

Walker Field Airport Authority

Minutes of the Regular Board Meeting

August 16, 2005

BOARD COMMISSIONERS PRESENT: Robert McCormick Tom LaCroix
Robert Little John Stevens
Gregg Palmer

AIRPORT STAFF PRESENT: Ed Storer Charlie Novinskie
Greg Treviso Gary Mancuso
Ben Peck

ALSO PRESENT: Lloyd Quesenberry of Younge & Hockensmith, Dan Lacy, Bob Kretschman of The Daily Sentinel, Larry Kempton of Kempton Air, P.J. McGovern of P&L Properties, and Rob Rowlands of Design Specialists, PC.

I. CALL TO ORDER

The meeting was called to order at 5:18 p.m.

II. APPROVAL OF AGENDA

Acting Chairman McCormick requested a change be made to Consent Item B, Change Order No. One for AIP-27 – Security Access Control Project and Amendment to Contract with Johnson Control, Inc. He suggested that the Staff Recommendation be changed to read “Staff recommends the Board approve this Change Order and Authorize the Interim Airport Manager to sign the documents in behalf of the Authority Board.”

Commissioner Little moved to approve the agenda as amended. Commissioner LaCroix seconded. Voice vote: all ayes. Motion carried.

III. SPECIAL PRESENTATION TO FORMER BOARD MEMBER DAN LACY

On behalf of the Board and the Airport Authority, Acting Chairman McCormick presented former Board Member Dan Lacy with a plaque in honor of his service on the Board.

IV. PUBLIC COMMENTS AND COMMUNICATIONS

Commissioner Palmer reported that the City and County are in the process of preparing their Management Plan and Budget, and working with CDOT on future improvements to the 29 Road I-70 Interstate East Interchange. He added that an estimated date for

completion of the project is scheduled for 2010-2011. He suggested that this might be a good opportunity to examine the Airport's Master Plan in order to pursue future benefits for Walker Field in achieving further roadway access and additional hangar space that could be associated with the overall East Interchange Improvement Plan.

Discussion ensued and it was agreed that the proposed improvements to the East Interchange and their possible impact on Walker Field would be considered when the Airport updates its current Master Plan.

Larry Kempton of Kempton Air Service announced that he received planning clearance from the City Planning Department to complete leasehold improvements at 2845 Aviators Way. He added, however, that receipt of this approval was later than the August 5th time extension set forth by the Board in a motion approved at the June 21, 2005 meeting. Mr. Kempton added that he would like to explain the extenuating circumstances that resulted in the delay.

Acting Chairman McCormick questioned the Board members if they wanted to hear Mr. Kempton's explanation at the meeting or to postpone the discussion and include it on the next Regular Board Meeting agenda.

Commissioner Little responded that agreeing to hear Mr. Kempton's reasoning would not be in conformance to Airport Authority policy because Mr. Kempton did not submit a written request to be included on the meeting agenda. Discussion followed and the consensus was that the issue would be included on the September 20, 2005 Regular Board Meeting agenda. Mr. Kempton stated he would offer a written request in compliance with that Authority's policy.

Staff pointed out that a Letter of Lease Cancellation, dated August 11, 2005, had been mailed to Mr. Kempton and that any improvements to the property could not take place. Commissioner Palmer added also that the Authority could not lease the property to another tenant until the issue of default is resolved.

V. CONSENT AGENDA

A. Minutes: July 19, 2005 Regular Board Meeting

B. Change Order No. One for AIP-27 – Security Access Control Project and Amendment to Contract with Johnson Control, Inc.

A contract with Johnson Controls, Inc. for \$255,294.00 was signed in August, 2003 in order to provide a new access system to control the SIDA area. Since this was some time before the construction of the new boarding area, we had to amend into the project the controls for the six doors. The FAA has agreed to fund this Change Order and it is now part of the project. This Change Order is for \$47,982.00; bringing the total contract cost to \$303,276.00.

Staff recommended the Board approve this Change Order and authorize the Interim Airport Manager to sign the documents in behalf of the Authority Board.

C. Request by Young & Hockensmith, P.C. for Hourly Billing Rate Adjustment to Provide Legal Services

In July 2002, the Authority entered into the most recent agreement with Young & Hockensmith, P.C. (Y&H) for legal services for a five- (5) year term. Per the agreement, Y&H's previously adjusted hourly rate for attorney time was \$150.00. The agreement contemplates possible increases in the hourly rate over the term of the agreement, with prior approval of the Authority. Y&H is proposing to increase its hourly rate to \$160.00 commencing August 1, 2005 (7% increase).

Staff recommended that the Board approve and authorize the Interim Airport Manager to sign the confirmation letter from Y&H which signifies acceptance of the increase.

D. Request by the U.S. Government to Amend Lease for Real Property

The U.S. Government (National Weather Service) currently leases approximately 40,000 square feet of ground for the operation of its upper air balloon launch facility located north of Aviators Way. A portion of the parcel extends out into the parking lot leased by P & L Properties and subleased to West Star Aviation for the operation of a Fixed Base Operation (FBO). Since West Star is in the process of remodeling its main hangar and parking lot, this parcel of ground (now known as Lease Parcel 5) will enhance its parking lot and traffic flow.

P & L Properties, LLC has contacted the Weather Service regarding this parcel and the Weather Service has agreed to relinquish approximately 20,000 square feet from its leased area as long as no structures are erected on the parcel except for a four- (4) foot fence and West Star's operations on Lease Parcel 5 do not interfere with balloon launch activities. The current rent paid by the Weather Service is \$.085 per square foot and the proposed rent to be paid by P & L Properties will be the current rent of \$.1056 per square foot.

Staff recommended that the Board approve and authorize the Chairman to sign the First Addendum to U.S. Government Lease For Real Property contingent upon:

- Final approval of the signed document by Airport Authority Staff and Attorney, if necessary
- Ground Lease Agreement for Lease Parcel 5 signed by P & L Properties, LLC

E. Ground Lease Agreement with P & L Properties, LLC

P & L Properties, LLC currently leases approximately 1.357 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 (Agreement) with P & L Properties became effective December 31, 2004 and later was amended to modify the amount of area leased.

P & L Properties, LLC is requesting to lease the approximately 20,000 square feet of ground previously deleted from the National Weather Service Lease described as Lease Parcel 5 to enhance West Star Aviation's parking lot.

Since the Agreement contains additional provisions that prohibit P & L Properties from building structures on Parcel 5 except for a four- (4) foot fence and interfering with Weather Service operations, the Airport Manager is not authorized to sign the Agreement.

The Agreement will be at the current rent of \$.1056 per square foot including all standard rent adjustments.

Staff recommended that the Board approve and authorize the Chairman to sign the P & L Properties, LLC Ground Lease Agreement contingent upon:

- Final approval of the signed document by Airport Authority Staff and Attorney, if necessary
- First Addendum to U.S. Government Lease for Real Property deleting Lease Parcel 5 from its leased area signed by the Government

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

VI. ACTION ITEMS

A. Acknowledgement of Receipt of June, 2005 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 \$87,234 over budget while year to date operating expenses are \$17,395 under budget. This resulted in year to date Operating Income Before Depreciation (OIBD) of \$245,292, which is \$33,776 lower than budgeted year to date.

Rental car, general aviation land lease and fuel flowage, commercial fuel sales tax, parking lot revenues, and military fuel flowage fees exceeded budget projections (year to date). Because of reduced activity levels on projects involving federal grants during the early part of the year, the amount of capital contributions realized year to date was minimal, resulting in year to date capital contributions being under budget.

On the Statement of Net Assets, non-restricted cash/investments decreased with the payment of vendor invoices. Accounts receivable increased \$111,962 as customer activity increased. Accounts payable decreased \$83,099 last month.

Land, Buildings, and Equipment increased \$399,662 with expenditures for:

- The Landing View Lane and waterline relocation schedules of the federal Airport Improvement Program (AIP-29) project

Commissioner Palmer inquired about the status of delinquent accounts including Sundance Air and Key Lime Air.

Staff responded that the courts have advised the Airport Authority that Sundance Air is proceeding with bankruptcy measures and that chances of the delinquent amount being paid were unlikely.

Staff reported that the Authority received a \$1,900 payment from Key Lime Air, which was enough to keep them out of the 90-day delinquency period.

Acting Chairman McCormick asked Staff whom Key Lime subcontracted for at Walker Field. Interim Airport Manager responded that they provided subcontract services for DHL and UPS as well as several small contractors.

Commissioner Palmer suggested that since Key Lime's delinquency was a continuing saga perhaps DHL and UPS should be notified that one of their subcontractors was delinquent.

Staff pointed out that in addition to delinquency letters to Key Lime Air, a call had been placed to their CEO; however, a conversation had not taken place. Interim Airport Manager Storer requested that Staff notify the CEO of Key Lime Air that the next letter sent to them concerning its delinquency would also be mailed to DHL and UPS.

Commissioner Palmer thanked Staff for their continuing effort to collect on this account.

Commissioner Little moved to approve the June, 2005 Financial Statements/Accounts Receivable Report. Commissioner Palmer seconded. Voice vote: all ayes. Motion carried.

B. Approval of Airport Manager's Job Description

Acting Chairman McCormick recommended that the Board adopt the Airport Manager's Job Description with the provision that the Board do some minor editing and to also ensure that reference be made to Board of Commissioners rather than Board of Directors throughout the job description.

Commissioner Palmer moved to adopt the Airport Manager's Job Description with the understanding that the Board would do some final editing. Commissioner Little seconded. Voice vote: all ayes. Motion carried.

VII. DISCUSSION ITEMS

A. Airport Manager's Selection Time Line

Acting Chairman McCormick outlined the selection time process indicating an application deadline of September 15th. He explained that he and Commissioner

Palmer would do the initial screening and scale the candidates down to 10 or 12. He added that telephone interviews would be held September 26th through 28th with the intent to narrow the applicants to three finalists, and that a final selection would take place sometime late October. He stated that Board members would be notified when the telephone interviews would take place and encouraged them to participate in the interview process if their schedule allowed.

VIII. AIRPORT MANAGER'S REPORT

Interim Airport Manager Storer reported on the air show. He commended Staff for their excellent performance and efforts, above and beyond the call of duty, over the past couple of months and during the air show to make the event such a huge success. Several Board members who attended the air show also expressed their appreciation.

IX. OTHER ITEMS

Commissioner Stevens shared a recent experience he had at Mesa Café and the apparent negative attitude of one of the proprietors. He expressed concern that the restaurant did not project a positive image for the Airport.

Commissioner Palmer added it was his belief that the current restaurant is not providing adequate service to the traveling public and that he was concerned because the proprietors were asking the Airport to put in a second restaurant. Acting Chairman McCormick responded that this was partially in response to the Airport Authority seeing a need for food and beverage in the security area.

Discussion followed concerning the Airport's difficulty in past years in securing a concessionaire who proved to be financially successful, and the inability to demonstrate a huge profit margin to concessionaires who have been interested in leasing restaurant space at Walker Field.

A. September Board Workshop

Acting Manager McCormick stated that the Selection Process of the Airport Manager would be the major agenda item at the September Board Workshop.

X. ADJOURNMENT

Commissioner Stevens moved to adjourn the meeting. Commissioner LaCroix seconded. Voice vote: all ayes. Motion carried. The meeting adjourned at 6:28 PM.

APPROVED AND ADOPTED THE _____ DAY OF _____, 2005.

Acting Chairman, Robert C. McCormick

ATTEST:

Charles S. Novinskie, Deputy Clerk