

Walker Field Airport Authority

Minutes of the Regular Board Meeting

November 16, 2004

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

AIRPORT STAFF PRESENT: Corinne Nystrom Charlie Novinskie
David Anderson Gary Mancuso
Ed Storer Ben Peck
John Thomas Brian Johnson
Ted Balbier Gilbert Trujillo
Jerry Jensen

ALSO PRESENT: 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 Springer seconded. Voice vote: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments and/or communications.

IV. SPECIAL ACKNOWLEDGEMENT OF WFAA LANDSIDE EMPLOYEES

The Board commended Authority Landside Department Staff members for their excellent performance on the projects on which they have been working, including landscaping of the entrance roadway leading to the terminal building. Chairman McCormick added that completion of the landscaping and retaining walls on the hillside by the Aviators Memorial Park has been a major aesthetic improvement to that area.

Authority Landside Department Staff members who were present at the meeting were personally introduced and recognized for their excellent performance. The Staff members included: John Thomas, Gilbert Trujillo, Brian Johnson, and Jerry Jensen.

V. **CONSENT AGENDA**

A. **Minutes: October 19, 2004 Regular Board Meeting**

B. **Acknowledgement of Receipt of September, 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 \$230,226 over budget (12.8%) while year to date operating expenses are slightly under budget (6.6%). This resulted in year to date Operating Income Before Depreciation (OIBD) of \$593,207, which is \$331,769 higher than budgeted year to date.

Rental car, general aviation land lease, parking, commercial aircraft fuel flowage and landing fees, and terminal building lease and 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 increased 10.9%. This was attributed to the receipt of federal grant proceeds and initial reimbursements from the TSA for LEO/security guard services (reflected in the decrease of the respective receivables). Accounts payable decreased \$127,983 with the payment of several large vendor invoices.

Land, Buildings, and Equipment fixed asset accounts increased \$21,600 with expenditures for:

- Landscaping along Walker Field Drive
- Terminal building security access control system
- Boarding area expansion project
- Terminal building customer information kiosk

PFC funds increased \$33,359 (net) with continued program collections.

Overall, September yielded positive financial performance for the Authority.

C. **Request by United Companies of Mesa County, Inc. and Luxury Wheels, O.E. Plating, Inc. to Terminate Ground Lease Agreement**

United Companies of Mesa County, Inc. and Luxury Wheels, O.E. Plating, Inc. entered into a Ground Lease Agreement with the Airport Authority effective July 1, 1995 for a parcel of ground in the Taxiway C-1A area for the construction of an aircraft hangar. They are selling their hangar to L & K Consulting, Inc. of Grand Junction. Consequently, they requested to terminate their Ground Lease Agreement with the

Airport Authority effective November 30, 2004 in order for L & K Consulting to enter into a standard Ground Lease Agreement with the Airport Authority.

The current rent paid to the Airport Authority is \$59.26 per month, and the proposed new monthly rent, based on the current cost per square foot, would be \$80.59 per month.

Staff recommended that the Board approve United Companies of Mesa County, Inc.'s and Luxury Wheels, O.E. Plating, Inc.'s request to terminate their existing Ground Lease Agreement, effective November 30, 2004 and authorize the Chairman to sign a corresponding Termination Agreement on behalf of the Authority contingent upon:

- ✓ United Companies of Mesa County, Inc. and Luxury Wheels, O.E. Plating, Inc. being current on all amounts owing the Airport Authority.
- ✓ Execution of a Standard Ground Lease Agreement with L & K Consulting, Inc.
- ✓ Authority Staff review and approval of applicable documents and agreements, as needed.
- ✓ Final sale and closing between United Companies of Mesa County, Inc. and Luxury Wheels, O.E. Plating, Inc. and L & K Consulting, Inc.
- ✓ Receipt of the \$200 fee for changes to agreements.

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

VI. ACTION ITEMS

There were no Action items.

VII. DISCUSSION ITEMS

A. Proposed FY 2005 Business Plan and Budget

Manager Nystrom provided the Board with supplemental information pertaining to the proposed FY 2005 Business Plan and Budget in response to questions and requests for additional information at the November Board Workshop. As a result of the discussion at the Workshop, the proposed Passenger Facility Charge (PFC) financing for Walker Field Drive/Falcon Way that had been included in the initial draft of the proposed Budget was deferred, pending additional Board discussion. Additional changes included minor modifications to operating revenues and expenses based on the most up-to-date information available, changes to capital items, and revisions to the Compensation and Classification Schedule.

At the November Board Workshop, Commissioner Palmer had inquired about the Authority's labor and personnel costs and how these costs relate to total operating expenses. Staff provided the Board with information obtained from several similar-sized airports and how the Authority's labor and personnel costs compare to those airports. Commissioner Palmer asked about the methodology used in the survey. Staff noted that the personnel costs consisted of salaries, overtime, payroll taxes, and benefits. The aggregate total of those items was compared to the total operating expenses. This comparison yielded the labor percentage for the airports. Staff cautioned that because of

the unique operating environments at each airport, it's difficult to provide a clear comparison of Walker Field to those airports. When the Authority conversed with other airport managers and finance directors, it was noted that several of the airports surveyed receive considerable free services from their communities, including aircraft rescue firefighting, administrative services, engineering, and maintenance services. Additionally, several airports have substantially higher fees and charges than Walker Field. The higher fees and charges allow for larger operating budgets, which dilute the labor percentage of operating expenses.

Commissioner Berryman asked if the costs of living in each community are incorporated into the survey. Staff responded that the cost of living is not included in the survey because in locations where there may be a higher cost of living than Grand Junction, the costs of materials and supplies would typically track with that higher cost of living. Thus the ratio of labor costs as a percentage of operating expenses would tend to incorporate the cost of living into the analysis.

The Authority's PFC Program was reviewed in detail. In the initial draft of the FY2005 Budget, a debt issuance was included for the acceleration of several proposed projects to be funded with PFC funds. These projects include the reconfiguration and rehabilitation of Walker Field Drive/Falcon Way and several customer service and equipment enhancements in the terminal building.

Staff provided the Board with cost estimates and recommended priority levels for each project. Staff recommended that the top priority is the replacement of the baggage carousels, followed by the baggage belts. The third recommended priority is the installation of flight information display systems (FIDS) for current flight arrival/departure information. This is a frequently requested item from customers utilizing the terminal building.

Commissioner Palmer asked if the estimated cost for this project was derived from a competitive bid price. Staff noted that the project costs are preliminary estimates only, and these projects will not be placed out to bid until the projects are approved and funds are available

Manager Nystrom highlighted the features of the most recent conceptual plan for the reconfiguration and rehabilitation of the landside access roads, including Walker Field Drive and Falcon Way. Staff described the proposed improvements, and discussion ensued concerning road alignments, traffic flow, parking, and development areas. Vice Chairman Springer asked if certain components of the conceptual plan could be completed in separate phases. Staff responded that there are several options available to phase the completion of the various components. However, Staff noted that Walker Field Drive/Falcon Way are the access roads in the most need of improvement at this time.

Vice Chairman Springer asked Staff to estimate what the savings would be if the entire landside area reconfiguration and rehabilitation project was completed at one time versus in separate phases. Staff commented that a possible 40-45% in savings could be realized by completing it at one time because of the mobilization costs that would be saved by the contractor not having to set-up for each separate phase.

Commissioner Palmer expressed the importance of minimizing the impact these projects will have on the traveling public. The disruption could be minimized by completing the project at one time instead of in phases. Additionally, by accelerating the project through

financing, the traveling public may be able to utilize the improvements sooner by as much as four or five years. Vice Chairman Springer expressed concern about issuing additional debt in order to accelerate the PFC projects.

Commissioner McCormick reflected on the past two years during which time the Authority has completed major renovation and expansion of the terminal building. He noted that the Authority was proactive in completing these projects, and in hindsight the projects have benefited the traveling public very well. He noted that the landside reconfiguration and rehabilitation should be considered in a similar manner so that the projects are completed in a proactive manner. Vice Chairman Springer concurred with Commissioner McCormick that a proactive approach should be taken. However, he cautioned against the Authority getting into a habit of borrowing money against future revenue streams. Commissioner McCormick stated that the PFC collection level (\$3.00 per enplaned revenue passenger) has been at the same level for almost ten years. He stated that the Authority should consider the possibility of increasing the collection level.

Commissioner Berryman asked if there has been any interest received from developers in the available commercial parcels on the landside area. Manager Nystrom responded that there has not been any unsolicited interest received at this time, and Staff will proceed to solicit development proposals when the landside reconfiguration plan has been formalized. Manager Nystrom stated that once the Authority completes a preliminary landside reconfiguration plan, it will need to be forwarded to the City of Grand Junction for its review and approval.

Chairman McCormack recommended that the Authority provide the City of Grand Junction with a preliminary conceptual plan for review by the Traffic Engineering Department for comments. Staff stated that the proposed landside development plan is a concept only. Once the initial plan is finalized by the Authority, Staff will work with the City of Grand Junction and seek input from the applicable review departments.

Chairman McCormack recommended that the parking lot be a top priority for the landside reconfiguration and rehabilitation. Manager Nystrom responded that the Authority does not currently have funding available to complete the reconfiguration and rehabilitation of the parking lot.

Commissioner McCormick asked for information regarding proposed salary adjustments incorporated into the FY2005 Budget. Manager Nystrom noted that the Board has historically approved merit increases in amounts not to exceed 5%, based on the performance of individual employees. Manager Nystrom continued that each year, the Authority performs a salary survey to determine if any adjustments need to be made to the salary ranges. If a market adjustment results in a net increase of less than 5%, an employee would be eligible for a merit increase that would equal 5% minus the market adjustment percentage.

Manager Nystrom stated that there have been several changes to positions within the Authority. The duties of the Airport Security Coordinator and the Public Safety Manager, as well as the Projects & Airfield Manager duties, have changed substantially from when the FY2004 Budget was approved last year. She pointed out that salary ranges for other positions, including the Terminal Building Manager and Landside IT Manager, have also been adjusted to reflect these positions being reclassified from nonexempt to exempt (i.e. salaried versus hourly). This would make those positions

ineligible for overtime. She stated that the organizational salary range reviews are based upon market indications of similar positions locally, statewide, and with other airports.

VIII. AIRPORT MANAGER'S REPORT

Manager Nystrom noted that the 2005 Air Show at Walker Field is tentatively scheduled for August.

IX. OTHER ITEMS

Commissioner Lacy stated that his company, Eaton Metal Products, has submitted a bid to West Star Aviation to dismantle some fuel storage tanks at Walker Field. Thus he wishes the Board to be aware of his involvement in this potential project.

A. At-Large Board Member Position

Chairman McCormack announced that his term as an At-Large Board member ends in February 2005. The position will be advertised, and candidate interviews will be held in January.

B. December Board Workshop

Because of the holiday season in late December, the Board decided to hold the December Regular Board Meeting on December 7th in lieu of a Board Workshop.

C. Airport Manager Performance Evaluation (Executive Session)

Commissioner Palmer made the motion for the Authority Board to enter into Executive Session to discuss personnel matters as outlined in Colorado Revised Statutes (C.R.S.) § 24-6-402(4)(f). Without compromising the purpose for which the executive session was requested, the topic of discussion was the "Airport Manager performance evaluation." Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

Chairman McCormack noted that the time was 7:25p.m., and the Board was entering into executive session to discuss the "Airport Manager performance evaluation." He added that the executive session would be recorded in the same manner as the recording of the open portion of this Board Meeting, and no formal action would be taken during the executive session.

Commissioner Palmer moved to exit Executive Session. Commissioner McCormick seconded. Voice vote: all ayes.

The Board of Commissioners exited Executive Session at 9:35 p.m.

X. ADJOURNMENT

There being no further business to come before the Board, the Board Meeting was adjourned at 9:35 p.m.

APPROVED AND ADOPTED THE 7th DAY OF December, 2004.

Miles C. McCormack
Miles C. McCormack, Chairman

ATTEST:

David J. Anderson
David J. Anderson, Clerk