

Walker Field Airport Authority

Minutes of the Special Board Meeting

April 7, 1998

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

AIRPORT STAFF PRESENT: Corinne Nystrom Ted Balbier
John Thomas Dennis Wiss
David Anderson

ALSO PRESENT: Larry Kempton and Ray Guziak of Kempton Air; Richard Farabee of Budget Rent-A-Car; Peter Finn of Enterprise Car Rental; Bill Miears of Thrifty Car Rental; Gary Dana, Marty Dana, and Ron Zotto of National Car Rental; Phillip Smith of Avis Rent-A-Car; Frances Orman and Rosie Sams of Hertz Rent-A-Car; and Doug Briggs, Authority Attorney.

I. CALL TO ORDER

Chairman O'Boyle called the meeting to order at 5:18pm.

II. APPROVAL OF AGENDA

Chairman O'Boyle asked for additions or changes to the published agenda. Chairman O'Boyle recommended "Runway Litigation Update (Executive Session)" be moved to IIA. Manager Nystrom requested the addition of "Other Items A- Senate Bill 28 Update;" "Other Items B- CAO Conference - Montrose;" and "Other Items C- Terminal Renovation Update." The Agenda was amended as requested.

IIA. RUNWAY LITIGATION UPDATE (EXECUTIVE SESSION)

Vice Chairman McCormack moved for the Board to enter into executive session. Commissioner Gillett seconded. Voice vote: All ayes. Motion carried.

The Board entered into executive session at 5:20pm to discuss the applicable agenda item.

Commissioner McCormick moved for the Board to exit executive session. Commissioner Gillett seconded. Voice vote: all ayes. Motion carried.

The Board exited executive session at 5:47pm.

Commissioner McCormick moved to authorize an additional \$50,000 to be used for the Runway 11/29 litigation expenses. Commissioner Richards seconded. Roll call: all ayes. Motion carried.

III. WFAA HANGAR DISCUSSION

Chairman O'Boyle unilaterally excused himself from all discussions and actions pertaining to this agenda item.

Staff presented the Board with a request to appropriate \$3,500 from the Operating Contingency account to pay for environmental testing of the Authority-owned hangar. In mid-1997, the Board discussed the status of the hangar owned by the Authority which is currently leased to Kempton Air Service. The lease will expire August 31, 1998.

Subsequent to those discussions, Staff has received inquiries about the hangar, and at least one party has expressed more than a passing interest in leasing the hangar after Mr. Kempton's lease expires.

Mr. Kempton has also stated that he would like to re-lease the property. Mr. Kempton has been a tenant of the hangar for over 5 years. On or about March 25, 1998, Mr. Kempton brought to Staff's attention his concerns about the environmental safety of the hangar in light of the fact that a crop dusting company had been a tenant at the hangar in the early 1980's.

Because the hangar is owned by the Authority, Staff believes the Authority has an obligation to investigate Mr. Kempton's concerns now that Staff has been made aware of them. Consequently, Staff, with the assistance of Commissioner Morris, contacted Walsh Environmental Scientists and Engineers, Inc. A representative from Walsh, Commissioner Morris, Larry Kempton, Jr., Larry Kempton, Sr., and Staff conducted a walk-through of the hangar on March 29th.

Staff presented the Board with a proposal drafted by Walsh to assist the Authority in investigating any potential environmental hazards that may be present on the site. The proposal does not infer that any hazards exist but simply lists the categories that the Authority may or may not wish to investigate. Manager Nystrom noted that if at any time there are renovations which take place at the hangar, an inspection for asbestos is required. Additionally, if any welding takes place, a lead paint inspection is required. However, the representative from Walsh did not see any signs of asbestos during the initial walk-through inspection.

Staff stated it would work with Mr. Kempton to clean out and dispose of the material in the floor drains, and make arrangements to have the cistern filled-in and the buried 55-gallon drum removed (and inspected, if necessary). If it becomes necessary to conduct soil and ground water tests of the former septic tank area, as well as conduct indoor air monitoring of the hangar, Staff will bring these matters to the Board at a later date.

Commissioner Richards moved to appropriate \$3,500 from the Operating Contingency account to pay for environmental testing of the Authority-owned hangar. Commissioner Gillett seconded.

Commissioner McCormick inquired as to the seriousness of this issue. Manager Nystrom responded that Staff would not know until they receive the results of the testing. Commissioner McCormick expressed concern that if the situation is as bad as what it appears, then maybe the Authority should lock-up the building immediately. Commissioner Richards commented that the Board has to judge the hazards on today's standards, and that the burden on the Authority is to prove that the hazards do not exist. Commissioner McCormick noted that now that the possible hazard has been brought to the Board's attention, the Board should respond immediately to that concern.

Commissioner Morris commented that Kempton has been in the hangar for 10 years, and the proposed tests are standard practice whenever a proposed transfer of possession takes place. He did not see the need to lock-up the hangar unless the test results warrant such action. Commissioner Gillett cited an example of a building in the Denver area where the tenants were able to remain in the building while the environmental testing was conducted.

Larry Kempton of Kempton Air stated that he had known about possible environmental hazards when Kempton Air first moved-in to the hangar, and that a previous Authority airport manager and Board of Commissioners were aware of the problems. Mr. Kempton said he believes that the Authority is acting now because there is a prospect of a new tenant. Manager Nystrom responded that the reason Staff brought this issue to the Board's attention is that Mr. Kempton called her and specifically stated that there may be an environmental problem in the hangar. She noted that because of Mr. Kempton's expressed concerns, Staff has a duty to investigate this issue. Commissioner Morris commented that Staff is addressing this issue exactly the way it should be addressed.

Roll call: all ayes, except for an abstention by Chairman O'Boyle. Motion carried.

IV. BUDGET RENT-A-CAR PROPOSAL

Staff presented the Board with a request by Richard Farabee of Budget Rent-A-Car to add a fifth location for a car rental concessionaire in the terminal building. On March 31, 1998, Authority Staff opened bids received for four on-airport rental car concessions for the period 1998 through 2003. There were five bidders for the four concessions. The lowest bidder was Budget Rent-A-Car.

On April 3rd, Mr. Farabee submitted a request to add an on-airport rental car concession, which would bring the total number of terminal locations to five. Staff highlighted the bids received, and noted that the March, 1998 bids received from the top four bidders were approximately \$300,000 higher for the term of the concessions than the bids received in 1992. Additionally, Staff commented that there were items which would need to be considered depending on the Board's decision. If the Board approved a fifth rental car concession, one of the biggest issues to address would be how thin the potential rental car revenues would be divided among five concessions. Authority Attorney Doug Briggs commented that the bidders anticipated that there would only be four on-airport rental car concessions. There is a provision in the bid documents which gives the Authority the right to create a fifth rental car concession if none of the other bidders purchase the unsuccessful bidder's service area facility. However, the Authority is under no obligation to allow for the additional concession.

Mr. Farabee stated that Budget Rent-A-Car has received some interest from hotels for Budget to operate a car rental concession from the hotel facilities. The costs of operating off-airport would probably be lower than the costs of operating on-airport. However, Mr. Farabee felt that the creation of a fifth rental car location would be a vote of confidence by the Authority as to the potential growth at Walker Field. Mr. Farabee noted that there is loyalty to Budget by some of its customers. Thus if Budget located off-airport, those customers would continue to rent from Budget. Because of brand loyalty, having a fifth on-airport concession would possibly increase Authority revenues instead of diluting the revenues.

Chairman O'Boyle commented that his interpretation of Mr. Farabee's letter of request is that the bid process is a way for a rental car company to guarantee income to the Authority over a period of time, but the process is not necessarily a competitive bid process. Manager Nystrom responded that in reference to the \$200,000 minimum, there is an attempt to have some evidence of revenue generated from the concessions for the next five years. However, beyond the minimum, it is entirely up to each bidder as to what it ultimately chooses to submit as its bid. For example, Thrifty and Avis submitted substantially higher bids than those submitted by the other bidders.

Commissioner McCormick asked how the Authority historically limited the on-airport rental car concessions to four. Manager Nystrom responded that the terminal was originally designed for four rental car counter locations. Additionally, up until this bid process, the Authority had never received more than four bids for on-airport rental car concessions. Commissioner McCormick commented that the Authority would never restrict the number of airlines which can utilize Walker Field. Manager Nystrom agreed that the Authority would never limit the number of airlines serving Walker Field because of assurances the Authority must comply with to receive federal funding. However, as airline space becomes limited at airports, then slots or other capacity limitations are imposed upon airlines. Additionally, a shortage of real estate is a natural limitation for the number of fixed base operators and ground lessees at the airport.

Manager Nystrom noted that in the Walker Field Airport Master Plan, there are plans for a fifth on-airport rental car concession. Commissioner McCormick recommended that the Authority not limit itself, and look at adding a fifth concession. Commissioner Gillett stated that there may be ill feelings from the successful bidders if the Authority allows a fifth concession at this time. Vice Chairman McCormack inquired whether there is space in the existing rental car parking lot for an additional concession. Manager Nystrom responded that if a fifth concession is approved, additional spaces would need to be created to the south of the existing lot.

Attorney Briggs commented that if the Board wished to add a fifth concession, he recommended that the rental car concessions be re-bid because the on-airport rental car concession bidders probably contemplated that there would only be four concessions on-airport. Chairman O'Boyle stated that the Board does not want to jeopardize the income stream to the Authority. He noted that the time may be right for an additional rental car concession, or the time may not be right.

Bill Mears of Thrifty Car Rental stated that Thrifty's revenues are down 5-10% for the first three months this year compared to last year. Thus he suggested that the potential revenue base is already being spread thin, and a fifth on-airport concession would spread that amount even more. Manager Nystrom agreed, and noted that rental car revenues have been coming in under budget. Commissioner McCormick commented that he did not suggest a re-bid, but in five years he did not want the Authority to be in the same position as it is now. Staff noted that if there was a re-bid, the

guaranteed minimums would probably decrease because there would be no incentive for the bidders to bid higher than the minimum.

Commissioner McCormick moved to leave the on-airport rental car concessions at four.
Commissioner Gillett seconded.

Commissioner McCormick requested Staff look at adding a fifth on-airport rental car concession before the next bidding process. Commissioner Gillett recommended that this issue be discussed before that time.

Voice vote: all ayes. Motion carried.

Mr. Farabee noted that Budget Rent-A-Car is interested in continuing to use the existing building in its service area as a wash facility after its concession expires. Manager Nystrom commented that Staff will look further into this request and present information to the Board at the April 21st Regular Board Meeting.

V. RUNWAY LITIGATION UPDATE (EXECUTIVE SESSION)

Discussed as Item IIA.

VI. PLANNING PRIORITIES

The Board recently asked Staff to prioritize topics which could be placed on Board Workshop agendas during 1998. Having done so, the Board and Staff agreed that the next item for consideration should be to prioritize the categories listed in the Authority Planning document created and approved by the Board in 1997. Manager Nystrom commented that the purpose of this discussion is to cue-in on the items in the Planning Policies document to look at what projects and areas of Staff functions the Board views as top priorities. She noted that the prioritization would help Staff in preparing the 1999 budget, and to be proactive to those priorities.

Commissioner McCormick recommended that because Manager Nystrom's anniversary date as Airport Manager is approaching, a top priority should be the Airport Manager performance review. Commissioner Morris added that not only should the evaluation be a top priority, but the performance evaluation criteria should be discussed at a future Board workshop. Commissioner Gillett suggested creating a subcommittee to discuss the evaluation. Commissioner Morris and Commissioner McCormick volunteered to review the evaluation criteria. Commissioner Morris commented that the subcommittee would take approximately 90 days to make a recommendation to the Board. Chairman O'Boyle requested that Manager Nystrom be involved with the review process.

Chairman O'Boyle inquired how many priorities Staff would like to have. Commissioner McCormick stated that the Airport Manager evaluation must take top priority and that the members of the Board should reach a consensus as to the performance criteria. Manager Nystrom noted that Staff would mail blank copies of the previous evaluation form to the Board in time for the May, 1998 Board Workshop.

Chairman O'Boyle asked Manager Nystrom to comment on the current workload of Staff. Manager Nystrom responded that with maybe one or two exceptions, Staff is maxed-out. This is based on how many additional hours salaried-Staff work over the 40-hour work week and how much overtime the non-exempt Staff members incur. Manager Nystrom noted that because certain Staff members are maxed-out, certain duties are being funneled to other Staff members to even-out the workloads. One of the reasons Manager Nystrom wanted to bring this to the Board's attention is because if the Board sets certain priorities for Staff to follow, then Staff could concentrate more on those priorities. Commissioner Morris added that with the Board setting priorities, the organizational structure can be modified to address those priorities.

Chairman O'Boyle suggested two additional priorities—marketing and infrastructure, including terminal repairs and cosmetic improvements. Vice Chairman McCormack commented that the consulting work for the terminal aesthetic improvements should begin by this fall, so that some of the improvements could begin next spring. Commissioner McCormick noted that the Board appropriated money in this year's budget for the development of an aesthetics plan for the terminal building, both interior and exterior.

Manager Nystrom recommended that the Board hold a workshop which specifically addresses marketing priorities. She noted that Staff has developed many creative marketing ideas, but Staff would like to obtain the Board's input regarding how much of a priority this is for budget considerations. Addressing the marketing issue, Vice Chairman McCormack commented that if there is a change of tenants in the Authority-owned hangar, storm drain and other improvement projects would need to be considered. Chairman O'Boyle noted that marketing is connected with many other issues, such as infrastructure. Manager Nystrom highlighted several issues which were not listed on the priorities document that are top priority items, such as maintaining the airfield according to FAA regulations.

Chairman O'Boyle stated that marketing is related to future income streams, and that there are indications that Walker Field is in a growth mode. Manager Nystrom commented that Staff receives many requests for the Authority to spend money for various marketing tools and services. With prioritization from the Board, Staff can direct the funds more appropriately. Commissioner McCormick stated that the Board needs to develop a marketing philosophy. Additionally, he commented that "staffing" had been mentioned several times, and that this should be a priority for the Board to review. Chairman O'Boyle commented that if Manager Nystrom believed additional Staff was needed, then she should develop the appropriate staffing levels. Vice Chairman McCormack recommended that Staff utilize consultants as needed.

Commissioner McCormick summarized the top four priorities—Airport Manager evaluation and expectations; marketing; infrastructure; and terminal cosmetic renovation. Vice Chairman McCormack suggested that financial policies should be addressed in anticipation of retiring the bonds. Chairman O'Boyle recommended that the money be used for infrastructure improvements. Manager Nystrom noted that there are many infrastructure improvements to be made. Commissioner Gillett suggested the Board should consider having a retreat to discuss marketing priorities. Chairman O'Boyle asked if Staff wanted a restatement of the Board's position regarding marketing. Manager Nystrom responded that a position was not necessarily needed on each specific marketing issue, but perhaps in more general terms, such as air cargo, general aviation, etc. Chairman O'Boyle commented that marketing encompasses many different areas, such as advertising, research, phone calls, etc.

Commissioner Morris suggested that it would be helpful if members of Staff made brief presentations to the Board as to what their job functions are, and also what they see as their major areas of responsibilities. In reference to planning issues, Staff provided an example that marketing the 4/22 general aviation area is a low priority for Staff until infrastructure is in place to accommodate additional lessees. Thus Staff requested that the Board provide a philosophy as to what its priorities are for each area of function.

For the May, 1998 Board Workshop, the Board requested that John Thomas of Authority Staff provide a presentation on his job duties, including marketing, and that the Board discuss the Airport Manager's evaluation criteria. At the June, 1998 Board Workshop, the Board would like to discuss the terminal building aesthetics projects and airport infrastructure improvements.

Vice Chairman McCormack inquired as to the status of the Authority-owned hangar. Manager Nystrom noted that a prospective tenant contacted one of the fixed base operators at the Airport to obtain fueling information. Additionally, Manager Nystrom noted that J.J. Johnston of the Mesa County Economic Development Council (MCEDC) approached her last week to discuss possible MCEDC involvement with the prospective tenant.

VII. OTHER ITEMS

A. Senate Bill 28 Update

Manager Nystrom updated the Board on Senate Bill 28, which was introduced by Senator Thiebault to provide additional funding for airport infrastructure improvements. The Bill was voted down by the Senate Appropriations Committee.

B. CAOA Conference - Montrose

Manager Nystrom provided the Board with information regarding the Colorado Airport Operators Association conference to be held in Montrose on June 17-19, 1998. Chairman O'Boyle asked if a Board member should attend this conference. Manager Nystrom noted that most of the presentations scheduled for this conference would be of more benefit to staff members. However, since the conference is near Grand Junction, Staff wanted to give Board members the opportunity to attend if they so desired. Chairman O'Boyle suggested that if Staff finds a conference or seminar which Board members should attend, then Staff should bring that information to the Board's attention.

C. Terminal Renovation Update

Manager Nystrom updated the Board regarding the terminal beams renovation project. Staff received a design report last week from Nichols Associates. That report was immediately forwarded to the FAA. Today, Staff received the bid specifications documents from Nichols. Manager Nystrom noted that as soon as the FAA endorses what has been submitted to its office, the project can be put out to bid.

Manager Nystrom commented that Staff had hoped to present the Board with an amendment to the Nichols agreement at the April, 1998 Regular Board Meeting. In exchange for not having to perform administrative functions for the project, the amendment would reduce the amount

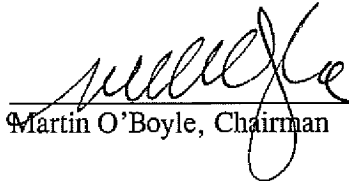
that the Authority would pay to Nichols by approximately \$1,500 (reducing the Nichols contract amount to \$8,450). However, for the first three months of 1998, Nichols billed the Authority \$9,000. Manager Nystrom stated that Mr. Pettygrove indicated he was not aware that those invoices had been submitted to the Authority, and he stated that he would discuss this issue with Terry Nichols. Manager Nystrom expressed concern about this issue because the by-laws require that all projects totaling \$10,000 or more be placed out to bid. She noted that she would discuss this matter with Attorney Briggs.


Commissioner McCormick expressed that the monthly Board workshop should be reserved for planning and that caution should be exercised to prevent two monthly Board meetings from becoming the norm.

VIII. ADJOURNMENT

There being no further business to come before the Board, Commissioner Gillett moved to adjourn the meeting. Vice Chairman McCormack seconded the motion. Unanimously carried. The meeting was adjourned at 8:21pm.

APPROVED AND ADOPTED THIS 21 DAY OF April, 1998.


Martin O'Boyle, Chairman

ATTEST:

David J. Anderson, Clerk