

AIRPORT AUTHORITY MINUTES
February 24, 1977

Members Present: Chairman Pro Tem Larry Brown, Members Errol Snider, Harry Colescott, Howard Roland, Robert Van Houten, Manager Jim Spelman, Clerk T. M. Ford.

The Minutes of the February 1, 1977 meeting were discussed and Mr. Van Houten asked that his comments in regard to the practice of retroactively approving actions that require a vote be included in the Minutes. Mr. Van Houten had stated he would no longer approve ratifying actions after the fact. This statement should be inserted following the first paragraph on page 3. Mr. Van Houten moved approval with the stated addition. Mr. Colescott seconded the motion which passed unanimously. Mr. Spelman reported on the financial condition of the airport, saying the revenues are about \$10,000 less than a year ago for the same period, but that expenditures are also down, so the cash accumulation is about the same as 1976. Mr. Spelman also reported it will be a couple of months before a trend on finances can be seen. He reported the Accounts Receivable are about the same as last month, but that the Aeroplane Restaurant has begun monthly payments of \$500 to pay off the \$7,323.29 receivable.

Mr. Spelman presented the February Accounts Payable, saying the City payment does not include the police charges. He stated he had not received the computer report in time to make the billing. In answer to a question, Mr. Spelman explained that payments to Consultant Greg Isbill will continue almost monthly as long as the ADAP projects continue. Mr. Colescott moved for payment of the bills. Mr. Roland seconded the motion which passed. (List attached)

Mr. Spelman then presented a report on airline passenger boardings for January which is down about 2,000 from a year ago.

Mr. Spelman reported on negotiations with the car rental agencies

on a new "Use and Lease Agreement". He said they have a difference in the definition of "gross revenues". He said he and the consulting accountant felt gross revenues of the car rental business includes their gas and insurance charges and if either are excluded, it would be an exception to gross revenues. The car rental agencies disagree. Several representatives of the car rental agencies were in attendance at the meeting to present their view on the situation. They contended that no airports presently include gas charges as gross revenues, that they do not sell gas, have no control over the cost of gas, and that car rental fees to Walker Field have increased to about \$120,000 over the years with no increase in service from the airport. It was also brought out that some of the car rental agencies have their own gas pumps on the airport, others gas at nearby service stations, and different methods are used to charge car rental customers for the gas used. The Authority members discussed the possibility of having the airport sell gas to all car rental agencies, and perhaps coming up with different charges for those who buy gas off the airport than those who have their own airport gas pumps. Mr. Wilt, representing Avis, said the car rental agencies agree to having the new agreement effective on January 1, 1977, so there should be no hurry, and suggested their counsel be allowed to come to the next meeting to continue negotiations. Chairman Brown said he felt waiting would not change the facts. Following more discussion Mr. Colescott moved the Authority authorize Mr. Spelman to negotiate the new agreement deleting gas from "gross income". Mr. Roland said he would like to see the Airport service the car rentals with gas, and Mr. Spelman said this would not be practical. Mr. Roland also said he would like to see the motion changed so a gross revenue

would be charged on gas for those with on airport pump facilities. Mr. Colescott said he would rather not amend the motion. Mr. Snider seconded the motion which passed. Mr. Roland then moved that insurance be made a part of the gross revenue in the car rental agreements, and Mr. Van Houten seconded the motion. Mr. Brown then suggested that the motion be amended to allow Mr. Spelman to negotiate for some fee from those car rental agencies who service vehicles on the airport. Mr. Roland agreed to this amendment. Representatives of the car rental agencies argued against this proposal, saying the insurance was not profitable, and that other airports do not make this charge. Following this discussion the vote was taken on Mr. Rolands motion and the motion passed, with Mr. Colescott voting no.

Mr. Spelman reported to the Board that a new offer from the BLM for the proposed Fire Cache Operation had been received, and he suggested the Authority turn down the offer as presented. Mr. Spelman said there were several aspects of the BLM offer he felt were detrimental to the airport, particularly a clause that would allow the United States to determine the rates to be charged at each renegotiation on the United States' terms. Mr. Spelman said this would be detrimental to negotiators 20, 30 and 40 years from now. This would, according to Spelman make it almost a 50 year guaranteed term, while other leases on similar airport property run for much shorter periods of time. Mr. Spelman said the Authority should set the rates for its property. In an earlier informal meeting the Authority members had agreed to a lease of 20 years firm at \$300 per acre per year with 10 year renewal periods provided the Authority had no other use for the property and rates be set in accordance with rates for similar property. Mr. Van Houten said he was baffled by the

BLM Agreement, that this would turn over control to the BLM unlike all other airport leases. Mr. How of the BLM said the BLM intended to use fair market value for arriving at a lump sum rate at the end of 20 years, and that they were now offering \$37,000.00. Mr. Spelman said the BLM is not offering a lease but are talking about property ownership, as opposed to "leasing the land", and Mr. How agreed. The Authority discussed the aspects of the BLM offer and upon recommendation from Mr. Spelman formally rejected it. Mr. Spelman then proposed an alternate easement for the airport property be given the BLM with the amount of money to be filled in after negotiation. Mr. Spelman said the amount should be \$41,125.09, to allow investment in a life annuity policy that would bring in an annual income comparable to charging a rate of \$300.00 per acre per year for 20 years. Mr. Spelman suggested a compromise could be achieved, with the Authority subsidizing the difference at the outset to assure the necessary yearly income is needed in the future to float improvement bonds. Mr. How had a schedule to invest \$37,000 in government bonds with a return each year that would meet the annual rental rate.

At this point, Mr. W. R. Hall, who had been waiting to see the Authority about a lease amendment, indicated he would have to leave, but responding to a question by Mr. Spelman, said they remained ready to continue the BLM Fire Cache Operations on his property.

Mr. How stated the terms in the easement offered by the Authority appeared satisfactory except for paragraph 4 on page 3. Mr. Roland then moved that the Board authorize Mr. Spelman to deal with the BLM on the rent amount and subsidize up to an amount of \$41,125.09, after all other avenues are explored. Mr. Snider seconded the motion which

passed.

Another aspect of the agreement was then discussed, in which the BLM objected to receiving any rebate in case they should leave the premises before the term of the agreement expires. It was felt this could be worked out. Also in dispute was the manner of tying a letter of agreement to the Agreement. (This was the paragraph 4 of page 3 mentioned above). Mr. Roland then moved that the Authority direct Mr. Spelman to negotiate the agreement as best he can, and called for adoption of a Resolution authorizing execution of the easement to airport property offered by the Airport and establishing a system for converting the lump sum into rents. (attached) Mr. Van Houten seconded the motion. A roll call vote was taken for this action, and the following members voted yeas: Mr. Van Houten, Mr. Brown, Mr. Roland, and Mr. Snider. Mr. Colescott had left the meeting early.

Mr. Spelman then outlined an amendment to the Aeroplane Restaurant Lease which was to be renegotiated effective as of November 1, 1976. Mr. Spelman said this also includes the new catering service Mr. Pond has provided off the airport. Mr. Pond said he was concerned about a deadline on the airport paying for the parking for restaurant patrons of October 31, 1978. Following a short discussion Mr. Snider moved for approval of the amended lease, with a deletion of the parking deadline of October 31, 1978. This motion died for the lack of a second. Mr. Roland then moved this be tabled until the next meeting until all Board Members can get copies of the proposed lease and amendment, Mr. Van Houten seconded the motion which passed.

The Authority then considered a letter from Mountain West Charters proposing to lease the space now leased by Western Air Stages for

\$300.00 per month. Mr. Spelman explained that Western Air Stages has subleased the space to Western Airlines, who in turn have an operating agreement with Mountain West Charters, Western Air Stages is paying the \$300.00 to the Authority, \$239.00 as rent, and \$61.00 being applied to the back rent owed by Western Air Stages in the amount of \$3,446.95. Mr. Spelman said this could continue, or Western Air Stages could be evicted. Spelman said another airline also might like to rent the space. It was decided that Mr. Spelman should get information on the lease of Western Air Stages, do more ground work, and take up the matter at the next meeting.

The Authority adjourned at 11:07 P.M.