

Regional Airport Board Meeting Minutes

3:00 pm

FBO Office – Kelso/Aviation

July 21, 2016

Call to order

David Futcher (Board Chair) called to order the regular meeting of the Southwest Washington Regional Airport Operating Board at approximately 3:00 pm on July 21, 2016 at the Kelso Airport Fixed Base Operator (FBO) meeting room. Steve Taylor announced that Christopher Paolini the new Airport Manager has called into the meeting and was on speaker.

Pledge of Allegiance and Roll Call

The Board and attendees said the Pledge of Allegiance. The following were present: David Futcher, Dennis Weber, Joseph Phillips, Jeff Wilson, Chet Makinster, Steve Taylor, Brian Butterfield, and Karyn Anderson.

Approval of meeting minutes

The Operating Board approved the June 2016 Board meeting minutes. *Jeff Wilson motioned to approve the minutes and asked that one edit be made to page 3, removal of one sentence in the 3rd paragraph. Karyn will remove the sentence. Joseph Phillips seconded the motion to approve. All were in favor of approving the meeting minutes as presented with one correction.*

Treasurer's Report

Brian Butterfield (City of Kelso Finance) reviewed the treasurer's report handout of the budgeted revenue and expenditures for June 2016. Brian pointed out that as of June 30th, revenues were \$540,000 and expenditures were approximately \$342,000. Revenue over expenses were 198,000, operating revenues were 88,000, and operating expenses were 127,000. At the end of June, we had 750,000 in cash, and 348,000 of that is restricted for the runway/stopway project. Additionally, Brian shared that there is also the commitment from Cowlitz County of approximately \$35,000 for the local match for the upcoming projects such as the Sullivan Hangars, Beacon and Fencing. Brian asked the Board if there were any questions. Jeff Wilson asked for clarity regarding the report and its location within the materials. Karyn replied that the handout titled "treasurers report" is located within the Board packet. David Futcher asked if there were any additional questions from the Board members regarding the Treasurer's report and the information provided. There were no further questions.

Agenda Items

a. General Claims–

David Futcher asked the Board if there was a motion to approve the General Claims. Dennis Weber motioned to approve. Chet Makinster seconded the motion to approve. All were in favor of approving the general claims. Karyn Anderson pointed out that this month the Airport paid property taxes that was approximately 25,000 and that the Airport also paid the Accounting services of 20,000. David Futcher added that the accounting services fee is for 6 months of services and 12 months of property taxes, which makes the overall general claims slightly higher than average. Dennis Weber asked if the taxes were reduced. Steve replied that the budget was for approximately \$22,000, so they were slightly higher. Group discussion regarding the stormwater fee assessment and billing cycle. Jeff Wilson asked as it relates to general claims, that as the Board moves forward the Board be made aware of any claims that may potentially impact the budget. Brian asked if he wanted a line item or update on overall total budget. Jeff replied total budget. Group discussion regarding how this budget information is captured, and provided as additional information (as needed) on the treasurer's report.

b. Public Comment

David Futcher asked if there was any public comment from the audience members. Denny Wise (Fixed Base Operator Manager) wanted to provide kudos to Public Works regarding the maintenance at the Airport, that the Airport has never looked better, and specifically the recent maintenance work at the southend of the runway. He also expressed that he hoped someone would pass this on to Public Works.

c. Southwest Washington Regional Airport (SWRA) Budget.

Steve Taylor replied that it was his goal to have a draft of this budget ready for submittal to the four entities for their review and to incorporate into their own budget processes for 2017. He is looking for the Board's input, and once received from three of the four entities then the budget can be adopted formally, prior to the end of the year. Steve added that since the City of Kelso is the fiscal agent, this budget is incorporated into Kelso's budget as a separate fund, but the administration of this budget is the responsibility of the board and interim manager. Steve pointed out that the proposed 2017 budget (provided within the Board's packet) has a surplus of approximately \$51,000. Steve explained that this will allow the board room for adjustment in areas, and that he is pleased with the bottom-line since they haven't had the expense of a full-time manager. Additionally, when the new Airport Manager is on board Steve will have him take a closer look at the budget, provide an assessment regarding Airport needs, and suggestions where the project surplus could be plugged in.

The 2017 Budget also assumes that all four entities continue on with the Interlocal Agreement at the \$76,000 contribution level. Steve reviewed the budget on the revenue side, hangar lease, land lease, and the capital involved as it relates to the Airport Grants. Steve also pointed out that there could be carry over from FAA payment, and explained that while the projects may be completed this year, he is not certain if the payment from FAA will be complete this year. Steve highlighted within the Revenue 2017 Budget he plugged in two projects: the AGIS survey and the Wildlife Study. He explained that its \$286,000 for the two projects combined, that this would be 90% covered by FAA, 5% by WSDOT and 5% by local match. He added that due to the Airport's surplus funds, he does not anticipate requesting additional funding from the County for the 5% match. Other revenue includes tie down and land lease fees. Steve anticipated that the land lease will increase as the Airport has additional hangar development and that he did not incorporate that project revenue into this 2017 proposed budget.

Steve reviewed the budget on the expenditures side, explained that the Airport Manager salaries and benefits will top out at approximately 110,000, city management administrative expense of 10,000, accounting services of 30,000, and possible provision of administrative support depending on what type of additional administrative support they need to provide the new Airport Manager. Other expenditures such as legal services of 10,000, the FBO services line item increase that captures the additional FBO duties and reflects the increase from 1,000 to 2,000 per month a total of approximately 31,500, and the diking assessment increase to 26,000.

Steve pointed to the Professional Services Maintenance line item of 55,500 and explained that this includes minor maintenance, mowing and herbicide services, vegetation management offender services, and depredation services. Steve asked Chris Paolini if he had certain licenses, such as the depredation services. Chris replied that this would be something he could work on when he gets here. Steve replied that he would have Chris go through the necessary training, get the certification, depredation as required, and then he could provide those services, versus contracting with USDA to preform that type of work.

Other expenditures such as the hangar building repair line item of 25,000, which includes the FBO building, roof and gutter repair, and painting. The repairs to landing field line item at 27,000 which includes brush and tree clearing, a maintenance item that was anticipated for next year however was recently completed at a cost of \$2,000. Additional clearing still yet to be done, anticipated work with the County to complete the Airport pavement striping as well as utilizing of seasonal employees, and additional paving, parking overlays, and asphalt crack seal work scheduled with Farwest. Additional electrical work budgeted to repair runway lighting, hangar

lighting (if needed) at 2,500. Steve reviewed the repairs to mowing equipment and the vehicle maintenance line items, budgeted for at 1,000 and 1,500.

Steve pointed out that we had increased the Airport advertising and promotional line item. That this was increased from 650 to 1,500 which will enable the Airport to become more active in promoting the Airport at different conventions, expos and within the community.

Other operating supply expenditures for PAPI light replacement, paint, small hardware, and herbicides budgeted for at 4,000. Steve shared that as herbicides are used by Public Works the Airport pays for these types of expenditures under this operating supply line item. He added that he is pointing this out as there is an additional mowing herbicide service that is provided and billed under a separate line item. Other safety supply expenditures for decoys, signing, windsocks, fire extinguishers budgeted at 1,000. The fueling expense for the Airport vehicle and the mowing budgeted at 1,500.

Steve pointed out that the Airport insurance line item is based on actual figures and is broken out under Hiscox (Directors and Officers), Fournier Group (vehicle, general liability, and underground storage tanks), and WCIA Property/employee and budgeted at 21,000.

Other electrical, garbage/water/stormwater and sanitation line item expenditures are budgeted for at 10,000, 10,500, and 2,300. Steve explained that the 10,500 figure will reflect the reduction that Dennis Weber was inquiring about earlier in the general claims discussion. Karyn explained that the garbage/water/stormwater management line item is budgeted for at 10,500 and the sanitation line item captures the portable bathrooms located at the airport and budgeted for at 2,300. She added that there are two on site, under a new company, one is located on the west and one is located on the east side of the Airport at approximately 176 charge. Steve then added that there is a miscellaneous line item budgeted at 3,000 which reflects a reduction from 6,500.

The project line item CIP stopway is at 335,000. Steve explained that this is reflective of the amount that is remaining from the county grants. Other project line items include the Airport Talley Way Fencing at 25,000, the Beacon tower at 100,000, the Sullivan Hangar at 100,000, AGIS survey at 121,000, and the Wildlife Study at 165,000. The Airport's equipment purchase line item is budgeted at 3,500 as the Airport's current John Deere is in need of replacement. The underground storage tank expenditures which include the business license renewal, compliance testing, and inspection at 1,300.

One last item Steve wanted to point out is the State Examiner's line item which was included at 6,000 and is an anticipated expenditure every other year. Karyn added that this line item was also increased from last year.

The budget surplus should be right around the 50,000. Group discussion regarding the carry over balance. Steve added that as he looks at the amount to charge the entities next year, and with unknowns regarding additional investments that may need to be made, he proposed to continue with the 76,000 entity amount for 2017. Steve added that if the Airport continues to have a surplus, then perhaps they can look at a reduction in what is requested from each entity in 2018. Additionally, the Airport will need to continue to make investments in hangars, tenants, and provided Life Flight as an example, this year investing approximately 5,000 or less, which will be a good return for the Airport. Brian added that the City has extended a 150,000 loan indefinitely. Steve asked if the unrestricted amount includes the 150,000. Brian replied yes. Group discussion regarding reimbursements.

Dennis Weber asked about the administrative assistance for the Airport manager and what Karyn is doing for the Airport. He asked where that was listed on the budget. Steve replied that under the current budget, what Karyn does now, is captured under the Airport Management Services line item but, for next year, he does not have Karyn budgeted. David Futcher added unless for next year that she could be under the administration city management line item. Steve replied yes.

Dennis Weber said that this is historic for this Board since the Airport will have projects next year, and the Board will not have to request from the member entities additional money. Dennis feels that it is beginning to work the way it was originally designed. Steve added that in regards to the contributions and county grant funds, it doesn't look like the Airport will be spending all that was allocated, which will provide savings for future projects and does reduce the need to request additional funds. Group discussion regarding building surplus.

Jeff Wilson requested to see the 2016 budget next to the 2017 budget so that he can see an increase and decrease in the numbers. Additionally, Jeff asked about an assessment of the Airport's facilities and Airport's assets. He provided the example of a new riding mower purchased at 3,500 and asked if the asset would then become the City of Kelso's or the Airports. Brian replied that it was his understanding that any assets built by the Board remain the assets of the Board's and gave the truck and lawn mowers as an example, and that he isn't sure as it relates to FAA. Group discussion.

Jeff pointed to the Insurance line item and asked if there was pollution liability coverage since the Airport dispenses fuel. Karyn pointed the board members to

Property insurance line item, number 4, titled Fournier Underground Storage Tanks. Jeff than asked about coverage as it relates to an item rupturing or leaking versus an accident that could occur during the dispensing of fuel. Steve replied that would be covered under operating liability. Steve added that the FBO is responsible for everything above ground and would go against the FBO's liability insurance and if there was a tank rupture, that would fall under the Airport's insurance. The FBO lease captures their responsibility. Group discussion regarding the expense of the Underground Storage Tanks, fees associated, and the liability both above and underground.

Further discussion regarding the Beacon replacement asset and the liability of the Airport's assets. Steve explained that the Airport is generating the income from the assets, and is responsible for maintaining the Airport's assets, so therefore the liability for the assets are with this group. The city does not benefit from the ownership or derive income off of the ownership, the Airport does. Additionally, the FAA does not recognize the Board as a separate agency and therefore contracts with the City of Kelso as the sponsor (taxing authority). Group discussion regarding grant assurances and the Interlocal agreement. Steve asked Brian how the financial statements capture the overall assets for the Airport. Brian explained that they report on a cash basis, and from the City standpoint it is something that is reported separately at the end of the year. He added that the Airport has one asset, the Truck. Additionally, four projects are listed on the books, they are tracked, and he offered to provide these spreadsheets to the board.

Group discussion regarding the operating and capital line items. Dennis Weber asked if the Board is to take this back to their entities. David replied yes, that it will be provided back to their entities. Additionally, Steve offered to provide a presentation. Group discussion. Steve asked Brian to follow up on the final reserve figures and the budget comparison. Chet Makinster added that he would also like to see the 2016 numbers and 2017 number comparison as well. Brian replied that he will print out a report that will capture a comparison of the 2015 actuals, 2016 budgeted, 2016 actual, and 2017 proposed. Steve asked that Brian keep with the same budget format. Group discussion regarding building Airport reserves and a facility needs update. Jeff reiterated the need for a strategic plan. Steve added that the goal should be to increase the Airport's internal revenues and an assessment of the underground storage tanks, areas that the new Airport manager could tackle.

David asked for a motion to approve the draft budget. Dennis Weber motioned to approve. Chet Makinster seconded the motion. Jeff has provided comments regarding some additional changes and stated that he may not vote in favor until those changes have been made. Steve reminded that the 2016 adopted budget has been provided, and

Brian will capture the comparisons. Steve is asking for board approval to recommend this proposed 2017 budget to the 4 entities, with these numbers. Steve is willing to answer any questions. Group discussion regarding the motion and input received. *David Futcher asked if all were in favor of the motion to approve the draft budget and move forward to their entities. All were in favor. Karyn restated the motion, “the Board is approving to recommend this draft budget to the four entities with these numbers as well with the 2016 budget, 2016/2015 actual comparison.”*

d. FAA Grant: Application (July 6) and Grant Offer (July 13)

David Futcher asked for a motion to approve the FAA Grant offer. Chet Makinster motioned to approve. Dennis Weber seconded the motion. David explained that the grant offer has been approved by the City of Kelso (as the sponsor). Steve shared that the FAA did approve, that we are waiting to hear final from WSDOT (Eric Johnson) regarding their 5%, once we hear back, then the Airport will have all of the funding for the Airport’s projects (Sullivan Hangar demo, Beacon Replacement, and Fencing project). Steve shared that we are also in the process of closing out the current grant design phase. David Futcher asked the Board to approve the FAA Grant offer and asked if there was any further discussion from the Board on the motion on the floor. No further discussion. All were in favor.

e. Sullivan Hangar Demolition Project: Pre Bid (June 20th), Bid Opening (June 29th), and Contract Award (July 19th)

Melanie Haagsma (Reid Middleton) shared that we recently had the bid opening, that seven bids were provided, and that the low bid was well under Reid Middleton’s engineering estimate. Additionally, as soon as the grant is accepted, we will be able to move forward with contracting with Anderson Environmental Contracting, LLC. David Futcher asked if FAA had already approved the bid. Melanie replied yes, and they approved Anderson Environmental Contracting. Jeff asked if there was historical value in anything at the Sullivan Hangars. Group discussion regarding that there were no historical valued items in the Sullivan Hangars.

Airport Management Updates

Reid Middleton Construction and Engineering

Steve explained that the project construction will begin in August and that the Beacon Tower Replacement itself has to be fabricated and will most likely be installed in November. Don Barclay added that there will be some work completed in August and the remainder completed in November. Steve added that the fencing project will terminate at a certain point South, then when the BNSF work that is occurring is completed, BNSF will complete the remaining portion of the fence project.

Interlocal Agreement: 2-year extension and Port of Longview presentation on July 6th.

Steve had a copy of the draft 2-year extension sent out to the Port of Longview, Cowlitz County and City of Longview. Dennis Weber is working on placing that on their agenda. Steve shared that on the 16th it will be on the City of Kelso's agenda. Chet is going to check with Dave Campbell to make sure it is on the City of Longview's agenda.

Steve offered to provide presentations to the entities and will wait to hear back from the City of Longview and Cowlitz County. Chet Makinster said that the City of Longview would like a presentation. Steve shared that he has been discussing dates with Dave Campbell, trying to coincide with ongoing budget discussions. Steve added that the 2-year extension, provides an additional 2-year renewal, maintains the 9-month termination notice, and addendum to the ILA would include the rescission of the termination notice with the Port of Longview. Steve encourages each entities legal counsel to take a look at it. Jeff asked about the renewal language. Steve said that it is their hope that the agreement doesn't terminate in 2 years but rather than locking an entity for a 5-year term, they would like to reduce that. Jeff is not authorized to speak on the Port of Longview's behalf, he was not aware of an automatic renewal, and asks where the language is that terminates the agreement. Steve replied that there is still the 9-month termination notice that will remain within the agreement.

Airport Management Recruitment.

Life Flight Services.

Steve shared that we are going out on a small works roster, working on site prep, footings for the building, installation of the modular, fence and man gate to occur later this summer.

SWRA Sign Estimate:

Karyn provided within the board packets an additional graphic design (follow up from last month's board meeting). She reminded the Board that they had discussed increasing the advertising and promotional line item in an effort to promote/support the Airport. This includes replacement of the sign that is hanging at the FBO, with an updated SWRA logo. It was suggested that instead of the Airport logo and design that was shared at the last meeting, that perhaps a graphic with a jet aircraft in the center of the SWRA logo. She was able to locate through files, a graphic (from the design contest) that captures a jet aircraft. She explained that she provided the sign shop with the graphics that we have on file, if the graphic is adequate they are looking around \$549 (original estimate), if there is additional graphic design work needed, then there will be an additional cost. Jeff asked that we make sure we don't pay additional design

work if we have already paid for. Group discussion regarding location of the sign and size.

FBO Safety and runway inspections (as of 6-1-16), and Airport Maintenance (e.g. vegetation, mowing, herbicide, UST, well-monitoring, and hangar repair)

Steve asked if there was any new maintenance activity to report on. Karyn replied, that they touched on the most recent activity at the beginning of the meeting, which was the tree and brush clearing maintenance activity that took place at the southend of the Airport, completed by the Public Works staff. She added that the routine inspections are being performed and going well. Steve asked about the hangar occupancy and waiting list. Karyn replied that it was official, the Airport has a waiting list, that the Airport is at 100% occupancy, and three on the waiting list for available hangars. Dennis Weber also reminded the board that there has also been the removal of hangars at the Airport. Karyn added that the Sullivan hangars weren't fully occupied, that they moved over several tenants, and have had new tenants or returning tenants to the Airport.

Jerry Sorrell provided comment. Jerry said that he recalled (he thinks in 2013) that George Hext provided a lease extension that could help tie in with item five, a ground lease that may expire in 12 years. Jerry just wanted to share his recollection of that and hopes that might help the Airport move forward with the Museum concept. David Futcher asked what type of lease. Jerry replied ground lease. Group discussion regarding the museum location. Steve utilized the map (located at the front of the room) to continue the Airport discussion. Steve walked the board members through the various locations for the museum, hangar redevelopment, current tenants, and potential location for these business concepts. Steve shared that the future development of the North ramp would be something for the new Airport Manager to figure out, incorporating the existing tie down/ramp area and existing grass area. Steve explained to develop the grass area, you replace pervious surface with impervious surface, which will create a stormwater mitigation issue, which will increase your development costs. David Futcher asked if the museum business concept was open to looking at both the east and west side of the Airport. Steve replied yes, that they understood that certain areas are more valued. Steve added that he wants to be sure that we don't do something that boxes in or limits the airport, or circulation functionality of the north ramp.

f. Board Updates (if any):

a) Dennis Weber pointed out sign location along Parrott Way, that he noticed a for sale sign next to the Tolly craft building. David Futcher said that he thinks it is most likely a lease sign. Group discussion regarding the sign and its location.

Dennis added that he was invited to attend the Port of Longview presentation, in which the Airport Manager (Steve Taylor/Kelso City Manager) gave a report. Dennis explained that there was a great deal of questioning and he wanted to let everyone know that Steve did a great job on the Board's behalf and he wanted to say Thank you. Dennis hopes that it will help increase a willingness of the Port of Longview Commission to reconsider and continue with the ILA extension. Chet Makinster added that he had heard positive feedback as well and looks forward to their presentation with the City of Longview's council.

Jeff Wilson asked if he could cover some unfinished business. Jeff is unclear regarding the update on the Museum, a timeline for negotiating business, and the Albatross future development updates. Steve replied that he has not been approached by the museum folks again and has also not heard from the Albatross owners, other than a conversation with pilots regarding their thoughts.

Steve added that due to the summer season, that may have slowed down progress. He knows that Brian Flemming is working on design, that there is a 6-month arrangement to park aircraft, through a letter of intent. Steve added that we have not received anything formal back yet, but that doesn't mean that things aren't going on.

Jeff asked to go on record again, that he thinks the Airport should develop a new strategic plan. Jeff then referred to an article in the Columbia river reader, that referenced the Airport. Additionally, Jeff asked about the monitoring of the Airport through social media and he referenced the Cowlitz County uncensored news. Group discussion.

Chris Paolini added that it depends on the activity, but as it relates to social media, this is something that he feels the Airport can tap into, perhaps by building a Facebook page, and a twitter account for the Airport. He adds that perhaps this will help with the Airport branding, word of mouth is one of the best ways to market, and we could provide links on the Airport's webpage, do more outreach in the aviation community to remind people that the Airport is there. One thing to remember also, is that Facebook is free, twitter is free, and we can provide weekly updates on activity that is occurring at the Airport. He has other ideas on how to build awareness, events at the Airport, and outreach at the Airport.

Jeff added that on September 24th, the City of Longview Parks and Recreation will be hosting an Extreme Machines event located at the Expo Center. He shared that there will be two helicopters that will attend the event. Jeff would like to see a SWRA presence at the event.

g. Review of Action Items, Good of the Order, Board Chairman wrap up and next meeting date. David Futcher asked Karyn to provide the action items. Karyn read the following back to the Board members:

1. The Board approved the June meeting minutes.
2. The Board approved the general claims.
3. The Board approved to recommend the draft budget to the four entities with these numbers and with the 2016 budget, 2016/2015 actual comparison.
4. The Board approved the FAA grant offer.
5. Steve Taylor has offered to provide presentations as needed (he will wait to hear back from the City of Longview and Cowlitz County).

The next Board meeting is on August 18, 2016. David Futcher adjourned the meeting at approximately 4:45 p.m. Sign in Sheet/Attendees: Scot Walstra (EDC), Bill Smith (Pilot/Tenant), Brian Butterfield (City of Kelso/Finance Director), Jerry Sorrell (Pilot/Tenant), Dennis Wise (FBO Manager), Don Barclay (Reid Middleton/Project Manager), Melanie Haagsma (Reid Middleton/Project Manager), and Chris Paolini (new Airport Manager (Kelso) – conference call).

Minutes respectfully submitted by: Karyn Anderson