

# Walker Field Airport Authority

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## Minutes of the Regular Board Meeting

November 18, 1997

BOARD COMMISSIONERS PRESENT:     Robert McCormick             Martin O'Boyle  
   Miles McCormack             Jim Richards  
   Charles Gillett                 David Graham

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

ALSO PRESENT: Authority Attorney Doug Briggs; Cecil Hobbs, Jim Thompson, and Jerry Feather of Confederate Air Force; Jim Fuoco of Fuoco Hangar; Ron Rouse of Colorado Airlines; James Gardner of Holmes & Harver, Inc./Department of Energy; Gene Murphy of Isbill Associates; Chris Winkler of Crown Asphalt; Kent Pfleider of Colorado Skunkworks; Roger Fischer, J.J. Johnson, and Pat Carroll of Timberline Aviation; Dave McDonald, hangar owner; and Glenn Songer, hangar owner.

### I. CALL TO ORDER

Chairman McCormick called the meeting to order at 5:18pm. Chairman McCormick noted Commissioner Morris was absent from the meeting.

### II. APPROVAL OF AGENDA

Chairman McCormick asked for additions or changes to the published agenda. Chairman McCormick requested the deletion of Consent Item B- "ATM Concession Agreement with Grand Valley National Bank," the addition of Action Item C- "Sky's Restaurant Request," the addition of Discussion Item H- "Terminal Repair," the addition of Other Item A- "VOR Update," and the addition of Other Item B- "Executive Session- Runway Litigation." The Agenda was amended as requested. There were no further requests for additions, deletions, or modifications to the Agenda.

### III. PUBLIC COMMENTS AND COMMUNICATIONS

#### A. Request by Kent Pfleider to Address the Board Regarding Tax Assessment Issue

Kent Pfleider of Colorado Skunkworks addressed the Board regarding the recent tax assessment imposed by the Mesa County Assessor's Office. He commented that within the past two weeks, many of the general aviation tenants have received notices of assessment which Ron Teck, Mesa County Assessor, had discussed with the Board at the October 21, 1997 Regular Board Meeting.

Mr. Pfeider believed the hangars in the general aviation area are marginal properties, and he has discussed this property tax issue with other tenants, including Bud Gimple, Paul Maynard, Dave McDonald, Tom Daly, Judy Humphries, and Jim Fuoco. The consensus was to look into using the income-approach to calculating assessed values of the properties and work with Mr. Teck on this issue.

According to Mr. Pfeider, a few of the general aviation tenants are concerned that prior to several of the tenants leasing property at Walker Field, Marcel Theberge (former Walker Field Airport Authority Airport Manager) was approached and was specifically asked whether or not they (the lessees) would be subject to property tax. Mr. Theberge allegedly replied the tenants would not be subject to property tax because the Airport is government property, thus not taxable. Mr. Pfeider stated he would not have purchased his hangar if he would have known it would be taxed. In his opinion, whether or not his hangar is taxable makes a great difference in the value of the property. He added that the sooner all of the parties (including the Airport Authority) can get together, the better.

Chairman McCormick asked the other general aviation tenants present at the meeting whether they have received their assessments. The general consensus from those responding was they have received the assessments. Mr. Pfeider recommended several issues be considered regarding the property tax—first, the valuation of the affected properties should be calculated through the use of the income-approach, not the market value-approach. Second, there needs to be a distinction between a tenant who uses its hangar for commercial purposes versus someone who uses the hangar for aircraft storage only.

As an example of a typical valuation, Mr. Pfeider noted he purchased his hangar for \$95,000 with a ground rent of \$65 per month. For assessment purposes, his hangar was appraised at \$100,000. This results in approximately \$2,500 per year in property taxes.

Several tenants at the meeting requested that Airport Authority Staff give input regarding this issue. Administrative Assistant Thomas responded he had spoken with four other airport operators as to how they have dealt with this issue, including: Jefferson County, Front Range, Centennial, and Montrose, and shared their responses with the Board.

Attorney Briggs noted he had spoken with Matt Goercke, Centennial Airport Attorney, regarding the property tax issue, and shared Mr. Goercke's statements with the Board.

Commissioner Richards noted that Mr. Teck had addressed this issue at the October 21, 1997 Regular Board Meeting. Commissioner Richards asked why none of the affected tenants discussed this issue with Mr. Teck at that meeting. One of the tenants indicated they were not aware Mr. Teck was going to be in attendance at that meeting, and additionally, Mr. Teck had indicated to the affected tenants that he would contact the tenants before he sent out the valuations, but he never did.

Commissioner O'Boyle stated the Airport Authority should take a position that general aviation and the associated hangars are a high priority for the Authority, and such a tax could be very detrimental to the Airport. Commissioner Richards agreed with Commissioner O'Boyle of the high priority of general aviation, but he cautioned members of the Board that there may be other countermeasures the Authority could employ, and indicated he would like to hold-off from taking a position on the issue until the Board looks further into the issue. Commissioner Graham noted there may be several options for working with Mr. Teck regarding this issue.

Chairman McCormick recommended the tenants designate a couple of spokespeople to work with Staff on addressing this issue again with Mr. Teck. Commissioner O'Boyle requested

Discussion Item A "G.M. Hangar's Request to Transfer Title on Improvements to WFAA" be discussed during this time because of its direct correlation to the current discussion.

Several tenants asked what they should do in the immediate future regarding the tax assessments. Authority Attorney Briggs cautioned he represented the Authority only, not the tenants. However, he noted the tenants should preserve their appeal rights by paying the tax. Manager Nystrom requested the tenants choose one or two people as spokespeople so Staff could proceed quickly with this issue, including a meeting with Mr. Teck. Three tenants volunteered to work with Staff—Dave McDonald, Bud Gimple, and Jim Fuoco.

Commissioner Richards cautioned the tenants that while the Board, Staff, and Airport Attorney are willing to work with them to resolve this matter, their interests and the Authority's interests may potentially head in differing directions in the future. The tenants acknowledged their awareness of this.

Chairman McCormick recommended Discussion Item A "G.M. Hangar's Request to Transfer Title on Improvements to WFAA" be placed on-hold until a later Board Meeting.

#### IV. CONSENT AGENDA

##### A. Minutes: October 21, 1997 Regular Board Meeting

Commissioner O'Boyle moved to adopt the Consent Agenda as amended. Commissioner Richards seconded. Roll call: ayes- Chairman McCormick, Commissioner O'Boyle, Commissioner Graham, Commissioner McCormack, and Commissioner Richards; nays- none; abstain- Commissioner Gillett (because he was absent from the October 21<sup>st</sup> Board Meeting). Motion carried.

#### V. FINANCIAL REPORT

##### A. September 1997 Financial Statements/Accounts Receivable Report

Manager Nystrom highlighted the financial statements for September, 1997. She noted the cash balance at the end of the month was higher than at the beginning of the month. However, expenses increased because of maintenance and repair projects which usually take place this time of the year. Revenues by source continued the same trend the Authority has experienced for the year. Airline, air freight, and rental car concession revenues have increased over last year. The parking lot, terminal concessions, general aviation and military fuel sales, and non-military government revenues are less than projected in the budget.

Overall, income to retained earnings exceeds by a large margin what was budgeted, as well as last year's income to retained earnings because while revenues are 2% below budget, operating expenses are 13% below budget. Commissioner Gillett requested Staff highlight the applicable months on its enplanements and operations reports.

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

Staff provided the Board with a copy of a delinquency letter sent to American Aviation.

## **B. Maverick Airways Delinquency**

Staff updated the Board regarding Maverick Airways' delinquency, and recommended the Board follow Attorney Briggs' suggested course of action of filing suit against Maverick Airways. Maverick Airways is delinquent in amounts owed to the Authority of \$9,256.69 for rent, shared space, security phones, landing fees, lavatory disposal usage, and unreturned security IDs. Additionally, the Authority has not received passenger facility charges totalling \$1,833.76, and collected on behalf of the Authority.

Commissioner Graham asked if the Authority should revise its lease agreements to provide for pre-judgment seizure of property of the tenant to satisfy debts owed to the Authority. He inquired as to whether Maverick's debts were distinguishable between secured or unsecured. Attorney Briggs indicated Maverick's outstanding debts to the Authority are unsecured since their security deposit has already been applied to their debt.

Commissioner Richards moved to accept Attorney Briggs' advice by filing suit against Maverick Airways and executing on any resulting judgment. Commissioner Graham seconded. Roll call: all ayes.

## **VI. ACTION ITEMS**

### **A. Timberline Aviation Right of First Refusal and Expansion Plan**

Staff requested the Board authorize the Airport Manager to draft and send a letter to Timberline describing the items verbally agreed upon by both parties at a recent meeting. They are:

- (1) Since the request by third parties to lease the property in question which originally triggered the Right of First Refusal has been withdrawn, the Authority will not require Timberline to exercise the Right at this time.
- (2) Should Timberline wish to exercise its Right in the future, Timberline understands that the Authority will stipulate a specific time period and/or other type of trigger mechanism to undertake and complete development.
- (3) The Authority will not participate in the costs associated with development drainage issues unless the schedule of Timberline's development coincides with an Airport project of which storm water drainage at the site is included.

Commissioner Richards inquired about the time-frame in which Timberline must develop the Right of First Refusal parcel if it exercises its Right. Staff indicated the time-frame would be according to the policy recently established by the Board: 18 months or at least exercising due diligence.

Commissioner Graham asked if by issuing a letter with the requested contents, would such a letter modify the existing contract between Timberline and the Authority. Attorney Briggs indicated the letter, as drafted, would not modify the existing contract.

Commissioner Gillett moved Staff be authorized to send a letter to Timberline describing the 3 items presented to the Board. Roll call: all ayes. Motion carried.

## **B. Supplemental 1997 Capital Budget Request**

Staff recommended the Board authorize necessary funds for additional Capital Items for 1997 so the items could be purchased by the end of this year. Current financial statement figures indicate there will be sufficient funding available for these items. Many of the Capital Items approved January 1, 1997 were completed. Additional items were removed from the Capital List and expensed out of the Operations and Maintenance budget or were simply removed from the List completely due to funding constraints. Additional items have also been approved by the Board since January 1 on a case-by-case basis.

There are four items Staff requested the Board approve for acquisition or completion prior to the end of 1997, including: one A.R.F.F. MSA air bottle, a street light for Eagle Drive, a SetCom radio mixer for A.R.F.F., and west end exterior terminal repairs. The first three items have been previously listed for 1997 consideration. The fourth item, west end terminal repairs, has not been previously listed. The total cost for the four items requested is \$8,630.

Commissioner O'Boyle moved to approve the Capital Items as requested. Commissioner McCormack seconded. Roll call: all ayes. Motion carried.

## **C. Sky's Restaurant Request**

Staff presented the Board with a letter from Steve Robertson, owner of Sky's Restaurant, requesting he be released from his Lease Agreement with Walker Field Airport Authority. Mr. Robertson requested the date of termination be no later than 120 days from the date of the letter.

Manager Nystrom commented Staff has conversed with Mr. Robertson regarding his request. Mr. Robertson wishes to pursue other business interests. Staff recommended the Board agree to terminate the Sky's Restaurant Agreement and authorize Staff to commence putting together a request for proposals for a new operator.

Commissioner Graham inquired as to whether Sky's Restaurant owed any monies to the Authority. Manager Nystrom noted Mr. Robertson is current in his accounts, and he has had a good payment history with the Authority. Additionally, she assured the Board that Staff would incorporate the necessity of Mr. Robertson paying all amounts owed to the Authority as a condition of the cancellation. Commissioner O'Boyle asked if the Authority has ever operated the restaurant. Manager Nystrom responded the Authority operated the restaurant for a period of approximately six months prior to Mr. Robertson commencing his operation.

Commissioner Gillett moved to accept Staff's recommendation of approving Mr. Robertson's request for termination of the Agreement between Walker Field Airport Authority and Sky's Restaurant and for Staff to draft a request for proposals for a replacement operator of the restaurant and lounge. Commissioner Richards seconded. Roll call: all ayes. Motion carried.

Chairman McCormick commented the Board should develop ideas regarding the restaurant and lounge to present at the December 2, 1997 Board Workshop. Staff noted they are having discussions with a prospective cappuccino/espresso vendor.

## VII. DISCUSSION ITEMS

### A. G.M. Hangar's Request to Transfer Title on Improvements to WFAA

Because of previous discussion regarding this issue during Public Comments, this item was tabled until a later Board meeting.

### B. Minimum Fueling Standards for Department of Defense Fuel Contractors

West Star Aviation approached the Authority about establishing minimum fueling standards for on-airport Department of Defense military fuel contractors. This issue was discussed at the October 21 Regular Board Meeting, and Staff was directed to meet with military users of the Airport to ascertain what standards, if any, would be appropriate and to learn what the user considers when choosing to fuel at Walker Field.

Ted Balbier, Director of Maintenance and A.R.F.F., updated the Board regarding Staff's discussions with military pilots regarding guidelines for what services they are looking for in a military fuel contractor. The pilots indicated they like the current service, including the speed of service, handling of maintenance concerns, and the professionalism of West Star's employees. In summary, Mr. Balbier indicated no matter who obtains the military fueling contract, Mr. Doug Thompson of West Star set the standards for service, and any attempt to impose standards by the Authority would not necessarily guarantee the quality of service currently provided by West Star since the primary reason military pilots choose to fuel at Walker Field is the good customer relations and level of service, not the type and amount of equipment or type of apron available (although these are considered a plus by the users).

Because of the input received from these meetings, Staff recommended against imposing minimum fueling standards for Department of Defense fuel contractors. In Staff's opinion, such issues should be addressed between the vendor and the user, and quality service levels and positive customer relations are difficult to establish and enforce in a minimum standards document. Furthermore, a cost/benefit analysis would indicate that it may be costly to implement and enforce the standards due to Staff time and training which would be necessary if standards are drafted and implemented, and that even if standards are put into place, the benefit of having them could be dramatically diminished if quality FBO service levels and good customer relations do not exist between the FBO and the military.

It was the consensus of the Board to follow Staff's recommendation.

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

At the direction of the Board at the October 21, 1997 Regular Board Meeting, an inventory was conducted of the various aircraft parking ramps to determine which areas are public-use and which are not. Staff presented its findings to the Board.

West Star Aviation has requested the Authority participate in the funding of a rehabilitation project for one of the limited public-use areas. Manager Nystrom noted that the area under consideration is a "questionable" area with regard to A.I.P. funding eligibility and recommended against using A.I.P. funding on this particular project based upon feedback from the F.A.A.

Commissioner McCormack asked where these projects fit on the list of priorities. Manager Nystrom responded that within the past ten years, all of West Star's public-use ramps have been

resurfaced, rehabilitated, or newly-constructed and that other funding priorities are already in place.

Staff recommended: (1) public use FBO ramp projects be considered for federal funding assistance at the request of the FBO, (2) these projects be prioritized along with all other public-use area projects, (3) federal funding be considered on a 50/50 split basis rather than the historic 90/10 split basis, and (4) the local match portion be funded in full by the FBO and not the Authority, as has historically been the case. These recommendations were contingent upon the F.A.A.'s concurrence.

It was the consensus of the Board to follow Staff's recommendation.

**D. 1998 Capital Improvement Project Update - AIP 17**

On November 5, 1997 Staff met with representatives of Isbill Associates and the F.A.A. in Denver for a pre-design meeting on the AIP-17 project scheduled for next year. Manager Nystrom noted that this project had been on-hold for several years because of the unavailability of discretionary funds from the F.A.A. to rehabilitate the entire length of Taxiway Alpha. However, the project must be commenced next year or the Authority will forfeit the passenger facility charges collected for the project. Because of a recent approval of additional funding, the F.A.A. has indicated it will place this project on its list of high priorities for discretionary funding.

Gene Murphy of Isbill Associates and Chris Winkler of Crown Asphalt highlighted the plans for the rehabilitation of Taxiway Alpha. Plans call for the use of Trinidad Lake asphalt as an additive which contains volcanic sand and dust. This product may increase the project cost by approximately \$200,000. However, according to Mr. Murphy and Mr. Winkler, a life-cycle cost analysis indicates that the life expectancy of the pavement is increased significantly such that the FAA encourages the use of this product.

Commissioner Graham asked Mr. Murphy whether the Trinidad Lake asphalt was originally contemplated for use in this project. Mr. Murphy indicated the use of this asphalt was a planned possibility. Because of the funding constraints, Mr. Murphy commented the rehabilitation may be performed in sections, the project cost will probably not be finalized until January or February, the bid specifications will be ready for distribution in February, and the bid period for the project may be early to late March.

No action was taken by the Board.

**E. Proposal to Purchase Vacant Land on 27 1/4 Road**

Manager Nystrom updated the Board as to Staff's discussions with Jim and Penny Bailey regarding the Authority's possible acquisition of the Bailey property located just west of the Airport's property and adjacent to 27 1/4 Road. At the October 21, 1997 Regular Board Meeting, Staff presented a proposal to the Board from Mr. Bailey to sell the property to the Authority at \$425 - \$450 per acre for 80 acres. Pursuant to the Board's direction, a meeting was held on November 12 with Mr. and Mrs. Bailey to discuss a purchase price and terms. After explaining the Authority's position regarding the property, the Baileys countered with an offer of \$395 net per acre or \$31,600 for the 80 acres.

Further terms of the proposal included a 10% down payment, a Note and Deed of Trust to be carried for one year at an interest rate of 7 1/2 %, and the stipulation that the Authority pay all closing and title work costs. After speaking with Western Colorado Title Company, it has been

determined that these costs would be less than \$500. Any necessary environmental assessments of the property would also be paid by the Authority. Closing would take place after January 1, 1998 and the remaining balance due would be paid in January, 1999. Manager Nystrom stated that the contract would include the excuse of Authority's performance if the environmental assessment found something environmentally wrong with the property.

Staff provided the Board with a listing of comparable properties which have been sold within the past several years, and a map of existing Authority property showing the placement of the Bailey property relative to existing Airport boundaries. Chairman McCormick recommended the Board take action on this item. Commissioner McCormack requested that Staff to make sure the property is closed to motorcycles prior to any acquisition of the property by the Authority. Attorney Briggs suggested the Authority could seek a quiet title action which usually takes approximately forty to forty-five days to complete. The quiet title action could be used to resolve whether or not there is a prescriptive easement on the property. Commissioner O'Boyle suggested Staff post "no trespassing" signs on the Bailey property if the property is acquired because of the similarity between this property and B.L.M. property located in the same area.

Commissioner Richards moved that Staff be authorized to proceed with the purchase of the Bailey property for \$395 per acre, and to authorize the Chairman to sign a standard Colorado Real Estate Commission-approved contract for the property which would be prepared by Staff, and reviewed by Attorney Briggs. Commissioner Gillett seconded. Roll call: all ayes. Motion carried.

#### **F. Airline Action Group Update**

Staff updated the Board regarding its Airline Action Group meeting with airline tenants on how to improve air service at Walker Field. The general consensus obtained from the meetings was that the existing image of Walker Field is one of poor air service. Attendees believed all businesses at Walker Field should pool their thoughts in-house, then go out into the community and help educate the public regarding air service at Walker Field.

Commissioner Richards commented the Airline Action Group needs to target its audience and address the fiscal item of who will pay for this group. Staff commented the fiscal issues of the Group have not been addressed because this is a new entity. Manager Nystrom noted the origin of the Group came about after receiving Commissioner Graham's comments on some of his travel experiences, and from talking to some of the airline tenants about how they would feel about working with Staff on solving some of the air service issues. She commented the goal of the Group is to focus on the positive aspects of existing service, instead of criticizing the lack of new carriers or existing carriers.

Commissioner Graham thanked Staff for following-up on his relating of a previous disappointing air travel experience which he conveyed at an earlier Board meeting. Additionally, Commissioner Graham stated there was an opportunity to use this Group to possibly develop an information pamphlet which could be given to travelers regarding their available options when problems are encountered. Commissioner Richards cautioned Staff by explaining that he saw possible pitfalls of the Action Group, especially if the Authority starts promoting airlines which have a poor image. Chairman McCormick suggested the Group should emphasize problem identification and problem-solving, and be more inclusive in its membership by encouraging tenants, such as the car rental concessions and the gift shop to become involved.

No action was taken by the Board.



### G. Election of 1998 Officers

Chairman McCormick noted the Authority By-Laws require the election of new officers at the January, 1998 Regular Board Meeting, including the election of a new Chairman. Additionally, the Board discussed whether or not there should be a nominating committee. There was not a nominating committee for the 1997 elections.

Attorney Briggs commented that according to the By-Laws, the Chairperson shall not succeed himself unless his term has been less than twelve consecutive months. Commissioner O'Boyle expressed his disappointment that Chairman McCormick is prevented from serving a second term by the By-Laws.

Commissioner Graham recommended that instead of having a nominating committee, Commissioners interested in serving as the Chairperson should submit a letter of interest to Chairman McCormick.

It was the consensus of the Board to follow Commissioner Graham's recommendation.

### H. Terminal Repairs

Chairman McCormick stated he had received comments from other Commissioners that there should be a second opinion regarding the terminal repairs. Additionally, there was concern that there may not be enough money approved to make the initial repairs. Commissioner Gillett added that as a public entity, the Authority should place the repair work out to bid. He also believed a second opinion was necessary.

Commissioner Richards asked Staff if the Authority has an existing policy pertaining to project bid requirements. Manager Nystrom responded the Authority requires obtaining bids for projects costing \$10,000 or more.

Commissioner O'Boyle believed the wall on the east end of the terminal between the hallway and the airline ticket counters should be looked at in detail, but he was unsure as to whether the cause of the structural problems would be discovered during a second opinion. Chairman McCormick asked Staff as to whether there was any estimated cost for getting a second opinion. Manager Nystrom commented that Isbill Associates, who has volunteered to assist in getting a second opinion, understood the diagnosis should cost as little as possible to the Authority.

The Board agreed there were two main issues. First, should a second opinion be obtained? Second, how should a request for proposals for repairs be drafted to include the unknowns? With regard to the second opinion, Commissioner Gillett and Commissioner Graham indicated Staff should obtain a second opinion. Commissioner McCormack was neutral as to obtaining a second opinion. Commissioner Richards indicated he was comfortable with the opinion already obtained. To deal with the unknown repairs, Commissioner McCormack suggested using a cost-plus approach. Commissioner Graham cautioned against a general use of a cost-plus approach, but in this case, he agreed with Commissioner McCormack that such an approach should be used.

Commissioner Graham moved that Staff obtain a second opinion regarding needed terminal repairs, and the cost of such a second opinion be limited to \$3,000. Commissioner Richards seconded. Prior to roll call, Ron Rouse of Colorado Airlines stated he recently had extensive core sampling performed on a parcel near the terminal building he is considering leasing, and that he would be willing to allow the Authority to look at the results of his samplings. Roll call: all ayes. Motion carried.

Manager Nystrom asked the Board for direction as to whether discussing revised estimated repair costs as a result of receiving the second opinion at the December Board Workshop would interfere with the Board discussing the proposed 1998 Budget. Chairman McCormick indicated that this is an important issue which should be discussed at that time.

## VIII. OTHER ITEMS

### A. VOR Update

Staff updated the Board as to the status of the appraisal of the property on which the V.O.R. is located. Manager Nystrom commented that Staff has been in contact with the F.A.A. in Seattle, and they indicated that they have chosen an appraiser, Jim Biber, with whom they are finalizing an agreement.

No action was taken.

### B. Executive Session- Runway Litigation

Commissioner McCormack moved that the Board enter into Executive Session for the purpose of discussing the Runway 11/29 litigation. Commissioner Gillett seconded. Roll call: all ayes. Motion carried.

The Board entered into Executive Session at 8:13pm. Manager Nystrom provided them with an update from Attorney Byrum Lee on the case management order process and the status of the positions being taken by the litigating parties.


Commissioner Graham moved that the Board exit Executive Session. Commissioner Gillett seconded. Unanimously carried.

The Board exited Executive Session at 8:29pm.

## IX. ADJOURNMENT

There being no further business to come before the Board, Commissioner O'Boyle moved to adjourn the meeting. Commissioner Richards seconded the motion. Unanimously carried. The meeting was adjourned at 8:29pm.

APPROVED AND ADOPTED THIS 16<sup>th</sup> DAY OF December, 1997.

  
Robert W. McCormick  
Robert W. McCormick, Chairman

ATTEST:

David J. Anderson  
David J. Anderson, Clerk