

# Walker Field Airport Authority

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## Minutes of the Regular Board Meeting

October 21, 1997

ORIGINAL

**BOARD COMMISSIONERS PRESENT:** Robert McCormick                      Martin O'Boyle  
Miles McCormack                      Jim Richards  
Gary Morris                      David Graham

**AIRPORT STAFF PRESENT:** Corinne Nystrom                      Ted Balbier  
Dennis Wiss                      Danny Reynolds  
David Anderson

**ALSO PRESENT:** Alan Morganfield of Public Service Co.; Pete Siegmund and Ken Nesbitt of United Companies; Gene Murphy of Isbill Associates; Doug Thompson and Diane Gibson of West Star Aviation; Ron Rouse of Colorado Airlines; James Gardner of HNSI/DOE; Darrow Stemple of Darrow Stemple & Associates; Norm Lincoln of Elam Construction; Ron Teck of the Mesa County Assessor's Office; and Roger Fischer, Pat Carroll, and Jon Johnson of Timberline Aviation.

### I. CALL TO ORDER

Chairman McCormick called the meeting to order at 5:21pm. Chairman McCormick noted Commissioner Gillett was absent from the meeting.

### II. APPROVAL OF AGENDA

Chairman McCormick asked for additions or changes to the published agenda. Chairman McCormick requested an executive session, to discuss the Runway 11/29 litigation, be entered into the agenda after Item V- "Airport Properties Tax Assessment Update"; Manager Nystrom requested Consent Item D- "Public Service Company of Colorado Easement for Construction of Gas Regulator Station" be moved to Action Item B. Commissioner Graham requested Consent Item E- "Memorandum of Understanding with Colorado Army National Guard to Utilize Airport Property" be moved to Action Item C. The Agenda was amended as requested. There were no further requests for additions, deletions, or modifications to the agenda.

### III. PUBLIC COMMENTS AND COMMUNICATIONS

There were no Board or Staff communications, nor were there any public comments.

#### **IV. AIP-16 RUNWAY 4/22 REHABILITATION AND STATE OF COLORADO DISCRETIONARY GRANT PROJECTS UPDATE**

Pete Siegmund and Ken Nesbitt of United Companies and Gene Murphy of Isbill Associates updated the Board regarding the progress of the Runway 4/22 rehabilitation project and the general aviation improvements project. United Companies has postponed the actual rehabilitation of Runway 4/22 until next spring because of problems with their fall construction schedule and concerns about the weather in November. Although the Runway rehabilitation has been postponed, the precision approach path indicators (PAPIs) are currently being installed, and work on the general aviation improvements will begin in the immediate future.

Gene Murphy noted that on Monday, October 13, work began on the lights at the intersection of 4/22 and 11/29, and the temporary placement of the displaced threshold on Runway 29 went very well. The duration of the closure of that area was only five days. There will be another two weeks of underground electrical work to prepare for the PAPIs which will be delivered in December, and installed before January.

Ken Nesbitt discussed the conflict of interest regarding Western Colorado Testing. United Companies has had a difficult time finding another test lab. Most of the other laboratories in Colorado are busy, and have requested that if they do receive the contract, the laboratories would like to perform the design and testing, not just the testing.

Commissioner Graham asked Mr. Nesbitt if the change of the testing laboratory from Western Colorado Testing to another company would cause an increase in the project cost to the Authority. Mr. Nesbitt responded that because Western had already performed some work, changing to another firm would add a little cost to the project because a new company would start anew with the design and testing. However, the FAA is aware of the situation, and is willing to contribute more for the project.

Staff did not request any action on the part of the Board.

#### **V. AIRPORT PROPERTIES TAX ASSESSMENT UPDATE**

Ron Teck, Mesa County Assessor, introduced himself and updated the Board as to the status of taxation of privately-owned improvements on leased properties at Walker Field Airport. According to Assessor Teck, the County came out in September and October to measure the structures and various parcels of land. The results of the measurements will be compiled, and Special Notices of Value will probably be mailed by November 1, 1997. The owner will have thirty days from the date of the Notice in which to appeal for an abatement to be applied to the January billings. Assessor Teck noted the previous non-taxing of many of the Airport properties was an oversight on the part of Mesa County.

Commissioner Richards asked why the Airport properties are taxable, and the policy behind the taxation. According to Assessor Teck, the Colorado Constitution indicates that all property in Colorado, which is not specifically exempt, is taxable. The structures on the land are taxable, and the land on which the structures are located is taxable.

Commissioner Morris asked Assessor Teck if the County has any discretion as to the method or amount of the assessments. Assessor Teck commented that for valuation determination, he can use cost, income, or market approach methods. The income and market approach methods are preferred because those two methods give more of a true reflection of the value.

Commissioner O'Boyle asked how enterprise zones are taxed. Assessor Teck stated he did not know the current treatment of enterprise zones, but believes the structures located within the zone are taxed at a lower rate. Commissioner O'Boyle asked if prospective builders could call the Assessor's office to receive an approximate assessed value prior to building on the property. Assessor Teck said the Assessor's office would definitely help in any way possible to assist the tenants with planning for the assessments.

Chairman McCormick asked Staff what the current ground lease provisions are regarding the tax. Manager Nystrom responded that the existing language in Airport ground leases states that Lessees are responsible for paying any taxes due.

## **VI. EXECUTIVE SESSION TO DISCUSS RUNWAY 11/29 LITIGATION**

Commissioner McCormack moved to enter into executive session to receive an update on the Runway 11/29 litigation from Airport Counsel Byrum Lee. Commissioner O'Boyle seconded. Roll call: all ayes. Motion carried.

All Board members and Staff present during the regular Board meeting entered into executive session at 5:54pm. An update on the runway litigation was provided by Attorney Lee via telephone conference call.

Commissioner Graham moved to exit executive session. Commissioner Richards seconded. Roll call: all ayes. Motion carried. The public meeting resumed at 6:27pm.

## **VII. CONSENT AGENDA**

### **A. Minutes: September 16, 1997 Regular Board Meeting**

### **B. Buescher Family Ltd. Partnership/West Star Aviation Sublease Agreement**

Staff recommended the Board approve West Star Aviation's sublease of office space from Buescher Family Ltd. Partnership, and requested the Chairman be authorized to sign the agreement on behalf of the Authority. The office space is located on the first floor of the 800 Heritage Way building adjacent to the West Star Aviation Hangar. The agreement is a renewal of the existing agreement and all provisions appear to be unchanged from the previous agreement. Per Authority policy, West Star is required to obtain Authority approval on all subleases it enters into.

### **C. Buescher Family Ltd. Partnership/Bell Aviation, Inc. Sublease Agreement**

Staff recommended the Board approve Bell Aviation, Inc.'s sublease of office space from Buescher Family Ltd. Partnership, and requested the Chairman be authorized to sign the agreement on behalf of the Authority. The office space is located on the second floor of the 800 Heritage Way building adjacent to the West Star Aviation Hangar. The agreement is a renewal of the existing agreement and all provisions appear to be unchanged from the previous agreement. Per Authority policy, West Star is required to obtain Authority approval on all subleases it enters into.

### **D. (Moved to Action Item B)**

### **E. (Moved to Action Item C)**

**F. Use Agreement with Skywest Airlines for Lift-A-Loft Passenger Mobility Lift**

Staff recommended the Board approve a Lift-A-Loft Agreement between the Authority and Skywest Airlines, Inc., and requested the Chairman be authorized to sign the Agreement on behalf of the Authority. The Lift-A-Loft device was purchased in 1993. The unit is used to assist disabled or wheelchair-bound passengers in boarding or disembarking from aircraft. On December 2, 1996, the FAA made it mandatory for airports and air carriers to provide lifts or boarding devices available for passengers.

When the lift was first purchased, identical Use Agreements, as the one presented, were signed by Mesa Airlines and Thunder Mountain Ground Services. In reviewing and updating the Authority's ADA Transition Plan, it was discovered that there was not an Agreement between the Authority and Skywest Airlines, Inc. If the Board approved this Agreement, it would be forwarded to the FAA.

**G. Renewal of Conditional Loan Agreements with U.S. Navy for F-11 and A-6 Display Aircraft**

Staff recommended the Board approve a renewal of the Conditional Loan Agreements for the F-11 and A-6 aircraft, and requested the Chairman be authorized to sign the Agreements on behalf of the Authority. When the F-11 and A-6 aircraft were obtained, a Conditional Loan Use Agreement was signed for each aircraft. The Department of the Navy, Naval Inventory Control Point, has submitted renewal Loan Agreement documents to the Authority for signature and return as an update to their records. The extension of the loan period would be from September, 1997, to September, 2002.

The documents presented to the Board are essentially the same as the documents used for the initial loan period, except with minor changes which do not affect the intent of the documents. The Authority also annually receives, signs, and returns a Certification of Loaned Government Property to the Navy. This year's report was returned to the Navy in August. Signing these documents does not commit the Airport to any more expenses or further requirements regarding these aircraft, other than to maintain them as they are displayed.

A letter was sent to Mr. Anthony Mazzone, U.S. Navy, on October 2, 1997, asking for a two-week extension of the deadline from October 16 to October 31 for the return of these documents in order to allow time for the Board to review the documents.

Commissioner McCormack requested paragraph 2 of page 7 of Consent Item A- "Minutes: September 16, 1997 Regular Board Meeting," be changed to "Commissioner McCormack stated there may be the need for substantial expenditures for terminal repairs. Additionally, he wished to address Project 2000, pertaining to terminal upgrades, sometime in the near future."

Commissioner Graham moved to adopt the Consent Agenda as amended and modified, including Commissioner McCormack's requested changes to Consent Item A and the relocation of Consent Items D and E to Action Items B and C respectively. Commissioner McCormack seconded. Roll call: all ayes. Motion carried.

## VII. FINANCIAL REPORT- AUGUST 1997 FINANCIAL STATEMENTS/ACCOUNTS RECEIVABLE REPORT

Manager Nystrom highlighted the financial statements for August 1997. She noted the financial statements are basically tracking the trend the Authority has experienced for the year. The trade payables are in good shape, and the Income/Retained Earnings ratio is looking good due to expenditures being monitored carefully. The airlines, rental car concessions, and air freight operators are providing strong revenues. Terminal-related concessions and general aviation are still struggling.

Commissioner Richards asked why the general aviation revenues have decreased from the same period last year. Manager Nystrom commented the majority of the general aviation revenues are derived from fuel sales, which have dropped off from last year.

Commissioner Graham moved to receive the Financial Report as presented. Commissioner O'Boyle seconded. Roll call: all ayes. Motion carried.

Staff updated the Board regarding Maverick Airways' overdue account. Several delinquency letters have been sent to Maverick.

## VIII. ACTION ITEMS

### A. Proposal to Purchase Vacant Land on 27 ¼ Road

Staff recommended the Board authorize Staff to enter into negotiations with Mr. James Bailey to purchase his real property. Mr. Bailey approached the Airport earlier this year to inquire if we were interested in purchasing his property located on 27 ¼ Road. The 80 acre parcel has been in his family for some time. Because of the recent tax assessment changes, he has decided to offer to sell the property to the Authority rather than developing it into some type of commercial use.

This property lies approximately 2,850 feet northwest of Runway 11 and 1,300 feet north of the extended centerline of Runway 11. As such, it is directly in line with the proposed second runway to the north of Runway 11/29.

Mr. Bailey has stated that he and his wife own free and clear title to the property. He has mentioned a purchase price of \$425 to \$450 per acre for this land, or \$34,000 to \$36,000. Also discussed was an earnest money payment this year, 1997, to confirm our interest in the property. The closing would occur in January 1998.

If Staff were authorized to enter into negotiations with Mr. Bailey to purchase the property, Staff recommended they be authorized to negotiate a purchase price which would not exceed \$450 per acre, or \$36,000, with a five-year payoff of the note, and the sale would be contingent upon an environmental assessment being conducted by Staff or designee to determine any environmental issues in the area, execution of the necessary title commitment and title insurance to verify that the Baileys have a clear title to the property, and preparation of the appropriate real estate transaction documents.

Commissioner Richards asked if there had been any recent appraisals of this property. Manager Nystrom highlighted the list provided in the Board packets which listed comparable properties acquired by the Authority. Commissioner McCormack noted there may be a

motorcross track being operated on the property, and if the Board approved of the purchase of the property, one of the conditions of sale should be the closing of the track prior to closing.

Commissioner Graham inquired as to which party would pay for the environmental assessment. Manager Nystrom noted the Authority would pay for the environmental assessment because the Authority would be protected by such action. Commissioner Morris felt the seller should provide the environmental assessment. Chairman McCormick indicated he was in favor of authorizing Staff to negotiate terms, but not a price at this time. Commissioner Graham asked if there were any other options besides a fee simple absolute or fee simple transfer. Manager Nystrom noted at this time, other options have not been considered.

Commissioner Richards moved that Staff be authorized to enter into negotiations with Mr. Bailey to purchase this property. Commissioner McCormack seconded. Roll call: all ayes. Motion carried.

**B. Public Service Company of Colorado Easement for Construction of Gas Regulator Station**

Director of Operations Wiss introduced Mr. Alan Morganfield, Senior Siting & Land Rights Agent for Public Service Company of Colorado (PSCO) to present a request on behalf of PSCO to the Board to approve and grant an easement to PSCO for the construction of a gas regulator station. PSCO has approached the Authority for the rights to construct a gas regulator station on property the Authority owns at 23 and L Roads. This is the current site of the FAA outer marker, and the easement would be subject to the existing Master Ground Lease between the Authority and the FAA. PSCO has indicated the purpose of the gas regulator station is to monitor the flow of gas through a pipeline to be constructed that will provide gas to approximately 170 residents in the surrounding area. PSCO is offering the Authority \$2,000 for the easement.

Mr. Morganfield stated PSCO will be applying for a Conditional Use Permit with Mesa County for PSCO to build the facility.

Staff recommended the Board approve and grant the easement to PSCO as requested, and the Chairman be authorized to sign the easement on behalf of the Authority. Manager Nystrom noted Staff has received a letter from the FAA in Seattle that such a regulator station would be compatible with the existing navigation equipment in the area.

Commissioner O'Boyle motioned to approve and grant the easement to PSCO subject to PSCO being responsible for any environmental remediation necessary as a result of PSCO's use of the easement, for PSCO to remove all of its equipment located on the property within ninety days of abandonment of the easement by PSCO, and to authorize the Chairman to sign the easement on behalf of the Authority. Commissioner Richards seconded. Roll call: all ayes. Motion carried.

**C. Memorandum of Understanding with Colorado Army National Guard to Utilize Airport Property**

Staff presented the Board with a Memorandum of Understanding (MOU) between the Colorado Army National Guard (CANG) and Walker Field Airport Authority for the CANG to utilize Airport property located north of I-70 near 31 Road. In February of this year, an MOU was entered into between the CANG and the Authority for the CANG to utilize the Bennett property purchased earlier this year for communications training exercises for two weekends in March and April. This first MOU expired and now the CANG has requested another MOU from the Authority to utilize this property from October 1, 1997 through September 30, 1998.

The CANG communications exercises consist of the construction of a mobile antenna and communications equipment which is then used to transmit and receive to and from Montrose. The CANG personnel use military vehicles for access to this area and mark off the area they are using to prevent accidental trespass by non-military persons onto the land.

The CANG has requested a one-year MOU so that they can have access to this land as they need it without having to come to the Authority each time they need access. The current plans for the use of this area are only for two to three exercises through the time period listed. The CANG also plans to utilize this area for communications in the event of an area-wide disaster or emergency.

Commissioner Graham asked whether ordinance or ammunition would be discharged on the property. Staff commented there would be no discharges of ammunition at the site. Commissioner Graham also inquired as to whether there would be any hazardous materials used or stored at the site. Staff noted the only hazardous materials at the site would be from possible vehicle fluid leaks and from the portable restrooms.

Staff recommended approval of the one-year MOU, and that the Chairman be authorized to sign the MOU on behalf of the Authority.

Commissioner Graham moved the Board approve the Memorandum of Understanding between the Colorado Army National Guard (CANG) and Walker Field Airport Authority for the CANG to utilize Airport property, and that the Chairman be authorized to sign the MOU on behalf of the Authority. Commissioner McCormack seconded. Roll call: all ayes. Motion carried.

## **IX. DISCUSSION ITEMS**

### **A. Minimum Fueling Standards for Department of Defense Fuel Contractors**

The Board discussed whether the Authority should develop minimum fueling standards for Department of Defense fueling contractors at Walker Field. West Star Aviation had requested the Authority establish minimum standards for any businesses wishing to bid on military fueling contracts. Staff has looked into the military fueling requirements, and has also contacted other airports which receive military aircraft to find out if minimum standards are necessary or utilized at other airfields.

Staff found no other airport in Colorado which has implemented minimum standards specific to military fueling. The general input from other airports was that this is an issue between the contractor and the military.

Chairman McCormick asked Staff why this issue was brought before the Board. Staff commented that one of the Airport tenants requested the Authority address this issue. Furthermore, the existing Authority Minimum Standards document is a policy document which was approved by the Board. It is currently being updated and will be presented to the Board in the future for consideration. Military fueling standards, if drafted, would be part of this document or the Minimum Fueling Standards document which is also being updated for Board review. Doug Thompson of West Star presented his thoughts regarding the standards. He wants to ensure the high level of service currently in place for the military fuel sales, regardless of the fixed base operator providing the service. He is concerned that if there are no minimum standards, a fixed base operator may lower the level of service which may reduce the number of military aircraft operations at Walker Field.

Commissioner O'Boyle asked Mr. Thompson about the Department of Defense selection criteria for fuel providers. Mr. Thompson stated the Department of Defense primarily looks at the price of the fuel. Commissioner O'Boyle then asked that if price is the main concern, why bother with the standards? Mr. Thompson responded there should be specifications for ground support equipment requirements and line service training. Manager Nystrom noted that if the standards are imposed, Staff would have to monitor compliance with those standards. Commissioner Morris was concerned about the Authority interfering between the military and the FBO's contract.

Staff recommended against the Authority creating minimum standards for military fueling at this time. However, Staff did request the Board provide input regarding this matter before a final determination is made because of the substantial amount of Authority revenue derived from military fuel flowage fees, and that such a revenue source should not be placed in jeopardy in the event a Department of Defense contractor at Walker Field is not able to provide this service in a quality and safe manner.

Commissioner Graham requested Staff perform a cost/benefit analysis of developing and imposing the minimum standards. Commissioner O'Boyle agreed with Commissioner Graham's request for a cost/benefit analysis, and in addition, asked Staff to assess overall whether or not such standards would be better for the Airport.

Chairman McCormick inquired as to if the Authority imposed minimum standards, how would such standards be better for the Airport? Chairman McCormick recommended tabling this issue for future discussion until after more information can be obtained. He was concerned as to how the Authority could address intangible service standards.

Manager Nystrom asked the Board what type of information it would like collected. To establish a baseline, Commissioner Morris suggested Staff meet with Doug Thompson and an Operations Officer from the military to find out what the military's needs are for a fuel contractor. Commissioner Graham complimented Doug Thompson for all of the good work Mr. Thompson has done in promoting military fuel sales at Walker Field.

#### **B. F.A.A. Entitlement Funding for Fixed Base Operator Ramp Projects**

Staff requested feedback from the Board regarding the Board's philosophy towards using Walker Field's FAA entitlement funds for FBO capital improvement projects. Earlier this year, Staff received a request from West Star Aviation for federal funding to pay for the cost of crack sealing the asphalt in and around West Star's T-Hangars. In the past, Authority entitlement funds were used for ramp construction and rehabilitations for fixed base operators based upon the Authority's philosophy at the time regarding Airport development.

The FAA requires that each airport have a capital improvement projects (CIP) list in place for federally-funded projects so that both the airport and the FAA can plan appropriately for upcoming projects. Staff provided the Board with the CIP list which was updated for Walker Field in April. In July, the Authority was required to submit a 10-year CIP list to the FAA for its consideration. The July CIP list was also presented to the Board. The two CIP lists presented to the Board do not include any federal funding for FBO projects. Both lists track the CIP list that was included in the recent Master Plan Update. The projects on the list were selected partly because they will benefit more than one user of the Airport.

Should the Board direct Staff to incorporate FBO projects into the CIP list, then other projects on the list will have to be delayed until subsequent years. Entitlement funds for each airport are established each year based upon the airport's number of enplanements and upon how much



Congress appropriates to the FAA for airport improvements. It is very unlikely that any discretionary funds would ever be approved by the FAA for an FBO project since discretionary funds are scarce and are generally used only on high priority projects such as runway and taxiway construction and rehabilitation.

Commissioner Richards inquired about the extent to which FBO projects are AIP-eligible. Manager Nystrom responded the FAA tends to not approve projects for leased parcels which truly generate revenue on their own. As an example, she noted the FAA would not approve paying for the terminal parking lot's rehabilitation since substantial revenue is generated for these purposes from the parking lot concession agreement. However, the FBO projects are more of a gray area. The FAA will not fund any portion of an FBO ramp which is within 15 feet of a structure, even if the project would otherwise be eligible for funding.

Commissioner O'Boyle noted the areas around the T-Hangars are not really common-use taxilanes and taxiways because there are no other users of those areas which do not utilize the T-Hangars. Commissioner Richards commented that crack sealing is actually routine maintenance and West Star should pay for this repair. Commissioner Graham asked if the FBO projects could be added to the CIP list, but in a lower priority. Manager Nystrom responded that with the existing CIP list, there are probably no entitlement funds left over for the FBO projects.

Chairman McCormick inquired as to whether there are any provisions within the Planning Policies which address this issue. Manager Nystrom commented there are no provisions specifically related to this issue, but there are sections of the Master Plan update which provide some guidance. Manager Nystrom inquired as to whether the Board would like an inventory of the Airport common-use areas. Chairman McCormick and Commissioner Morris responded the inventory would be a good idea for project planning purposes and so that the Board could consider this matter further.

No action taken.

### **C. Timberline Aviation Expansion Plan Update**

Staff requested feedback on several issues in negotiating an addendum to Timberline's lease agreement which incorporates the additional property being considered for lease under Timberline's Right of First Refusal provision of its lease agreement. The first issue is Timberline's request that the Board re-consider participating in funding of the storm drainage system through the use of rent credits. The second issue was Timberline's request that a specific time frame not be stipulated relative to the property's development.

Timberline Aviation wishes to exercise a Right of First Refusal on 5+ acres of ground directly east of its current leasehold. Timberline has forwarded to Staff its intentions to construct additional asphalt apron for aircraft tie-down and storage, aircraft movement, and military fueling. The plans for construction have not been formalized.

Manager Nystrom noted Staff had spoken with the FAA regarding its position on airport development time frames. The FAA restated its position remains firm as to the Authority not allowing a tenant to lease a piece of property without developing it.

Roger Fischer of Timberline Aviation commented that Timberline's Right of First Refusal does not have a stipulation that the land has to be developed within any specified time frame. He felt it was unfair that there has to be such a short time frame. He continued that Timberline cannot

develop the parcel immediately and would like up to five years to develop it. Additionally, he addressed the drainage issues.

Manager Nystrom commented that on the existing CIP list, Landing View Lane is scheduled for rehabilitation, and such a drainage project could potentially be tied-in with the work on the roadway. The Board advised Staff to meet with Timberline further in an effort to devise a plan for development that is mutually acceptable to both parties.

**D. Air Service Update**

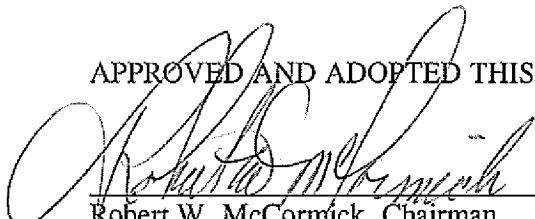
Manager Nystrom updated the Board regarding recent air service highlights. Mesa Airlines notified Staff that because the plans to implement jet service to Phoenix are not compatible with their plans for service to Aspen, the regional jet service is on hold. However, Skywest brought in several regional jets from Salt Lake City during hunting season.

Additionally, Manager Nystrom commented that Staff met with tenants to discuss 1998 budget items. The airline tenants expressed a desire to work directly on air service issues with the Authority, and a meeting is being scheduled to discuss this further.


**X. ADJOURNMENT**

There being no further business to come before the Board, Commissioner Richards moved to adjourn the meeting. Commissioner O'Boyle seconded the motion. Unanimously carried. The meeting was adjourned at 9:08pm.

APPROVED AND ADOPTED THIS 18<sup>th</sup> DAY OF November, 1997.

  
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Robert W. McCormick, Chairman

ATTEST:

  
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David J. Anderson, Clerk