airport rental car concession, Enterprise Leasing Company of Denver (dba Enterprise Rent-A-Car) committed to build a rental car service facility on its service area leasehold at the southwest corner of Falcon Way and Landing View Lane. It bid that the value of the facility would be at least \$100,000.

The value of the improvements was a component (along with the guaranteed minimum concession rentals) of the total bid amounts received from prospective concessionaires for on-airport rental car concessions. The total bid amounts were used in selecting the on-airport rental car concessionaires and for designating their counter, office, and parking lot space locations. The combination of the proposed improvements and guaranteed minimum concession rentals payable to the Authority placed Enterprise Rent-A-Car as the highest bidder. If the improvements were not included, Enterprise Rent-A-Car would have been the third highest bidder.

If an on-airport rental car concessionaire committed to build improvements, the deadline for completing them is October 31, 2004. If not completed by that date, the Authority is entitled to liquidated damages of \$100 per day until the improvements are completed or until the expiration of the Agreement, whichever is earlier.

According to Enterprise Rent-A-Car, it has incurred \$66,117 in project costs to-date towards the service facility. It has projected that its total costs for the improvements will be approximately \$211,000, versus its initial bid proposal of \$100,000.

Because of contractual and cost issues that have delayed the construction schedule, Enterprise Rent-A-Car submitted a written request that the Authority extend the deadline for completing the improvements to December 31, 2004 and waive the \$100 per day liquidated damages through that date. In exchange for the extension and waiver, Enterprise Rent-A-Car expressed its commitment to the following:

- It will proceed with the "utmost diligence" in completing the project;
- It estimates that it will have incurred \$100,000 of project costs by October 31, 2004;
- It is willing to provide the Authority with a performance bond (prior to October 31, 2004) for the costs necessary to complete the remainder of the improvements;
- The completed facility will be valued at almost double what it had originally bid (\$211,000 versus \$100,000).

Enterprise Rent-A-Car has provided the Authority with a copy of its signed Contractor's Agreement with Roper Construction and a project timeline for the completion of service area facility improvements. It anticipates being able to complete the improvements by December 31, 2004.

Staff recommended that the Board approve Enterprise Leasing Company of Denver's (dba Enterprise Rent-A-Car's) request to extend the deadline for completing the service area facility to December 31, 2004 and waive the \$100 per day liquidated damages through that date, contingent upon Enterprise Leasing Company of Denver providing the Authority with a performance bond (prior to October 31, 2004) determined to be satisfactory by the Authority and in an amount sufficient to complete the improvements.

Manager Nystrom pointed out that this is the second time the Authority has encountered a situation where a tenant has not met the initial deadline of completing required improvements within an 18-month timeframe, as required under the applicable agreements. She stated that she and Staff are formulating recommendations on how the development timeframe can be restructured, yet remain within the applicable guidelines set forth by the FAA.

Commissioner Berryman stated that Commissioner Palmer indicated to her that he would agree to Enterprise's request for an extension, but if that deadline is not met, he would recommend that the \$100 per day liquidated damages be enforced and made retroactive to the original deadline date. Commissioner Berryman asked Enterprise representatives for their comments regarding the December 31st date. Markus Hockenson of Enterprise commented that they are confident that the completion deadline will be met, although winter weather conditions could have an impact on the deadline. Mr. Hockenson continued that they estimate the improvements will be completed within six (6) weeks.

Commissioner Springer stated that he would be uncomfortable with imposing a retroactive \$100 per day liquidated damages penalty. Commissioner Berryman agreed.

Commissioner Springer made a motion to approve Enterprise's request to extend the deadline for completing its service area facility improvements until December 31, 2004 and waive the \$100 per day liquidated damages through that date, contingent upon Enterprise providing the Authority with a performance bond (prior to October 31, 2004) determined to be satisfactory by the Authority and in an amount sufficient to complete the improvements. Commissioner McCormick seconded. Voice vote: all ayes. Motion carried.

VI. DISCUSSION ITEMS

A. Transportation Security Administration Screening Partnership Program (Opt-Out Program)

Manager Nystrom stated that she and Staff have been reviewing the newly-created Transportation Security Administration (TSA) Screening Partnership Program (Opt-Out Program), which allows airports to apply to TSA to have a private sector firm, selected by TSA, perform passenger and baggage screening functions. An extensive review process was conducted by Staff to weigh the pros and cons of proceeding with the Opt-Out Program. Based on the information, Manager Nystrom determined that the Authority will remain with the existing system, which has TSA personnel performing these functions, but review the Program again next year. The primary reason for this decision is that the Airport Authority customer service surveys completed indicate that approximately 80% of the respondents are favorable towards how they are treated by TSA screeners. This percentage is similar to the responses received on surveys when private sector screeners were performing the screening functions.

Commissioner Springer asked what the impact would be on the TSA's location of its regional offices at Walker Field Airport if the Authority participated in the Opt-Out Program. Manager Nystrom stated that the TSA would continue to maintain regional offices for oversight of the private screening company operations, as well as the TSA-staffed airports.

Manager Nystrom noted that there was a test Opt-Out Program in which five airports across the country participated. The differences between the TSA screening versus the private screening were virtually transparent in all of those airports since all of the screeners are required to comply with the same screening requirements. Additionally, customer service and costs, with the exception of one airport, were approximately the same among all of those airports.

It was the consensus of the Board that the Authority remain with the existing TSA security screening services for at least another year.

VII. AIRPORT MANAGER'S REPORT

Manager Nystrom noted that the 2nd Organizational Climate Assessment has been completed, the results have been compiled, and she is in the process of preparing a report to provide to the Board.

VIII. OTHER ITEMS

A. November Board Workshop

Manager Nystrom recommended that the proposed FY2005 Budget be discussed. Additionally, she suggested scheduling an airport tour just prior to the Workshop for Board members who would like to participate.

B. Airport Manager Performance Evaluation Process

Chairman McCormack announced that the Airport Manager performance evaluation process will be included as an agenda item for the November Board Meeting.

C. Terminal Building Christmas Tree


Commissioner Berryman stated that Commissioner Palmer is recommending that the Authority approach the Girl Scouts and Boy Scouts to see if they would be interested in providing and decorating Christmas trees in the terminal building. Commissioner Berryman commented that Commissioner Palmer recommended a contest of some kind for recognition of the best-decorated tree. Manager Nystrom stated that if it is the consensus of the Board to proceed in this direction, Staff will contact Commissioner Palmer to obtain additional information.

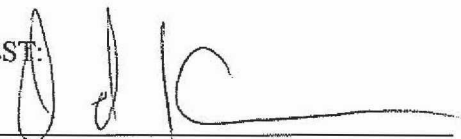
IX. ADJOURNMENT

Commissioner McCormick 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 6:05p.m.

APPROVED AND ADOPTED THE 16th DAY OF November, 2004.


Miles C. McCormack, Chairman

ATTEST: 
David J. Anderson, Clerk