

Walker Field Airport Authority

Minutes of the Special Board Meeting

June 2, 1998

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

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

ALSO PRESENT: Reggie Garrett of Federal Express; M.J. Pantuso; Ed Janto; Doug Thompson of West Star Aviation; Roger Davidson; Jim Thompson; Cecil Hobbs; John Kelleher of Schauenburg Flexadux; Mike Wigent; Mark Ward; Dale Hollingsworth; Larry Kempton, Brenda Kempton, Jim Stafford, Dennis Crawford, Betty Kempton, Ray Guziak, and Larry Kempton III of Kempton Air Services; Al Acker of Alaska Software; Jeff Lopez; Marge Guziale of the Fruita Times; Marilyn Yoder; Gene Yoder of Cren Mar Consultants; Joseph Marie of Mesa Airlines; Harry Tucker, Attorney; Jan Garber of R.E. Flying Lessons; R.C. Pfeleider of Colorado Skunkworks; Paul Maynard of G.M. Hangars/Plane Storage; Jim Baughman of Mesa County; Randall Farabee of Farabee Adventures, Inc.; Deanna Strand of I Fly Strand Aviation; Bill Miears of Thrifty Car Rental; Kay Kolford; Steve Menzies; and Brad Higgenbotham and Debbie Kovalik of the Grand Junction Visitor and Convention Bureau; and Doug Briggs, Authority Attorney.

I. CALL TO ORDER

Chairman O'Boyle called the meeting to order at 5:19pm.

II. APPROVAL OF AGENDA

Chairman O'Boyle asked for additions or changes to the published agenda. Chairman O'Boyle requested the addition of "Air Cargo and Federal Express" to Public Comments and Communications. The Agenda was amended as requested.

III. PUBLIC COMMENTS AND COMMUNICATIONS

A. Air Cargo and Federal Express

Chairman O'Boyle commented that it is unfortunate that the establishment of an air cargo hub at Walker Field by Federal Express has caused such negative publicity over the past couple of weeks. He noted the benefits of Federal Express's presence in Grand Junction, including an increase of jobs, increased revenue for existing tenants, and the increase of federal funds available for airport improvements. Manager Nystrom stated that an additional overnight air cargo operator recently contacted the Authority with an interest in constructing improvements at Walker Field.

Manager Nystrom highlighted additional benefits from the prospective air cargo operators who are interested in serving their customers through Walker Field, including increased revenue for area service businesses, annual landing fees of approximately \$58,000 to the Authority, and sales tax revenue to the City of Grand Junction and Mesa County. She also noted that increased air cargo aircraft operations may allow the Authority to be eligible for additional federal funds through the Airport Improvement Program (AIP). To dispel recent misperceptions of the Authority's position on general aviation, Manager Nystrom provided information regarding recent improvements and projects since 1995 geared towards enhancing general aviation's presence at Walker Field, including the rehabilitation of Walker Field's general aviation Runway 4/22 (\$700,000), negotiations with 3 prospective tenants within recent months for additional development in the 4/22 general aviation area, general aviation Taxiway "C" overlay, the installation of a precision approach path indicator (PAPI) on Runway 4, additional security fencing in the general aviation area, and the construction of a new general aviation access road. Additionally, to encourage the development of general aviation, the lease rates in the 4/22 general aviation area were reduced in 1996.

Manager Nystrom responded to the question of why the Authority is not willing to construct facilities for tenants. She commented that this has not been the practice of the Authority because the Authority does not have the funding to undertake such construction. Furthermore, the Authority prefers prospective tenants to express a commitment on their part to be long-term tenants. Manager Nystrom stated that for the Authority to receive federal funding, the Authority is required to make the airport available to all types of aviation users, and the Authority does exactly that. She noted that the Authority seeks to diversify its revenue sources to continue to be financially self-sustaining, and the Authority is not going to intentionally push any tenant away from the airport. Thus the addition of air cargo operators is a plus for the airport and the community. Since 1995, the total air freight moving through Walker Field has increased 58%. Chairman O'Boyle opened the floor to public comments.

Doug Thompson of West Star Aviation complimented the Staff and the Board for the improvements they have made over the past few years. He noted the history of Monarch Aviation's deeding of its hangar to the Authority for the development of an air cargo facility. Additionally, he commented that he hopes the media recognizes that the Authority Board and Staff bend over backwards for the tenants at Walker Field.

Dale Hollingsworth noted the positive items air cargo operators will bring to the community, including the addition of good jobs. He believed Walker Field would be an excellent base for Federal Express.

Harry Tucker, an attorney, commented that he hates to see Federal Express moving in at the expense of general aviation. Mr. Tucker stated that he hoped the Authority could accommodate Kempton Air Services, and at the same time bring-in Federal Express.

Brad Higgenbotham, speaking not on behalf of, but as a member of the Visitor and Convention Bureau Board of Directors, expressed his support for attracting Federal Express to Walker Field. He believes Federal Express will be a plus for the community. Additionally, he voiced support from the Grand Vista Hotel, which also believes it will benefit from service at Walker Field by Federal Express.

Steve Menzies stated he believes that Kempton Air Services supporters agree that Federal Express is good for the community. Mr. Menzies noted that this controversy could have been avoided had the Board and Staff given members of the general public more information than what was originally given. He asked several questions of the Staff and Board.

Roger Davidson presented a letter to the Board. He stated he believed that there may be a hidden agenda as to why Kempton Air Services' lease is not being renewed because of the Authority's willingness to renovate the Authority-owned hangar for Federal Express, but not to build a new facility for Kempton Air Services. Mr. Davidson stated that the Authority should not overlook general aviation's benefits to an airport.

Deanna Strand of Strand Flying School responded that she believed there have been many mistruths stated by the media and by supporters of Kempton Air Services. Ms. Strand commented that her lease expires on July 31st, but she believes she is responsible for finding a new location, and it would be ridiculous for her to expect the Authority to build a new hangar for her business. She noted that her business has been at Walker Field since 1983, longer than Kempton Air Services. Additionally, she stated that the current Board and Staff are great to work with and are very supportive of the community.

Kay Kolford commented that if it wasn't for Kempton Air Services, he wouldn't have his pilot's license and the mobility to fly in and out of the Valley. He believes the Authority should give consideration to businesses who have been here for a long time.

Reggie Garrett of Federal Express noted that Federal Express has already been in the Valley for 14 years, and is interested in establishing a mini-hub air cargo facility at Walker Field. Additionally, he stated that at every location where Federal Express has established an air cargo facility, it has remained. The Federal Express market has been growing 14% over the past several years. Finally, he commented that this issue is not between Federal Express and Kempton Air Services, and that in every city that Federal Express is located, Federal Express is an excellent corporate citizen.

Jim Stafford commented that Federal Express has a great reputation. However, he questioned why Federal Express doesn't put money into renovating the Authority-owned hangar. Additionally, he commented that if the Authority is not going to put any money into keeping Kempton Air Services at Walker Field, then why is it putting money into the Authority-owned

hangar. Finally, he noted that in his opinion, the ramp at the proposed Federal Express location is not sufficient for use as a mini-hub.

Commissioner McCormick commented that over the past several years, he has grown concerned over decreasing airport revenue, and he believes that air cargo operations are a great way to broaden the revenue base. He also noted that no local tax monies are being used to operate the airport. He stated that this situation is no different than any other business which owns a building. Instead, this is an effort to broaden the Authority's revenue base. There have been several Board members working with Mr. Kempton to find a suitable location on the airport.

IV. KEMPTON AIR SERVICE HANGAR LEASE AGREEMENT

Chairman O'Boyle excused himself from any discussion or action relating to this Agenda item. He yielded the Chair to Vice Chairman McCormack.

Commissioner Sutherland highlighted the Board's efforts to find a suitable location on the airport for Kempton Air Services to relocate its operations. He noted that he received flight instruction from Strand Flying School and has rented aircraft from Kempton Air Services since 1986. Six options were provided to Mr. Kempton. Option One- locate Kempton Air Services on a parcel directly behind the Pfeider and Luxury Wheels/United Companies hangars. However, two other parties have also expressed interest in this parcel. Option Two- Kempton Air Services would rent classroom and office space from West Star Aviation, and the Authority would provide ramp space for Kempton's aircraft and fuel truck in front of the Tower building. Option Three- Kempton Air Services could construct a temporary building near the Tower building. Option Four- with the construction of the 4/22 general aviation area access road between the Fuoco and Confederate Air Force hangars, there is a parcel available for Kempton Air Services to construct a hangar and ramp. Option Five- Kempton Air Services could rent office and classroom space from West Star Aviation, and construct a ramp at the same location as in Option Four.

Commissioner Sutherland stated that when Kempton Air Services received its first 5-year lease, all parties knew that Kempton's leasing of the space was only temporary. Commissioner Sutherland recommended that the Authority assist Kempton Air Services as much as possible. Specifically, he recommended waiving Kempton Air Services rental payments at its existing leasehold contingent upon the following conditions: Kempton Air Services' aircraft be relocated immediately to the east of their present location to accommodate a State slurry seal project; as of June 1st the Authority be granted access to the exterior of the hangar to begin renovations; the Authority be granted access to the interior of the hangar commencing July 1st; and Kempton Air Services vacate its entire leasehold by July 31st. Commissioner Sutherland expressed his hope that the Authority is able to continue working with Mr. Kempton toward a mutually agreeable solution.

Commissioner Richards inquired if any of the options require a monetary investment on the part of Mr. Kempton. Commissioner Sutherland noted that the amount of investment by Mr. Kempton depends upon the option selected. He added that if the Authority advanced the costs of the paving of ramp space, that amount would be amortized and repaid by Kempton Air Services. Commissioner Morris asked if the options are consistent with Staff's negotiations with Mr. Kempton. Manager Nystrom responded affirmatively. She added that Staff wishes to continue working with Mr. Kempton to keep Kempton Air Services on the airport.

Commissioner Gillett stated he would feel more comfortable if there was a written Agreement with Mr. Kempton stating that Kempton Air Services agrees to allow the Authority access to the leasehold in exchange for the abatement of rent. Commissioner McCormick asked if the Board needed to endorse the rent abatement proposal. Commissioner Sutherland recommended endorsement.

Commissioner McCormick moved to authorize the discontinuance of Kempton Air Services' rent in exchange for Kempton Air Services agreeing: to relocate its aircraft immediately to the east of their present location to accommodate a State slurry seal project; as of June 1st the Authority be granted access to the exterior of the hangar to begin renovations; to grant the Authority access to the interior of the hangar commencing July 1st; and Kempton Air Services vacate its entire leasehold by July 31st. Commissioner Gillett seconded.

Commissioner Gillett wanted to make sure that any agreement between the Authority and Kempton Air Services be placed in writing. Commissioner Richards recommended a special agreement be drafted to allow the Authority to have access to the hangar for remediation work. Commissioner Sutherland noted that the third condition of the motion would probably allow for such access. Commissioner Richards asked what time-frame Mr. Kempton has to sign a written agreement indicating his willingness to abide by the four conditions. It was the consensus of the Board that Mr. Kempton provide an answer to the Authority by the end of the week. Commissioner Gillett inquired what will happen if Mr. Kempton does not agree to the four conditions. Commissioner Sutherland commented that Mr. Kempton has known for approximately two years that Kempton Air Services' Agreement would not be renewed.

Roll call: all ayes. Motion carried. Vice Chairman McCormack returned the Chair to Chairman O'Boyle.

V. DISCUSSION ITEMS

A. Plans for Annual WFAA/City/County Meeting

The Board discussed its agenda for the WFAA/City/County Meeting to be held on Wednesday, June 17th. Manager Nystrom commented that Staff will be prepared to discuss the following agenda items: Federal Express, VOR Update, and Air Service Update. She noted the actual presentation will probably only last 30 minutes. Chairman O'Boyle, Commissioner Richards, and Commissioner Gillett volunteered to assist Staff with developing the presentation.

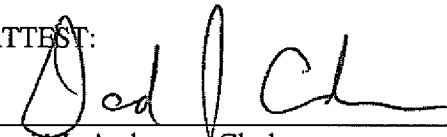
VI. ADJOURNMENT

There being no further business to come before the Board, Commissioner Sutherland moved to adjourn. Commissioner Morris seconded. The Commissioners adjourned the meeting at 7:08pm.

APPROVED AND ADOPTED THIS 21st DAY OF July, 1998.



Martin O'Boyle, Chairman

ATTEST:


David J. Anderson, Clerk