

Walker Field Airport Authority

Minutes of the Regular Board Meeting

March 15, 2005

BOARD COMMISSIONERS PRESENT: Craig Springer Roger Little
Dan Lacy Gregg Palmer
Robert McCormick

AIRPORT STAFF PRESENT: Corinne Nystrom Charlie Novinskie
David Anderson Gary Mancuso
Ed Storer

ALSO PRESENT: Dena Carpenter of P & L Properties, LLC; Bob Kretschman of The Daily Sentinel; and Pierre Kaisinta and Brian Wheeler of KJCT TV.

I. CALL TO ORDER

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

II. APPROVAL OF AGENDA

Vice Chairman McCormick moved to approve the agenda. Commissioner Palmer seconded. Voice vote: all ayes. Motion carried.

III. PUBLIC COMMENTS AND COMMUNICATIONS

Dena Carpenter of P & L Properties, LLC announced that West Star Aviation has become one of only six non-factory-owned Cessna Citation Service Centers in the United States, and will be providing repair service for Citation aircraft operators in the Rocky Mountain area.

IV. CONSENT AGENDA

- A. **Minutes: February 15, 2005 Regular Board Meeting**
- B. **Acknowledgement of Receipt of Account Receivable Report**
- C. **Resolution No. 2005-007: 2005 Colorado Department of Transportation, Colorado Aeronautical Board, Grant Agreement and Attachment A Resolution**

In August of 2004, the Airport Authority applied for a grant from the Colorado Aeronautical Board for matching funds for the 2005 FAA-funded airport projects which include the reconstruction and expansion of the air carrier ramp north of the terminal building. The Aeronautical Board approved the requested \$89,473 in October 2004, and the Aeronautics Division has sent three copies of the Grant Agreement (including

Attachment A Resolution) for WFAA Board consideration and acceptance of the grant. This is standard procedure that must be followed each time the Airport Authority receives funding from the Aeronautics Division, and the documents themselves are the same as those used with all other Colorado airports that receive a grant.

Staff recommended that the Board approve the Grant Agreement and Attachment A Resolution and authorize the Chairman to sign the documents on behalf of the Airport Authority.

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

VI. ACTION ITEMS

A. Request by Mesa Café, LLC to Amend Building Use and Lease Agreement

The non-exclusive food and beverage concession in the terminal building was awarded to Mesa Café, LLC at the Authority's September 2004 Regular Board Meeting pursuant to a competitive request for proposals process. A standard Building Use and Lease Agreement was executed by the Authority and Mesa Café, LLC for a three (3)-year term (commencing November 1, 2004) plus one additional two (2)-year term, with the award of the two (2)-year term contingent upon:

- ✓ Mesa Café, LLC achieving a positive customer service feedback score of 75% or better on the restaurant survey
- ✓ Menu variety as represented in the Concessionaire's bid proposal
- ✓ Clean and attractive facility
- ✓ Hours of operation (open to the public) 5:00 a.m. to 6:00 p.m. daily

Mesa Café, LLC recently remodeled the restaurant space and purchased some new equipment. However, due to disappointing sales, Mesa Café submitted a request to the Authority for consideration at the February 2005 Regular Board Meeting to:

- ✓ Reduce the rent paid to WFAA from 8% of gross revenues to 6% of gross revenues to cover additional staff wages
- ✓ Change the opening time from 5:00 a.m. daily to 5:00 a.m. Monday through Friday and 6:00 a.m. on Saturday and Sunday
- ✓ Change the closing time from 6:00 p.m. to 5:00 p.m. daily (however, it would remain open as needed at its discretion, such as for diverted passenger aircraft)
- ✓ Review the effectiveness of these changes in May 2005 and, if necessary, discuss other proposed modifications or actions to be presented to the Board for consideration at the June 2005 Regular Board Meeting

As a result of the review and discussion by the Board at the Regular Board Meeting and at the March 2005 Board Workshop, the following request was submitted by Mesa Café for consideration by the Board, with an effective date of March 1, 2005:

- ✓ The rent paid to the Airport Authority will be reduced from 8% of gross revenues to 5% of gross revenues through December 31, 2005, at which time the rent will revert to 8% of gross revenues unless otherwise agreed to by both parties

- ✓ The hours of operations be changed to 5:00 a.m. to 5:00 p.m. Monday through Friday and 6:00 a.m. to 5:00 p.m. Saturday and Sunday and subject to further reduction of hours if so determined by the Airport Manager

Staff recommended that the Board approve Mesa Café, LLC's request and authorize the Airport Manager to sign a First Amendment to Building Use and Lease Agreement that includes the following provisions:

- ✓ The rent paid to the Airport Authority will be reduced from 8% of gross revenues to 5% of gross revenues through December 31, 2005, at which time the rent will revert to 8% of gross revenues unless otherwise agreed to by both parties
- ✓ The hours of operation be changed to 5:00 a.m. to 5:00 p.m. Monday through Friday and 6:00 a.m. to 5:00 p.m. Saturday and Sunday and subject to further reduction of hours if so determined by the Airport Manager based on sales data.

Commissioner Palmer referred to Staff's recommendation concerning the adjustment of restaurant hours "subject to further reduction of hours if so determined by the Airport Manager." He requested that the Board receive notification if such further reduction of hours is approved by the Airport Manager.

Commissioner Palmer also noted that there is no reference in the Staff recommendation for this agenda item regarding review of the possible relocation of the restaurant to assist with its long-term viability. Manager Nystrom responded that a possible relocation was not included in the Staff recommendation because it is still a topic of discussion under consideration by the Board. Chairman Springer recommended that a possible motion for this agenda item include a reference that the First Amendment is intended to be a temporary measure while Staff and the concessionaire review the possible relocation of the concessionaire into the boarding area, as was discussed at a previous Board Meeting and Board Workshop.

Chairman Springer added that he thought it was also the direction at the Board Workshop that the Tenant be involved with the Airport Authority in the review process and that he would like that indicated in the amendment as well. He stated that it's important for the Tenant to realize that the Board and Staff are reviewing options for a possible relocation of the restaurant, and this temporary reduction in rent and modification of the hours of operation would be given in recognition of the possibility that the restaurant may be in the wrong location.

Chairman Springer requested that some initial options be presented to the Board at the April Board Workshop. Manager Nystrom stated that a representative from the Authority's architectural firm, Van Sant Group, will attend the April Board Workshop to share some initial concepts and ideas with the Board regarding a possible relocation of the restaurant.

Vice Chairman McCormick moved that the Board approve and authorize the Airport Manager to sign the First Amendment to Building Use and Lease Agreement with Mesa Café, LLC. Additionally, he moved that Authority Staff and Mesa Café, LLC review options for relocating the restaurant to the secured boarding area in an effort to assist Mesa Café with enhancing its revenues. Commissioner Palmer seconded. Voice vote: all ayes. Motion carried. Voice vote: all ayes. Motion carried.

B. Request by P & L Properties, LLC to Amend Ground Lease Agreement

P & L Properties, LLC leases approximately 1.2 million square feet of ground that is subleased to West Star Aviation, Inc. for the operation of a Fixed Base Operation (FBO). The Ground Lease Agreement with P & L Properties became effective December 31, 2004 after Buescher Family Limited Partnership sold its interest in West Star Aviation, Inc. and terminated its Ground Lease Agreement with the Airport Authority.

At that time, Airport Authority Staff discussed with P & L Properties the possibility of leasing an additional 6.75-acre tract south of the existing West Star hangars. P & L Properties expressed an interest in leasing the ground, but because of time and funding constraints associated with closing of the sale, it was not able to commit to leasing the additional tract at that time. P & L Properties is now requesting to lease the 6.75 acres for expansion of West Star's FBO operations. It wishes to incorporate the 6.75 acres into its existing Ground Lease Agreement with the same terms and conditions of its existing leasehold, including the waiver of the yearly Consumer Price Index (CPI-U) adjustment for the first 5 years of the Agreement. The ground rent paid by P & L Properties is \$0.1023 per square foot per year, which was the current ground rate in effect for the Runway 11/29 area at the time of the execution of the Ground Lease Agreement. The total initial amount of additional rent paid to the Authority for the 6.75 acres would be \$30,200 per year.

Additionally, P & L Properties would be required to allow vehicle and aircraft access to the Herr Hangar, since P & L Properties would no longer sublease the parcel to Herr and would relinquish the parcel to the Authority. The Authority would then lease the parcel consisting of approximately 12,000 square feet directly to John Herr.

Since P & L Properties, LLC entered into a Ground Lease Agreement with the Authority only a few months ago, Staff viewed the request for inclusion of the 6.75 acres into the existing Ground Lease Agreement (at the same terms of the original Agreement) as a reasonable request. Therefore, Staff recommended that the Board approve and authorize the Chairman to sign the First Addendum to Ground Lease Agreement with P & L Properties, LLC.

Chairman Springer suggested that unless P & L Properties needs to break ground within the next thirty days, the Board table this agenda item until Staff is able to meet with P & L Properties to determine the proposed layout for this additional parcel, including aircraft taxiway and roadway access points. Commissioner Palmer expressed concern that if the Authority allows a tenant to determine the aircraft and vehicle access ways, the tenant could change the access ways in a manner which could adversely affect the Authority's ability to lease other properties in that area.

Staff responded that regardless of how access ways are addressed in the Agreement, the Authority would retain ultimate control over the designation of the access ways, regardless of whether they are reserved from being leased, listed as rights of ingress and egress, or in the form of an easement. Manager Nystrom stated that Staff would have the Authority Attorney re-review the Addendum to ensure that such control is retained by the Authority.

Chairman Springer stated that he was against granting the CPI-U waiver for this additional parcel because he viewed this as a separate transaction from the lease of the main parcel. He expressed concern that this transaction may not be fair to the other

tenants. Additionally, he stated that the Authority has greatly improved the leasing procedures during the past several years by initiating standardized lease agreements and lease rates, and those standardized lease rates should be applicable to this transaction. Vice Chairman McCormick concurred.

Commissioner Palmer moved to approve and authorize the Chairman to sign the First Addendum to Ground Lease Agreement with P & L Properties, LLC. Vice Chairman McCormick seconded. Roll call: all ayes, except for Chairman Springer and Vice Chairman McCormick, who voted against the motion. Motion carried.

C. Sublease Agreement Between Sky Adventures, LLC and Gateway Canyons, LLC

Sky Adventures leases 96,267 square feet of ground from the Airport Authority on which is located an aircraft hangar, office space, and restaurant space. The restaurant space is currently not occupied, but current subtenants of the office space include: Strand Flying School, West Star Aviation, Grand Junction Air Show, Rothman Law Firm, and the building manager's office.

Sky Adventures has requested to sublease 280 square feet of office space to Gateway Canyons, LLC for the non-aeronautical purpose of marketing the Gateway Canyons development in Gateway, Colorado.

The FAA allows a sublease for non-aeronautical purposes if the following contingencies are satisfied:

1. Sky Adventures, LLC must pay the Authority additional rent in the amount of \$88.92 per year to reflect fair market value for that percentage of the ground rent attributable to the non-aeronautical subtenant's leased area.
2. The tenant must continue to aggressively pursue an aeronautical subtenant.
3. The lease must be short term (not to exceed one year).
4. The non-aeronautical lease must be able to be terminated on short notice (not greater than 60 days).

Since the above items must be included in the additional provisions section of the Sublease Agreement, the Airport Manager is not authorized to sign the proposed Agreement.

Since Items 1 through 4 above have been addressed in the proposed Sublease Agreement, Staff recommended that the Board approve and authorize the Chairman to sign the Sublease Agreement between Sky Adventures, LLC and Gateway Canyons, LLC.

Vice Chairman McCormick moved to approve and authorize the Chairman to sign the Sublease Agreement between Sky Adventures, LLC and Gateway Canyons, LLC. Commissioner Palmer seconded. Voice vote: all ayes. Motion carried.

D. Request for Approval and Appropriation of Funds for Additional FY2005 Capital Items

Current FY2005 appropriated operating expenses total \$2,207,749 (excluding depreciation). If operating revenues and expenses for FY 2005 match exactly with the projected revenues and expenses, the December 31, 2005 non-restricted cash/cash reserves balance is projected to be at least \$856,649, which is also the targeted balance.

1) As the western parcels of the recently expanded Taxiway C1-A general aviation area are developed, access to domestic water is needed for those parcels. Originally, the Authority programmed the installation of a trunk domestic water line along the western portion of that area. However, due to funding constraints, the project was deferred until the development of the parcels commenced and sufficient funds were available. Construction of improvements on the parcels has commenced, and funds are now available for the trunk domestic waterline.

2) During FY2004, the Authority had originally programmed the commencement of four (4) project components of the Airport Improvement Program (AIP-29):

- Construct Landing View Lane-Phase I (Phase II to commence in 2005)
- Relocate 30" Waterline North of Landing View Lane
- Design and Develop General Aviation Sites
- Rehabilitate Taxiway C1-A

Because of higher than projected bid amounts received for the four (4) schedules, the bid award to "Rehabilitate Taxiway C1-A" was deferred until additional federal funding became available. However, due to a substantial amount of deterioration of the taxiway over the winter, Staff approached the FAA with a request to move forward with the project this summer. The FAA has agreed to this. The "Rehabilitate Taxiway C1-A" schedule will include a pavement overlay from Taxiway C west to the newer Taxiway C1-A pavement at the boundary of the general aviation expansion area. Additionally, this project will attempt to address subsurface and surface water drainage in the immediate vicinity of the Taxiway.

Initially, the project would be cash flowed with Authority funds, including operating revenues and/or the Authority's existing line of credit. However, the Authority would be reimbursed 95% of these costs through an FAA AIP grant in FY2006, with an additional 2.5% to be considered for reimbursement by the State of Colorado as a part of the Authority's Colorado Discretionary Aviation Grant (CDAG) application for FY 2006 funding. The maximum cost to the Authority to rehabilitate Taxiway C1-A would be 5% of the project cost (or \$10,357). If the CDAG grant is approved, the cost to the Authority will be \$5,179.

Because of favorable year-end revenue and expense variances for FY2004, Staff recommended the approval and appropriation of funds for the following capital items:

<u>Capital:</u>	
Waterline – Twy C1-A Expansion General Aviation Area	\$20,000
Rehabilitate Taxiway C1-A	207,124
TOTAL.....	\$227,124

Commissioner Palmer moved to approve and appropriate \$227,124 for the additional FY2005 capital items. Commissioner Lacy seconded. Voice vote: all ayes. Motion carried.

E. Bid Award and Supplemental Agreement No. One to Contract with M.A. Concrete Construction, Inc. to Rehabilitate Taxiway "C1-A"

The Airport Authority received a multi-year grant from the FAA in the form of an entitlement grant (AIP-29). When AIP-29 was originally bid last year, there wasn't enough money in the grant to accomplish all three schedules. Schedule III – Taxiway

C1-A Rehabilitation was not awarded. The taxiway has deteriorated severely during the past winter. Consequently, Staff asked the FAA to allow the Airport Authority to move forward with the rehabilitation project at the Authority's initial expense and then be reimbursed by the FAA for 95% of it when the federal FY2006 grant monies become available. The FAA has agreed to this and has approved Supplemental Agreement #1 to M.A. Concrete Construction, Inc.'s contract under the AIP-29 grant. M.A. Concrete has agreed to honor their original bid price of \$207,128.85 for this project.

During the FY2006 Colorado Division of Aeronautics Grant cycle, the Authority will apply to the State for a grant to cover another 2.5% of the project. If approved, the Authority's local match for the entire project will be 2.5% or \$5,179. In the interim, and subject to Board approval, the Authority will cash flow the project using revenues collected and/or the existing line of credit with Alpine Bank until reimbursement is received from the FAA and/or the State.

Since the project has already been engineered (including the installation of a storm water drain along the north side of the taxiway), construction time for the project would be approximately 10 days. Actual dates of construction would be coordinated in advance with the contractor and the affected Taxiway C1-A general aviation tenants.

Staff recommended that the Board award the bid and approve and authorize the Chairman to sign the Supplemental Agreement #1 to M.A. Concrete's contract under AIP Grant Agreement No. 3-08-0027-29.

Commissioner Palmer moved to award the bid and approve and authorize the Chairman to sign Supplemental Agreement #1 to M.A. Concrete's contract under AIP Grant Agreement No. 3-08-0027-29. Vice Chairman McCormick seconded. Voice vote: all ayes. Motion carried.

F. Resolution No. 2005-008: Amendment to Fees and Charges for the Walker Field Airport, Grand Junction, Colorado

1) 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. This year, negotiations with the terminal building airline tenants centered on the following fees and charges modifications.

- Implementing a Consumer Price Index (CPI-U) adjustment of 3.2% for all existing leased and shared space (shared space consists of terminal building passenger boarding areas and inbound/outbound baggage processing space).
- Modification of Transportation Security Administration (TSA)-Mandated Security Measures fee to utilize the unused portion of the fee for operational and capital items to directly benefit airline passengers.

These changes would provide the Authority with an estimated additional \$113,000 per year to apply towards making the Terminal Building-Airline cost center financially self-sustaining and for programming operational and capital items that will directly benefit airline passengers.

2) Until recently, smaller air cargo operators at Walker Field operated from the public use aircraft apron areas located on the West Star Aviation leasehold. Because of increased aircraft operations and resulting safety and security concerns, a cooperative effort of the Airport Authority, West Star Aviation, and the smaller air cargo handlers led to the relocation of these operations to the Authority-owned aircraft parking apron near the U.S.

Department of Energy calibration pads (adjacent to Twin Otter International Limited's leasehold).

To assist with offsetting the costs of maintaining all Authority-owned aircraft parking apron areas and the vehicle access gates utilized for ingress and egress to/from these areas, Staff recommended the implementation of aircraft apron parking fees (for Airport Authority apron areas only) and an adjustment to the Off-Airport Delivery Service fee.

In addition to these changes, the proposed Fees and Charges document includes updated amounts for other existing fees and charges based on the CPI-U adjustment of 3.2% where applicable, as previously approved by the Board in the FY2005 Budget. All tenants, operators, and users of Walker Field were notified of the proposed modifications. Although Staff has not received any written comments regarding the proposed changes or updates, the CEO of Great Lakes Aviation verbally expressed his appreciation regarding the Authority's efforts in maintaining a cost-effective rates and charges structure.

Staff recommended that the Board approve and authorize the Chairman to sign Resolution No. 2005-008: Amendment to Fees and Charges for the Walker Field Airport, Grand Junction, Colorado.

Commissioner Little moved to approve and authorize the Chairman to sign Resolution No. 2005-008: Amendment to Fees and Charges for the Walker Field Airport, Grand Junction, Colorado. Vice Chairman McCormick seconded. Roll call: all ayes. Motion carried.

VI. DISCUSSION ITEMS

There were no discussion items.

VII. AIRPORT MANAGER'S REPORT

Manager Nystrom noted that she will include the Special Traffic Management Program (STMP) as a Board Meeting agenda item for the Board to discuss, wherein the Authority would formally support the State's efforts regarding this issue.

Vice Chairman McCormick asked how the Transportation Security Administration (TSA) is doing at Walker Field. Manager Nystrom responded that things have been going really well due to strong efforts on the part of Authority Staff to enhance its working relationships with TSA. Additionally, she commented that the responsibilities of the local TSA office have expanded substantially, and will now encompass airports in northern New Mexico, Aspen, Eagle, and Yampa Valley/Hayden.

VIII. OTHER ITEMS

A. April Board Workshop

Manager Nystrom stated that recommended items for discussion include the restaurant relocation concept, relocating the security checkpoint, and continued discussions concerning the landside roadways and development plans.

Vice Chairman McCormick recommended that Staff communications with the Board regarding pertinent agenda items also be discussed.

Chairman Springer commended Authority Staff on their creativity in being able to commence with the Taxiway C1-A improvements, especially since funding was not initially available for this project. He stated that it had not gone unnoticed and added that Staff's continued efforts and extra work has contributed to making Walker Field the excellent airport that it is today.

IX. ADJOURNMENT

Vice Chairman McCormick moved to adjourn the meeting. Chairman Springer seconded. The meeting adjourned at 6:27 p.m.

APPROVED AND ADOPTED THE _____ DAY OF _____, 2005.

Signature on file

Craig N. Springer, Chairman

ATTEST:

Signature on file
David J. Anderson, Clerk