

Walker Field Airport Authority

Minutes of the Special Board Meeting

January 30, 1996

BOARD COMMISSIONERS PRESENT: Joe Croker John Crouch
Larry Jokerst Martin O'Boyle
Judy Humphries Reford Theobold
Gary Morris

AIRPORT STAFF PRESENT: Marcel Theberge Corinne Nystrom
Dennis Wiss Susan Stokes
Tymesha Watkins

ALSO PRESENT: Doug Thompson of West Star Aviation; Doralyn Genova as Mesa County Commissioner; Bill Meiers of Thrifty Car Rental; Ron Rouse of Colorado Airlines; Bob Weber of Webair; Keith Koler of Armstrong Consultants; Elaine Ingvertsen of Profession Production Services; Steve Patterson of Retriever Air Freight; Bruce Balbier of Skywest Airlines; Ann Clemenson, John Thomas, and Dennis Berry of Mountain West Airlines; JoAnn Smith of Open Range Gift Shop; Roger Fischer of Timberline Aviation; Miles McCormack of Confederate Air Force; Kathy Hall as Mesa County Commissioner; Jerry Walker; Duane Phelps and Peg Wallace of Thunder Mountain Ground Service; Kent Pfeider and Ruth Chilton of Colorado Skunkworks; Jim Biber of Biber Co.; John Williams of Coleman, Joufflas & Williams; Ginger Rice of the Daily Sentinel; and Harry Griff as airport attorney.

I. CALL TO ORDER

Chairman John Crouch called the meeting to order at 5:15 p.m. A quorum was present.

II. MINUTES OF BOARD MEETINGS

Commissioner Jokerst moved for approval of the Minutes of the January 15, 1996 Regular Board Meeting; Commissioner O'Boyle seconded. Motion carried.

OTHER ITEMS

Director Theberge announced that Air 21 Airlines, headquartered in Fresno, California, will begin jet service into Grand Junction on March 4, 1996. Their Fokker 28-4000's will make 2 flights each day (Las Vegas and Colorado Springs) and will offer low fares. Director Theberge provided flight times, jet seating capacity, and current cities of operation. Total net seats for Grand Junction: 272 (136 enplaned).

Commissioner Crouch referred to a letter he had distributed to all Board members over the previous weekend, re-iterating his recommendations to form two committees and to obtain a mediator. He asked the Board to consider his ideas.

III. 1996 AIRPORT RATES AND CHARGES

Director Theberge briefly went over the 1996 Proposed Rates and Charges, remarking on changes and recommendations. He noted that with advent of the new airline in March, cost centers will be lower, and recommended keeping rates at the present level. He addressed options regarding land lease rates. Commissioner Morris asked for feedback from FAA regarding sliding scale lease rates. Harry Griff responded: Volume-based discounts have been allowed in other arenas by FAA. He assured Commissioner Morris that "un-doing" the sliding scale would be "easy to do." Director Theberge responded that on January 29, 1996, Nance Early of FAA had said that he saw no problem with the sliding scale, but that he (Early) would ask FAA in Seattle to review the idea and get back to WFA. Discussion followed.

Director Theberge distributed to the Board copies of a letter from Stevens Real Estate Services and, after reading the letter aloud, summarized the key points and provided information on upcoming data. Commissioner Crouch summarized the options:

1. set ground rent at the newly-estimated cost center and use appraisal as a basis,
2. set ground rents below historical costs,
3. establish separate and distinct cost centers, or
4. consider other alternatives as yet unidentified.

Commissioner Crouch opened the floor for questions from the Board. Discussion followed.

Corinne Nystrom explained details of Option 5 vs Option 2, noting that Option 5 was requested by the Board at the Rates & Charges Workshop, was based on Option 2, and included an annual cost-of-living-adjustment (COLA) for leases whose rates may be lowered in 1996 if approved by the Board. Discussion followed.

Commissioner Crouch referred to a letter (brought by Commissioner O'Boyle) from Kathryn Robinson of BLM. Harry Griff responded that because BLM is a government agency rather than general aviation, WFA can negotiate with them. Commissioner Theobald noted that the letter's premise was based on a lease rate of 13¢ rather than the 7¢ that may be offered. Discussion followed.

Commissioner O'Boyle asked if the cost centers could be custom-set. Ms. Nystrom responded, Yes, but if specialized, they could go up in areas that now enjoy lower rates.

Director Theberge explained the rationale for development of the vacant land out front of the airport: that revenues derived from landside can be used to help airside, but not vice versa.

Harry Griff noted that FAA does not dictate how cost centers are to be derived, but that WFA must be able to justify their reasoning; i.e., cost center formulas must be "defendable." Commissioner Croker mentioned that nothing is "set in stone," but that WFA has solid list analysis and should have considerable degree of comfort about the defendability of the cost centers and rates.

Commissioner Humphries asked why the dramatic increase from 5¢ to 11¢. Harry Griff explained the formula used and noted that expenses/revenues can cause fluctuation from year-to-year. He also pointed out that the current controversy involves approximately \$10,000 of a \$1,000,000 budget, and has no significant effect on the financial stability of the airport. Commissioner O'Boyle stated that a "method" needed to be derived for setting lease rates.

Commissioner Crouch opened the floor to questions from the public.

Kent Pfleider asked about cost centers, FAA guidelines, and 11¢ lease rates. Commissioner Theobald stated a need for setting a rate based on *median* cost centers. Discussion followed. Harry Griff explained how long-term leases benefit the tenant, and pointed out that lease rates can be adjusted only via COLA and periodic increases. Bernie Buescher noted that the escalation of costs

is *not* as dramatic as seems. Kent Pfleider asked if reserve amounts could be used to reduce cost centers. Harry Griff responded that reserve amounts vary, but cannot be excessive, according to FAA regulations.

Corinne Nystrom provided an overview of Option 5: based on sliding scale, 1¢/gallon fuel flowage fee on fuel purchased by users *not* paying landing fees (i.e., mostly general aviation), and 2.8%/year increase in rent rates.

Bob Weber stated that he felt that lowering airport land rates would bring quicker revenue than would development of the frontside land. Director Theberge responded that the general aviation area has been under development for the past several months, and pointed out that two buildings went up in 1995, more than in the past six years. He stated that several hangars were currently under construction, and that several more were in negotiation. Additional gas lines were installed within the past ten days and roads were currently in the works. He expressed the need to comply with the Master Plan, and noted that less than 10% of staff time is spent on commercial development.

Mr. Weber asked if the 45-day waiver of the lease payment granted during the construction phase of the Fuoco hangar would be given to new leases. Director Theberge responded that any new contracts would be evaluated on an individual basis.

Dennis Berry of Mountain West airlines stated that increased rates results in increased fares, and suggested getting creative to bring in revenue and cut costs.

Bernie Buescher commented on the 1¢/gallon fuel flowage fee, and asked rhetorically, If the fee were passed on to customers, how much business would be left? He stated he felt that 1¢/gallon is a good idea. He also stated that he would like to see WFAA get on with the business of running the airport and get past the controversy. Commissioner Theobald agreed.

Kent Pfleider said he wanted to offer a "compliment" to airport management, that he felt the recent discourse had been constructive, and that what he sees now is a positive outcome of the recent controversies.

Director Theberge stated that the Sante Fe (New Mexico) airport had called about an appraisal they are currently undergoing. The person who called said that of the eight airports queried so far, only WFA was operating "in the black" financially.

Harry Griff asked Corinne Nystrom for clarification on Option 5. Discussion followed. Commissioner Theobald offered Option 6 as a possibility. Option 6 would call for rate reductions as outlined in Options 2 and 3, and charging for the "footprint" only on leases adjacent to Taxiway C-1. Mr. Griff countered that any additional revenue gained would not be worth the extra attorneys fees that would be required to comply with the specifications of Option 6.

Commissioners Crouch and Humphries asked for public comment. Bernie Buescher responded that making the distinction about "footprint" for some leases but not for others may constitute discrimination; he noted that he leases a lot of ground that he is paying for, but cannot use.

Commissioner O'Boyle moved to accept Option 5; Commissioner Jokerst seconded. Motion carried.

Harry Griff asked if the Board wanted to make the rates retro-active and, if so, to what date and to which tenants. Ms. Nystrom stated that Option 5 in "purest form" would apply to all leases signed since the new rates were instituted in April 1994. Commissioner O'Boyle amended the motion to stipulate that Option 5 would apply to those leases; Commissioner Jokerst seconded. Motion carried. Discussion followed. Commissioner Humphries asked what tenants are expecting or had been told that any rate roll-back would apply to them. Harry Griff answered, Fuoco and Nesbitt; Director Theberge added Division of Wildlife and Daly, also. Both Griff and Theberge emphasized

that no specific promises had been made to any tenant. Director Theberge recommended making adjustments to take affect February 1, 1996 for all leases signed since April 1994, and to set the fuel flowage fee into effect on April 1, 1996. These stipulations were made part of the motion to accept Option 5.

Director Theberge stated that because new airline contracts are under negotiation, the new rate schedule needed to be formally adopted by the Board by Resolution (1996-002). Commissioner Morris moved to approve the new Lease Rate Schedule for Aviation-Related Lands; Commissioner Jokerst seconded. Motion carried. A roll call vote was taken.

THOSE VOTING AYE

THOSE VOTING NAY

John Crouch
Larry Jokerst
Reford Theobold
Joe Croker
Gary Morris
Martin O'Boyle
Judy Humphries

Commissioner Crouch suggested taking a break before continuing the meeting.

Mesa County Commissioner Doralyn Genova asked if she could present to the Board a letter from her and County Commissioner Kathy Hall asking the WFAA Board to keep them apprised in advance of any WFAA Board decisions regarding airport personnel. Commissioner Crouch consented to accept the letter, and Ms. Genova read it aloud in its entirety.

Commissioner Crouch called a break at 7:44 p.m. The meeting resumed at 8:00 p.m.

Commissioner Theobold moved to approve the new Fees and Charges Schedule for Walker Field Airport (Resolution 1996-003); Commissioner Jokerst seconded. Motion carried. A roll call vote was taken.

THOSE VOTING AYE

THOSE VOTING NAY

John Crouch
Larry Jokerst
Reford Theobold
Joe Croker
Gary Morris
Martin O'Boyle
Judy Humphries

IV. EXECUTIVE SESSION

At 8:03 p.m., Commissioner Theobold moved that the Board enter into Executive Session to discuss personnel matters; Commissioner Jokerst seconded. Motion carried.

Doug Thompson called for a Point of Order, asking if the individual under discussion had requested a closed session. The individual had done so, and the session was declared closed to the public.


At 9:20 p.m., the Board came out of Executive Session and the regular meeting resumed. Commissioner Crouch announced that the Board would honor the request of Mesa County Commissioners Genova and Hall and meet with the City Council and County Commissioners within the next week to discuss personnel matters.


V. ADJOURNMENT

The meeting adjourned at 9:22 p.m.

ADOPTED AND PASSED THIS 20th DAY OF February 1996.

ATTEST:


Corinne Nystrom, Clerk


John Crouch, Chairman