

# Walker Field Airport Authority

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## Minutes of the Regular Board Meeting

December 17, 2002

**BOARD COMMISSIONERS PRESENT:** Miles McCormack Steve Ammentorp  
Robert McCormick Dennis Kirtland  
Karen Berryman Craig Springer  
James Gardner

**AIRPORT STAFF PRESENT:** Corinne Nystrom Gary Mancuso  
Charlie Novinskie Ted Balbier  
Dan Reynolds David Anderson

**ALSO PRESENT:** Kevin Gould of the Van Sant Group; Barbara Krause of Coffee Time, LLC; Bob Kretchman of the Daily Sentinel; and Richard Schoenrad of Timberline Aviation, LLC

### I. CALL TO ORDER

The meeting was called to order at 5:16pm.

### II. APPROVAL OF AGENDA

Manager Nystrom requested that two (2) items be added under Other Items—"State of Colorado Public Airports Economic Impact Study" and "Meeting with IDI Regarding Cooperative Land Development Opportunities."

Vice Chairman McCormick moved to approve the Agenda as modified. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

### III. PUBLIC COMMENTS AND COMMUNICATIONS

Barbara Krause of Coffee Time, LLC commended Airport Authority Staff for the timely completion of the renovations to the terminal building restaurant concession space.

Vice Chairman McCormick noted his appreciation that the pedestrian walkways in the terminal building public parking lot are now available for use.

#### IV. CONSENT AGENDA

##### A. Minutes: November 19, 2002 Regular Board Meeting

##### B. Acknowledgement of Receipt of October, 2002 Financial Statements

On the Statement of Operations, year to date operating revenues are 14.6% higher than budgeted and year to date operating expenses are 4.4% lower than budgeted. The net result is an income to retained earnings balance of \$344,203. The income to retained earnings reflects revenues of approximately \$179,000 for security/law enforcement cost reimbursements from Airport Improvement Program (AIP-25) and the Transportation Security Administration (TSA).

Rental cars, aviation fuel tax, non-military governmental operations (leases and landing fees), airline, and parking revenues exceeded budget projections (year to date). Close monitoring of expenses during the month resulted in year to date operating expenses that are less than what was budgeted.

On the Balance Sheet, non-restricted cash/investments increased 4.8% as a result of a reduction in accounts receivable from several large customer payments. Accounts payable increased \$111,798, reflecting the receipt of several vendor invoices at the end of the month, and PFC funds increased \$28,152 with continued program collections. Land, Buildings, and Equipment increased \$189,942 with expenditures towards airline ticket office (ATO) heating, ventilation, and air conditioning (HVAC) upgrades; general aviation area expansion; passenger security screening checkpoint modifications; and air cargo area projects.

Overall, October yielded favorable financial performance for the Authority.

##### C. Resolution No. 2002-025: Amendment to Fees and Charges for Walker Field Airport, Grand Junction, Colorado

To assist with maintaining parity and equity in the Authority's fee structure, Staff proposed that the following fees be adjusted annually by the CPI-U (in addition to the fees that are currently adjusted annually by the CPI-U):

- Air Carrier Ramp Parking Fee
- Commercial Aircraft Operator Permit Fee
- Aircraft Stairs Usage Fee
- Off-Airport Delivery Service Operator Fee
- ARFF Standby Fee for "Rapid Fueling" Operations

In addition to the proposed CPI-U adjusted fees, the following changes have been incorporated into the proposed revised document:

- Specific fees that are adjusted annually by the October to October Consumer Price Index (CPI-U) have been updated;
- New fee—Multimedia Projector, per day (\$50)

The proposed effective date for the revised Fees & Charges document is January 1, 2003.

Staff recommended that the Board approve Resolution No. 2002-025: Amendment to Fees and Charges for the Walker Field Airport, Grand Junction, Colorado and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner McCormack moved to approve the items on the Consent Agenda. Commissioner Berryman seconded. Roll call: all ayes. Motion carried.

## V. ACTION ITEMS

### A. Request by Coffee Time for December Rent Reduction

The renovation of the restaurant required that Coffee Time discontinue operation during construction (December 9 to December 16). Consequently, Coffee Time requested that the rent paid to the Authority for the month of December 2002 be reduced from 7% of gross revenues (as required in their Use and Lease Agreement for Passenger Terminal Building) to 4%. The December 2001 dollar amount paid to the Authority was \$876, and the average monthly amount paid to the Authority for the past year has been \$724. Therefore, the amount of the proposed rent reduction would be approximately \$310-\$375.

Staff recommended that the Board approve Coffee Time's request for a reduction of its rent for the month of December 2002 from 7% to 4%, but that that rent return to 7% of gross revenues effective January 1, 2003.

Vice Chairman McCormick moved to approve Coffee Time's request for a reduction of its rent for the month of December 2002 from 7% to 4%, but that the rent return to 7% of gross revenues effective January 1, 2003. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

### B. Supplementary Agreement to the Van Sant Group Agreement for Architectural, Design and Engineering: (1) Terminal Building Passenger Boarding Area Expansion; (2) New Boarding Area Concession Space; (3) Terminal Building Concession/Lease Space/Observation Area

The proposed Supplementary Agreement with the Van Sant Group includes architectural, design, and engineering services, as well as project administration and oversight, for the construction of additional terminal building boarding area space, additional boarding area concession space, construction of new terminal building concession/office space, and construction of a new observation area.

The location of the new boarding area is directly north of the existing boarding room and will be connected by a short concourse. At the Authority's discretion, new concession space could be constructed as part of the concourse, depending on funding availability. The new concession/office space and observation area will be constructed above the Airline Ticket Offices (ATOs) and may include renovations to the Authority's old office area, now occupied by Two Rivers Pilot Supply. The anticipated square footage of each improvement is:

- Boarding Area Expansion = 3,500 sq.ft.
- Boarding Area Concession = 1,500 sq.ft.
- Concession/Office Space = 3,000 sq.ft.
- Observation Area = 1,500 sq.ft.

Currently, funding for these improvements is from Passenger Facility Charges (boarding area expansion), bond funds for building concession/office space and observation area, and Authority capital funds (boarding area concession space).

**Fees for Van Sant's services:**

- Schedule I: Boarding Area Expansion = \$48,953
- Schedule II: Concession/Office Space and Observation Area = \$51,230
- Schedule III: Boarding Area Concession = \$13,662

The anticipated schedules for the above projects are:

- Boarding Area Expansion: Complete July/August 2003
- New Boarding Area Concession Space: July/August 2003
- New Concession/Office and Observation Area: July 2003

The Supplementary Agreement will describe Van Sant's services for each capital improvement as separate schedules. Van Sant will be authorized to proceed with each schedule as funding and lease agreements allow.

Vice Chairman McCormick inquired what services are included within the Agreement. Staff responded that there are five (5) primary components—schematic design, scheduling, development of preliminary technical specifications, interior finish packages/public seating specifications, and construction administration. Van Sant will provide design services in accordance with the Authority's direction.

Chairman Ammentorp inquired about the estimated design costs for the project per square foot. Kevin Gould of Van Sant Group responded that generally, such costs are usually calculated as a percentage of total project costs. For this project, these services would be approximately 8% of total project costs. Typical design and administration costs for these types of projects usually range 6%-12%.

Commissioner Gardner inquired what level of project coordination between the general contractor and Van Sant Group is envisioned. Staff commented that Van Sant Group would work closely with the general contractor, FCI Constructors, Inc.

Commissioner Gardner inquired how much the General Contractor/Project Management contract would affect this project's construction documents and the bidding process. Staff stated that the procedures for bidding would be changed. FCI would handle the subcontractor bidding process, but the bids to FCI would be open to the Authority for review to accept or reject the bids.

Staff recommended that the Board approve and authorize the Chairman to sign the Supplementary Agreement with Van Sant Group for architectural, design, engineering, and project administration for Terminal Building Passenger Boarding Area Expansion, Boarding Area Concession Space, and Terminal Building Concession/Lease Space/Observation Area according to the following schedules:

Schedule I: \$48,953; Schedule II: \$51,230; and Schedule III: \$13,662 as funding and lease agreements allow.

Commissioner McCormack moved to approve and authorize the Chairman to sign the Supplementary Agreement with Van Sant Group for architectural, design, engineering, and project administration for Terminal Building Passenger Boarding Area Expansion, Boarding Area Concession Space, and Terminal Building Concession/Lease Space/Observation Area according to the following schedules: Schedule I: \$48,953; Schedule II: \$51,230; and Schedule III: \$13,662 as funding and lease agreements allow. Commissioner Kirtland seconded. Voice vote: all ayes. Motion carried.

C. **Resolution No. 2002-026: Reimbursement Resolution for Financing Associated with Passenger Terminal Building Improvements and Upgrades**

At the October 15, 2002 Regular Board Meeting, the Board approved the issuance of serial maturity bonds for passenger terminal building improvements and upgrades. The projected total of the projects is approximately \$1,500,000. The following is a preliminary list of projects to be funded with this transaction:

Office Space/Tenant Improvements.....	\$400,000
Stairwell Handrail/Code Improvements.....	30,000
Public Area Seating.....	60,000
Elevator Modifications.....	100,000
Mezzanine Construction (2nd Floor).....	200,000
Observation Area (2nd Floor).....	100,000
New Public Restroom (2nd Floor).....	30,000
New Escalator (to Replace Existing Down Escalator).....	225,000
Terminal Building Roof Replacement.....	150,000
Entryway Renovations (East and West Entrances).....	150,000
Terminal Building Lighting/Signage Upgrades.....	55,000
<b>TOTAL.....</b>	<b>\$1,500,000</b>

After a detailed review of the proposed projects, Authority Attorney Kirk Rider, Bond Counsel for this transaction, determined that the "Office Space/Tenant Improvements" may be funded with bond proceeds from taxable bonds, but not readily so through tax-exempt bonds.

Commissioner Springer inquired what the anticipated interests rates would be for the bonds. Staff responded that the interest rates vary depending on the year of maturity, but initial projections range 3-5%.

Vice Chairman McCormick inquired what the projected annual debt service would be. Staff responded that the projected debt service amounts would be included in the final draft of the Official Statement, which is issued as a part of the bond sale.

Based on Authority Attorney Rider's review and input regarding a recommended solution for facilitating the completion of the above-listed projects, Staff recommended that the Authority:

- "swap" the "Office Space/Tenant Improvements" project with substitute projects previously authorized and appropriated tax-exempt projects totaling \$400,000 (listed on proposed Resolution);
- approve a "Reimbursement Resolution" which authorizes the Authority to "swap" the projects and utilize bond proceeds to reimburse the Authority for the substitute projects; and
- utilize the \$400,000 of funds (originally authorized and appropriated for the substitute projects) for the "Office Space/Tenant Improvements" project.

Vice Chairman McCormick moved to adopt Resolution 2002-026 to "swap" the "Office Space/Tenant Improvements" project with substitute projects previously authorized and appropriated tax exempt projects totaling \$400,000; approve the "Reimbursement Resolution" which authorizes the Authority to "swap" the projects and utilize bond proceeds to reimburse the Authority for the substitute projects; and utilize the \$400,000 of funds for the "Office Space/Tenant Improvements" project. Commissioner McCormack seconded. Roll call: all ayes. Motion carried.

**D. Request for Approval and Appropriation of Funding for Additional FY 2002 Capital Items**

Current FY 2002 appropriated operating expenses total \$1,732,582 (excluding depreciation). If operating revenues and expenses for FY 2002 match exactly what was budgeted for the year, the December 31, 2002 non-restricted cash/cash reserves balance is projected to be \$608,709. This is a targeted objective for the Authority.

Because of the favorable revenue and expense variances in 2002, Staff recommended the appropriation of funds for the following additional capital items:

Capital:

Term. Bldg. West Column/Floor Tile Replacement (Add'l).....	\$7,000
Restaurant Renovations (Add'l).....	<u>8,500</u>

**TOTAL.....\$15,500**

Chairman Ammentorp inquired about the scope of work associated with the additional tile replacement. Staff commented that additional floor space had to be excavated to repair the in-ground HVAC ductwork on the 1<sup>st</sup> floor of the terminal building. This necessitated the replacement of additional tiles. As a part of a separate project, Staff noted that additional tile would be needed to complete the renovations of the terminal building 2<sup>nd</sup> floor west restrooms.

Chairman Ammentorp inquired about the time frame for the completion of the 1<sup>st</sup> floor renovation project. Staff responded that the floor concrete would have to cure for 25-30 days to allow for moisture evaporation from the concrete. However, pedestrian traffic can utilize the floor at this time. Once the concrete has cured, it will only take a couple of nights to complete the tile installation, with an anticipated completion in mid-January.

Commissioner Kirtland inquired what had caused the HVAC in-ground ductwork to collapse. Staff responded that it had most likely been back filled incorrectly

when the terminal building was constructed in 1982. The ductwork was intended to serve as a part of the passive solar heating system.

Commissioner Springer inquired what Staff's projections were for December 31<sup>st</sup> Income to Retained Earnings and how much the Authority had appropriated for additional capital items throughout the year. Staff responded that they projected an Income to Retained Earnings balance of approximately \$270,000. Additional capital items of approximately \$500,000 were appropriated during FY 2002.

Vice Chairman McCormick inquired what the projected cash reserves balance would be at the end of FY 2002. Staff responded that current projections indicate approximately \$1,100,000 in non-restricted funds will be on-deposit at the end of FY 2002.

Commissioner Kirtland moved to approve the appropriation of funds for additional capital items in the amount of \$15,500. Commissioner Springer seconded. Voice vote: all ayes. Motion carried.

**E. Public Hearing Regarding Proposed 2002 Supplemental Budget and Appropriation**

**F. Resolution No. 2002-027: Resolution to Adopt 2002 Supplemental Budget and Appropriate Sums of Money**

Members of the public were invited to provide comments or ask questions at this time regarding the Proposed 2002 Supplemental Budget and Appropriations. Notice of the proposed budget was published in the Daily Sentinel in accordance with State law.

Prior to the end of each fiscal year, it is necessary for the Authority to ensure that the budget for the current fiscal year conforms to what has transpired during the year, especially with respect to expenditures. A resolution is necessary to finalize the budget and authority to appropriate before year-end.

The amended budget is still a projection, but is based upon actual financial data that has been compiled throughout the year. It incorporates the additions and deletions made in the capital budget, as previously authorized by the Board on a case-by-case basis, as well as the changes in the contributed capital, revenue, and expense categories experienced during the year.

Because there were no public comments during the meeting regarding the proposed Supplemental Budget, Commissioner Gardner inquired if any public comments were received prior to the Board Meeting. Manager Nystrom responded that no public comments were received.

Staff recommended that the Board approve Resolution No. 2002-027 and authorize the Chairman to sign the Resolution on behalf of the Authority.

Commissioner Springer moved to approve Resolution No. 2002-027: Resolution to Adopt 2002 Supplemental Budget and Appropriate Sums of Money and authorize the Chairman

to sign the Resolution on behalf of the Authority. Vice Chairman McCormick seconded. Roll call: all ayes. Motion carried.

**G. Public Hearing Regarding Proposed 2003 Budget and Appropriations**

**H. Resolution No. 2002-028: Resolution to Adopt 2003 Budget and Appropriate Sums of Money**

Members of the public were invited to provide comments or ask questions at this time regarding the Proposed 2003 Budget and Appropriations. Notice of the proposed budget was published in the Daily Sentinel in accordance with State law. The proposed 2003 Budget was discussed at the November and December, 2002 Board Workshops and the November, 2002 Regular Board Meeting.

Commissioner Springer inquired about the method used to determine the targeted non-restricted cash reserves balances for the end of each fiscal year. Staff stated that the basic goal of the Non-Restricted Cash Reserves Policy is to have enough cash on hand that when added to guaranteed revenues for the upcoming year, is sufficient to cover operating expenses for an entire year. In case of a catastrophic event or a significant reduction in revenues, the Authority would have approximately one (1) year in which to review its financial situation and implement adjustments accordingly.

Vice Chairman McCormick inquired what portion of the Authority's annual revenues are guaranteed per existing agreements. Staff noted that approximately 50% of its annual revenues are guaranteed.

Staff recommended that the Board approve Resolution No. 2002-028 and authorize the Chairman to sign the Resolution on behalf of the Authority.

Vice Chairman McCormick moved to approve Resolution No. 2002-028: Resolution to Adopt 2003 Budget and Appropriate Sums of Money and authorize the Chairman to sign the Resolution on behalf of the Authority. Commissioner Kirtland seconded. Roll call: all ayes. Motion carried.

**VI. DISCUSSION ITEMS**

**A. Nominating Committee for FY 2003 Board Officers**

Chairman Ammentorp reported that he has asked Commissioner Berryman and Commissioner Kirtland to serve on the Nominating Committee for the FY 2003 Board Officers. They will meet to discuss nominations.

**VII. BOARD COMMITTEE REPORTS**

**A. *Ad Hoc Personnel Committee***

Vice Chairman McCormick stated that December 31, 2002 is the next Airport Manager performance measurement date.



## VIII. AIRPORT MANAGER'S REPORT

Commissioner Kirtland noted that he heard an engine run-up performed yesterday at approximately 5:00pm and inquired about the status of the aircraft run-up area. Staff noted that the run-up area is open for use by all airport tenants and users, and they would follow-up regarding yesterday's 5:00pm run-up.

Vice Chairman McCormick commended Staff for their efforts in keeping the terminal building clean during the on-going renovation projects.

## IX. OTHER ITEMS

### A. State of Colorado Public Airports Economic Impact Study

Manager Nystrom stated that the Colorado Aeronautical Board appropriated funding to complete an economic impact study of the 78 public use airports in Colorado. The Governor's Office of Economic Development may also provide participatory funding. At the request of Club 20, the Aeronautical Board agreed to include an optional scope of work that would allow for individual communities to pay for additional information specific to their airports. Several communities in Colorado offering air service incentive programs have indicated an interest in determining the economic impact of those programs to their communities.

The selection committee met two weeks ago to review the economic impact study proposals. Once the Aeronautical Board selects the consultant, the Aeronautics Division will contact individual communities throughout the state to determine interest in the supplemental studies. That question will be posed to the Grand Junction community, initially through the Airport Authority.

The Grand Junction Area Chamber of Commerce Transportation Committee met last week and discussed the study. The consensus of the Committee, based upon feedback from the recent WFAA Customer Service Survey results, is that the biggest air service concern pertains to ticket costs. The Committee indicated that it might be interested in participating in the supplemental study if it could identify how air fares could be lowered in Grand Junction.

Vice Chairman McCormick suggested that reviewing the data from the economic impact study conducted by the State in 1996 would be helpful. Commissioner Berryman inquired if the study could review the effects of lower airfares for specific destinations from Walker Field. Manager Nystrom responded that the community could select any scope of work that it wishes.

Commissioner Kirtland inquired if the recent United Airlines bankruptcy filing would affect the data. Manager Nystrom noted that the consultant selection committee discussed this concern. Based on current airline industry information, it does not appear that United Airlines' Chapter 11 filing would significantly affect the outcome of the study for a community like Grand Junction. As long as Denver continues to be a large hub for United Airlines, it will be necessary for United Airlines to continue feeding traffic to Denver from communities such as Grand Junction.

Commissioner Kirtland expressed concern that the study might raise false expectations by studying an issue over which the Authority has little or no control, such as airfares. Vice Chairman McCormick suggested that the biggest problem would be defining a specific scope of work or data that the community would want from the study. To assist with this process, he recommended that the Authority develop questions to ask the community regarding elements to include in the study.

Commissioner Springer expressed concern about putting resources into an economic impact study when the dynamics of the community have not changed since the most recent economic impact study in 1996. However, he noted that there is a public perception that the Authority needs to do something regarding air service. Manager Nystrom stated that she will continue to participate in discussions regarding this issue and will apprise the Board of additional developments.

**B. Meeting with IDI Regarding Cooperative Land Development Opportunities**

Manager Nystrom reported that she was invited to attend a meeting of the Industrial Development, Inc. (IDI) group. IDI purchased a 55 acre parcel of land near Walker Field (27 ¼ Road and H Road) approximately 8 years ago amidst a controversy over the use of the land. The owner of the land at that time wanted to subdivide the parcel for residential development. At that time, the Authority initiated legal action to prevent residential development of that parcel. IDI stepped-in and purchased the property for future commercial development. IDI invited Manager Nystrom to discuss land use options for that property, specifically regarding potential aeronautical uses.

IDI initially posed the possibility of allowing “through the fence” operations, in which the owner of the property, while not a tenant of the Airport, would have access to the Airport’s runways and taxiways. Manager Nystrom provided IDI with the criteria that the FAA requires for such operations. The requirements include compensating the Authority for such usage and abiding by all airport rules and regulations.

Manager Nystrom stated that IDI asked her to visit with the Authority Board of Commissioners to determine if the Board would be interested in continuing discussions with IDI regarding how the property in question might fit into the long-term plans of the Airport.

Vice Chairman McCormick inquired if IDI’s real intent is to find out if the Authority is interested in purchasing the property. Manager Nystrom responded that during the meeting, the question was posed regarding how much the Authority might be willing to pay for the property. Manager Nystrom informed them that the Authority is in the midst of several large capital improvement projects. Thus it is probably not in the position to purchase this property at fair market value at this time.

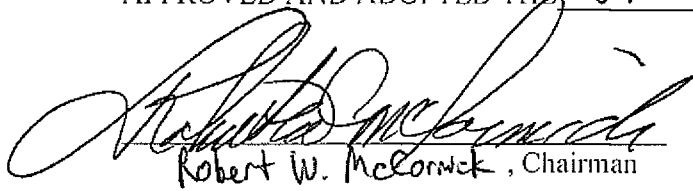
The consensus of the Board was for Manager Nystrom to continue discussions with IDI and to keep the Board apprised of any new information.

**X. ADJOURNMENT**

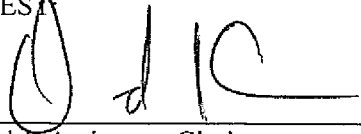
There being no further business to come before the Board, Commissioner McCormack moved to adjourn. Commissioner Berryman seconded. Voice vote: all ayes. Motion carried.

The meeting was adjourned at 7:07 p.m.

APPROVED AND ADOPTED THE 21st DAY OF January, 2003.

  
Robert W. McCormack, Chairman

ATTEST

  
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David J. Anderson, Clerk