

Walker Field Airport Authority

Minutes of the Regular Board Meeting

February 16, 1999

BOARD COMMISSIONERS PRESENT: Martin O'Boyle Robert McCormick
Miles McCormack Ken Sublett
Craig Springer Mike Sutherland

AIRPORT STAFF PRESENT: Corinne Nystrom John Thomas
Ted Balbier Dan Reynolds
David Anderson

ALSO PRESENT: Doug Thompson of West Star Aviation; Kent Pflieger of Colorado Skunkworks; James Doody of Doody-Davis Vietnam War Memorial; and Authority Attorney Doug Briggs.

I. CALL TO ORDER

Chairman McCormack called the meeting to order at 5:16pm.

II. APPROVAL OF AGENDA

Chairman McCormack asked for additions or changes to the published Agenda. Manager Nystrom requested the addition of Discussion Item D- "Colorado State Patrol Lease" and several Other Items to the Agenda.

Commissioner Sutherland moved to approve the Agenda as amended. Vice Chairman McCormick seconded. Voice vote: all ayes. The Agenda was approved as presented.

III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no public comments or communications.

IV. CONSENT AGENDA

A. Minutes: January 19, 1999 Regular Board Meeting

B. Amendment No. 7 to Contract Between Isbill Associates and Walker Field Airport Authority

Staff presented the Board with a proposed amendment to the Authority's existing contract with Isbill Associates. This amendment is for engineering and construction coordination for the rehabilitation of Taxiway 'A' as part of AIP-18. The amount of the amendment is \$156,975.

Staff recommended the Board approve Amendment No. 7 to the contract between Isbill Associates and the Authority and that the Chairman be authorized to sign the Amendment on behalf of the Authority, contingent upon the receipt of FAA approval.

C. Ground Lease Agreement with Colorado Skunkworks

Staff presented the Board with a proposed Ground Lease Agreement between Colorado Skunkworks, L.L.C. and the Authority. Colorado Skunkworks would like to construct a private hangar on land located east of West Star Aviation's T-hangar area to store and maintain its aircraft. The proposed ground lease is based upon a boiler plate agreement and is consistent with leases currently in place for other tenants utilizing land for private use hangars with the following additional provisions:

"This Agreement is contingent upon FAA approval of any construction or development plans by Lessee, approval of any applicable planning commission or board, as well as location and availability of utility service to the site acceptable to the parties. The responsibility for obtaining any authorization from or approval of any federal, state, or local governmental agency or entity shall be the sole responsibility and expense of Lessee. Lessee shall have 60 days from the date of this Agreement to satisfy the foregoing contingencies. If, at the end of such 60 day period Lessee has not provided to the Airport Authority clear evidence that such contingencies have been satisfied, or that substantial progress has been made toward satisfaction of same, then the Airport Authority may treat this Agreement as void. The Airport Authority makes no representations or warranties with regard to the above contingencies, and Lessee undertakes such efforts solely at his own risk."

Additionally, the amount of square footage for the initial lease is based on approximations and will be adjusted accordingly upon receipt of a survey and legal description from a licensed surveyor. This agreement will be for a 20 year term with a renewal provision of 10 additional years. The lease rate applied to this parcel is the 4/22 general aviation lease rate structure which will yield a monthly payment of approximately \$55.72 per month until the next CPI-U adjustment in April of 2000. The standard four (4) month security deposit will be required.

Staff recommended the Board approve the Ground Lease Agreement between Colorado Skunkworks, L.L.C. and the Authority and that the Chairman be authorized to sign the Agreement on behalf of the Authority. Additionally, Staff recommended that such approval be contingent upon receipt of the security deposit, certified survey and legal description, receipt of a letter of approval from City Planning, approved FAA Form 7460-1, approved building permit, and an insurance certificate as required per the Agreement.

Vice Chairman McCormick moved to approve the items on the Consent Agenda. Commissioner O'Boyle seconded. Voice vote: all ayes. Motion carried.

V. ACTION ITEMS

A. Request to Proceed with Acquisition of F-14 Aircraft

Staff presented the Board with a request to acquire an F-14 aircraft to be used for a static display at the airport. At the February 17, 1998 Board Meeting, Mr. Doug Thompson addressed the Board regarding the possible acquisition of a U.S. Navy Tomcat aircraft which would be displayed near a proposed restaurant at the airport.

Based upon positive feedback received from the Board, Staff sent a letter to the National Museum of Naval Aviation expressing interest in acquiring an F-14. Mr. Thompson has recently been informed by military personnel that an F-14 will soon become available and that the Authority needs to complete the final paperwork for its acquisition. Staff was instructed at the February, 1999 Board Workshop to hold-off on signing any documents to acquire static display aircraft until after a Static Display Plan for the airport can be prepared and approved by the Board. However, Mr. Thompson wished to address the Board to request that the Authority move forward in acquiring the aircraft.

Manager Nystrom noted that Staff is in the process of preparing the Static Display Plan which will include, at a minimum, the criteria to be used when considering any additional static displays at the airport as well as designated locations for displays which meet the criteria. Staff distributed a draft of the proposed locations of the static displays to the Board. Manager Nystrom noted that the locations of the displays are meant to frame the airport terminal building. Additionally, the proposed parcels on which the displays would be located are small parcels which are not very developable and do not adversely impact leaseable ground. There are two displays currently in place—Aviators' Memorial Park and the airport entrance sign.

Regarding the Plan criteria, Manager Nystrom commented that Staff is in the process of obtaining input from airport tenants and other interested parties to develop the criteria. One of the proposed criteria is that a proposed static display must have some defined benefit for the airport. For example, the F-11 aircraft at Aviators' Memorial Park and the A-6 aircraft at the entrance sign both improved the landscaping at the airport. Manager Nystrom recommended that the Authority review what direct benefit the proposed F-14 aircraft will provide to the airport.

Manager Nystrom noted that for approximately seventeen years, the community has expressed interest in having a restaurant at the airport, similar to the Aeroplane restaurant in the old terminal building, in which customers can view the airfield from the dining area. Mr. Thompson's restaurant may fill this void. Thus the Authority acquiring the F-14 as an additional way to draw customers to the restaurant may be beneficial to the airport. Costs which the Authority incurs in obtaining the aircraft may be recouped through the restaurant ground lease which will be negotiated in the near future.

Mr. Thompson stated that locating the F-14 static display near the proposed restaurant will have several benefits to the airport. First, he noted that the Hangar Deck Restaurant will be a part of the Sky Adventures Building. Customers will be able to view general aviation, commercial, and

military aircraft operations from the restaurant. The F-14 static display would serve as an educational attraction for the general public. Second, if the Authority allows the F-14 static display to be located close to the building, Sky Adventures would pay for a substantial portion of the static display costs.

Commissioner Sutherland expressed concern about the prevention of vandalism to the F-14 static display. Mr. Thompson responded that the plans call for large rocks to be placed around the aircraft. Commissioner Sutherland commented that rocks alone may not be adequate to prevent possible vandalism to the aircraft. Vice Chairman McCormick asked how much time the Authority has to provide a final decision of whether or not it is interested in acquiring the F-14. Mr. Thompson responded that the Authority needs to respond immediately. Vice Chairman McCormick noted that the Authority is currently considering two proposed static displays, and he cautioned that the Authority should not make a decision on either of the proposed displays until it has more time to review this issue. Additionally, he expressed concern that this proposed static display is in conjunction with private enterprise.

Commissioner Springer inquired whether the proposed F-14 static display is integral to the construction of the restaurant. Mr. Thompson responded that the static display is important, but if the display is not approved, the restaurant will still be built with a target opening date of September 1, 1999. Commissioner Sublett asked how the restaurant will differentiate itself from the existing offerings of other local restaurants in order to show that the restaurant will be around for more than just a few years. Mr. Thompson noted that to control quality, the Hangar Deck Restaurant will purchase its own livestock. Additionally, the restaurant owners have hired an experienced restaurant manager.

Chairman McCormack inquired if the aircraft could be returned if the restaurant were to go out of business. Mr. Thompson indicated the aircraft could be returned since it would be on-loan from the Navy. However, the costs of dismantling and shipping the aircraft back to the Navy would be very expensive. Authority Attorney Doug Briggs inquired who the owner of the aircraft would be if it is acquired by the Authority. Mr. Thompson noted that because the aircraft would be on-loan from the Navy, the Navy would own the aircraft, but the Authority would be the borrower and be responsible for maintaining it.

Commissioner O'Boyle stated that he is a proponent of static displays, but that he is concerned about procuring the aircraft as a link to the restaurant. He noted that the Authority needs to review reasons for having displays at the airport. Additionally, he commented that Mr. Thompson has done a great job of increasing the military traffic at the airport. However, the F-14 static display proposal must stand on its own. Commissioner Sublett agreed with Commissioner O'Boyle that the Authority's decision regarding the F-14 static display should not be based upon any linkage to a commercial enterprise. Thus acquisition of any static display aircraft at the airport should be based solely upon the merits of the proposed display.

Vice Chairman McCormick stated that the Board needs to have at least one more discussion regarding the issue of static displays before making a decision of whether or not to acquire the F-14 aircraft. Commissioner O'Boyle asked if the final Board decision could be provided to the Navy next month. Mr. Thompson responded that one more month shouldn't be a problem. Regarding the restaurant, Mr. Thompson noted that he believes military fuel sales will double within the first year of the opening of the restaurant and the increased fuel sales will benefit the Authority.

Chairman McCormack asked if the F-14 was acquired by the Authority and located at the intersection of H Road and Falcon Way, what type of monetary participation Mr. Thompson and the other owners of the Hangar Deck Restaurant would make to place the aircraft on a pedestal. Mr. Thompson stated that mounting the F-14 on a pedestal would cost approximately \$100,000, and thus be cost prohibitive.

Vice Chairman McCormick moved to continue this topic until the March, 1999 Regular Board Meeting and for Staff to prepare additional information for discussion at the March, 1999 Board Workshop. Commissioner O'Boyle seconded.

Commissioner Sutherland recommended that the Board make a decision now as to whether the Authority should acquire the F-14 aircraft, but work out the details of location at a later time.

Voice vote: Ayes- Commissioner Springer, Commissioner Sublett, Chairman McCormack, Commissioner O'Boyle, and Vice Chairman McCormick. Nay- Commissioner Sutherland. Motion carried.

VI. FINANCIAL REPORTS

A. 1998 Audit Report Update/Accounts Receivable Report

Staff provided the Board with an update of the 1998 Audit Report preparation. Staff noted that the auditors have completed the field work and the auditors are on-schedule to present the 1998 Audit Report to the Board at the April, 1999 Board Meeting. Vice Chairman McCormick asked if Staff is aware of any shortcomings regarding the auditor's performance. Staff responded that the auditors have previous airport audit experience and appear to be doing a good job. Commissioner O'Boyle asked if there are specific guidelines for which a firm conducting an airport audit must follow. Manager Nystrom commented that the Single Audit Act provides specific guidelines for which the auditors must follow.

Staff provided the Board with an update on the Authority's accounts receivables. Last week, Marge's Frozen Custard paid \$500 towards its amounts owing the Authority. Last month at this time, Marge's owed the Authority \$6,900. As of today's date, Marge's owes \$7,600. Regarding Maverick Airways, a judgment has been received by the Authority and collection proceedings are in-progress. However, a perfected security interest in the Maverick equipment located at Walker Field Airport was discovered. The security interest is owned by Mr. Pat Carroll, who is also an owner of Timberline Aviation. Attorney Briggs noted that he checked with the Secretary of State's Office prior to commencing with litigation to find out if there were any security interests filed for Maverick's assets. The search yielded no security interests, thus litigation commenced based upon that information.

Commissioner Sutherland recommended that Staff look into the possible value of Maverick's operating certificate as an asset for which the Authority could attach. Commissioner O'Boyle asked how far the Authority should go in collecting from delinquent air carriers and whether such collections are just a cost of doing business. Manager Nystrom noted that the Authority is consistently faced with new air carriers utilizing the airport—many of which may not be financially stable. However, the airport must be made available to all air carriers.

Commissioner O'Boyle inquired about the increase in aircraft operations for 1990 and 1994. Staff indicated it would research those years and provide the information to the Board.

B. Request for Funding to Conduct Landside Commercial Property Appraisal

Staff presented the Board with a request for funding to conduct a landside commercial property appraisal. At the suggestion of the Board, Staff contacted two professional appraisers for estimates on the cost of conducting an appraisal on the non-aeronautical commercial properties along H Road which are owned by the Authority. Jim Biber agreed to conduct the appraisal for approximately \$3,000 using local market comparables only.

Arnie Butler, who worked approximately four years ago with a task force to prepare the non-aeronautical commercial development plan, stated that he can conduct the appraisal for less than \$1,000 by simply updating the information he originally provided to the task force. Manager Nystrom noted that a party is interested in purchasing 'Parcel K' which is owned by the Authority at the southwest corner of H Road and Horizon Drive. If the Authority is interested in selling that parcel, it would be required to conduct an appraisal on that parcel because it is a part of the 18 acres of land released by the FAA for non-aeronautical use. Thus it must be sold at fair market value.

Commissioner O'Boyle expressed reluctance to give up control of the Authority-owned parcels at Horizon Drive and H Road because of concerns over vehicle access to the airport. Vice Chairman McCormick asked if there would be any downside if the Authority held-on to the property. Manager Nystrom stated that the property is too small to attract most lessees, and that if any money were to be derived from the property, it would probably have to come from its sale.

Commissioner Sutherland inquired whether the Authority should consider purchasing additional property to the southwest of 'Parcel K.'

Vice Chairman McCormick inquired whether the Authority should obtain an appraisal of that parcel if there are no plans to sell it. Manager Nystrom stated that the Authority could obtain an appraisal at a later time when it is ready to sell the parcel. Commissioner Sublett asked how much the appraisal of 'Parcel K' would cost. Manager Nystrom responded that because the appraisal would be based on comparables for sale instead of leasing purposes, the total appraisal could cost as much as \$3,000. Commissioner Sublett recommended that the Authority proceed with obtaining the appraisal, even if the Authority will not be selling the parcels in the near future.

Vice Chairman McCormick moved to appropriate \$1,000 for the appraisal of the Authority's landside non-aeronautical commercial property (excluding 'Parcel K') and appropriate an amount not to exceed \$1,200 for the appraisal of 'Parcel K.' Commissioner Sutherland seconded. Voice vote: all ayes. Motion carried.

VII. DISCUSSION ITEMS

A. Commercial Fuel Sales Update

As a follow-up to discussions at the January, 1999 Board Meeting, Staff provided the Board with additional information regarding aviation fuel price comparisons and commercial fuel sales at Walker Field Airport. Staff commented that it had obtained information from Timberline Aviation and West Star Aviation regarding decreased commercial fuel sales. Factors leading to the decrease in commercial fuel sales include the effects of commuter air carriers serving Walker Field Airport changing from FAR Part 135 operating rules to Part 121. Under Part 135, the pilot generally had the aircraft topped-off with fuel upon landing in each city. Under Part 121, a licensed dispatcher determines the amount of fuel to be purchased for each leg of a flight. According to Timberline and West Star, Air Wisconsin, Mesa, and Skywest each have access to pipeline-fed fuel facilities in their respective hub cities. Their own fuel facilities can generally provide the fuel at the lowest price. Thus the air carriers will generally top-off their aircraft in one of their hub cities.

Regarding fuel prices, Walker Field Airport's two fixed base operators offer some of the lowest Jet A fuel prices in the region. This information can be integrated into the Authority's Marketing Plan. Commissioner O'Boyle noted that it appears having two fixed base operators has had a positive effect of lowering fuel prices at Walker Field Airport.

B. Restaurant Concession Update

Staff provided the Board with an update regarding the negotiations for a concession agreement with Coffee Time to move into the restaurant location after Marge's Frozen Custard ceases operations on March 20th. Manager Nystrom commented that Staff is working with Coffee Time and is anticipating presenting a proposed concession agreement to the Board at the March, 1999 Board Meeting. Commissioner Sublett asked if there will be any difficulty in opening up the restaurant area. Manager Nystrom commented that some of the glass windows will be removed to open up the area.

Commissioner O'Boyle noted that after Coffee Time moves into the restaurant, the first floor of the terminal building will be opened up to another operator. Commissioner Sutherland stated that the Authority could justify not adding an additional concession on the first floor.

C. Staffing and Custodial Services Update

Manager Nystrom commented that Staff is reviewing the possibility of contracting custodial services for non-secured areas of the airport. Airport Services Workers are trained as aircraft rescue firefighters in addition to their custodial duties. Historically, there have been challenges addressing the turnover of Airport Services Workers. Because of the turnover, there is a substantial amount of time and money spent on training new employees. To address this issue, Staff is reviewing the Airport Services Worker job duties to determine the feasibility of contracting many of the custodial duties to a private entity. The existing Airport Services Worker position would possibly become more of a maintenance position.

Manager Nystrom noted that the City of Grand Junction currently contracts for janitorial services and Staff would like to proceed to advertise a request for proposals (RFPs) to further determine if a change to contract services is feasible. Additionally, she commented that the Authority currently has two existing Airport Services Worker vacancies to be filled. Thus if a custodial services firm is selected, the existing amounts budgeted for custodial salaries for those two positions could be used for paying the custodial services firm.

Vice Chairman McCormick noted that many custodial services firms try to get entities completely out of the cleaning business so that it would be difficult for the entity to perform those duties in-house at a later date. Commissioner Sublett recommended that if a custodial services firm is selected, the contract should be tightly written and detailed. Commissioner O'Boyle commented that as the Authority reviews contracting out the custodial services, the Authority should strive to improve customer service.

D. Colorado State Patrol Lease

Staff and Attorney Briggs provided the Board with an update on the Colorado State Patrol Lease.

Staff noted that the Lease, which had been signed by the Authority, then sent to the State for signatures, has been returned by the State with requested changes. Attorney Briggs highlighted some of the proposed changes, including: the unrestricted use of the building by any lessee that the State chooses; the State not agreeing to not interfere with aeronautical uses of the airport; and the Authority cannot terminate the Lease. Both Attorney Briggs and Staff indicated these proposed changes are significant and do not afford the Authority sufficient protection.

Commissioner Sutherland recommended the Authority notify the State that the Authority agreed to the original Lease Agreement and that the requested changes are not in the Authority's best interests. Commissioner Springer agreed with Commissioner Sutherland's recommendation and noted that the Authority would be setting a dangerous precedent if it agreed to the requested changes. The consensus of the Board was to notify the State that the requested changes are not in the Authority's best interests, and that if the State would like to lease the parcel, then it needs to sign the original Lease Agreement.

VIII. OTHER ITEMS

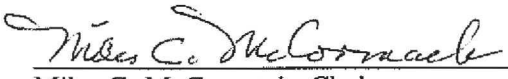
Staff updated the Board on several other items. Manager Nystrom thanked Attorney Briggs and Staff for preparing the Colorado Skunkworks Ground Lease Agreement in such a short timeframe. Additionally, the FAA recently conducted a FAR Part 139 inspection of Walker Field Airport and found no discrepancies for the second year in a row. Manager Nystrom thanked Staff for doing a great job in preparing for the inspection. Finally, Staff distributed a draft of the proposed Runway 4/22 general aviation development layout plan for the property east of the Fuoco hangar.

Chairman McCormack noted that warmer weather is approaching and that the portion of the air carrier ramp pavement on which the Federal Express loader operates may need to be strengthened. Staff commented that it will meet with Federal Express to discuss how much activity Federal Express will be conducting on that portion of the ramp. Commissioner Springer requested that Staff provide information regarding the costs of maintaining the aircraft static displays for the March, 1999 Board Workshop.

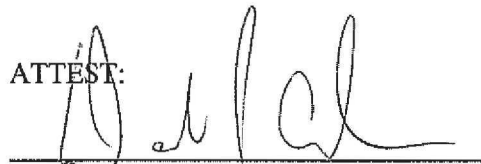
X. ADJOURNMENT

There being no further business to come before the Board, Commissioner O'Boyle moved to adjourn the meeting. Vice Chairman McCormick seconded. Unanimously carried. The meeting was adjourned at 7:55pm.

APPROVED AND ADOPTED THIS 16th DAY OF March, 1999.


Miles C. McCormack, Chairman

ATTEST:


David J. Anderson, Clerk