

***Regional Airport Board
Meeting Minutes***

3:00 pm

FBO Office – Kelso/Aviation

December 18, 2014

Call to order

Chair Darold Dietz called to order the regular meeting of the Southwest Washington Regional Airport Operating Board at 3:00 pm on December 18, 2014 at the Kelso Airport Fixed Base Operator (FBO) meeting room.

Pledge of Allegiance and Roll Call

The Board and attendees said the Pledge of Allegiance, Chair Darold Dietz reminded the body that there were comment cards available for written Public comment, and then roll call was read. The following members were present: Darold Dietz (DD), Chet Makinster (CM), David Futcher (DF), Norm Krehbiel (NK), Dennis Weber (DW), Sharon Zimmerman (SZ), Janean Parker (JP), and Karyn Anderson (KA).

Approval of minutes from last meeting

The Operating Board approved the November meeting minutes. David Futcher motioned to approve. Norm Krehbiel seconded the motion. All were in favor to approve the meeting minutes with no corrections.

Agenda Items

- a. 2014 General Claims – Sharon Zimmerman. (attached in packet)

Sharon Zimmerman shared with the Operating Board that they were provided a fold out General Claim's summary within their packets but that Rosemary Siipola, who hadn't arrived to the meeting yet, was also going to provide a year to date summary. She shared that Brian Butterfield recently took the adopted 2014 Budget, incorporated it into his system, and it appears that things are aligning with the City Finance information. She added that the Board will be provided that information soon. Karyn pointed out that while they did not have a copy of the year to date summary as of yet, they did have a copy of the General Claims fold out for their review within their packets.

During Sharon's review of the General Claims handout she shared that there was one more payment to be made to the City of Longview in 2015. Rosemary Siipola arrived to the meeting.

Karyn handed out the Year to Date Summary sheets to each of the Board members and audience for their review.

Rosemary reviewed the year to date summary sheet. She pointed out that in January she will be able to formally close out everything, highlighted the red in the 4th quarter on the spreadsheet, and explained that the Airport was at 89% of their Budget at \$395,000. Rosemary said that the items in yellow were the areas that the Airport went over and had not been budgeted for. The revised 2015 Budget will address those categories and be closer to what is actually being spent. For example, she highlighted that fuel and electricity are two areas that the Airport went significantly over budget.

Sharon interjected in order to explain to the Board that when Rosemary is stating that we went over budget, that it needs to be understood that this is the first year of developing a Budget for the Airport, that she's been picking up where others have left off, made certain assumptions, and as we move forward throughout the year, she has been able to refine the Airport Budget to align with expenses. She added that next year it should be a better representation of what it should be and wanted to stress that she hasn't overspent the overall Budget.

Rosemary agreed, and then pointed the Board to the bottom-line, that there will be approximately \$44,000 dollars left to spend in December 2014. She explained that some of the big bills due in December will be a \$20,000 dollar annual note payable to the City of Longview, and the rest of the month should be a very routine month. She ended that the Airport is at 89% of the budget, and at the end of this year should be very close to the \$395,176.00 dollars that was estimated at the beginning of the year. She also highlighted that the remaining dollar amounts on the Year to Date spreadsheet provided to the Board members captures the Capital Improvement Program funds, FAA reimbursement, the Airport's responsibility on those funds, and the revenue neutral items which include the quarterly leasehold tax, overpayments, and the hydraulic services annual lease refund.

Dennis Weber asked Rosemary what the fund balance would be at the end of this year. Rosemary replied approximately \$3,000-\$4,000 dollars. Sharon added that on just the Operations and Maintenance budget it's restricted to the partnership matches, and leases that were coming in, etc. Again, trying to get it to where extra funds are then in reserve.

Rosemary explained to the Board that on the Year to Date summary sheet blank spaces were representative of expenses that hadn't been budgeted. For example,

the BNSF fee and the Underground Storage Tank Business License was not budget for, yet the Airport covered those expenses. She added that now that these expenses are being paid they will be captured annually within the Airport's Budget. Sharon added that it has been her goal to capture everything for consistency and then asked the Board members if they had any questions on any of the information presented.

Darold Dietz asked if the spreadsheets were available to the public. Karyn had provided the extra copies to the audience members. Rosemary added they would show the Board members the final Year to Date at the next Board meeting in January.

Dennis Weber then asked if there would be a budget amendment to include the BNSF and some of the other expenses identified. Rosemary replied yes, that those items were captured in the 2015 Budget proposal.

Darold Dietz asked if there was any further discussion or questions, and also thanked Rosemary for the review. Sharon added that if the Board members had any questions at a later date, to please let her know so that she can explain what has been learned and to help with budget refinement.

b. Personal Services Contracts:

i. Airport Management Services Contract.

Sharon shared with the Board her concept of the Airport Management Services Contract, that it was her goal to continue as Airport Manager for the Operating Board if they approved the contract, and if not, then the current Airport Management contract would be done at the end of this year (2014).

Sharon than highlighted the adjustments made within the Airport Management Contract for services. She pointed out that she reduced her rate from \$75.00/hr. to \$70.00/hr., that the Government Liaison and Financial Assistant position rate was reduced from \$65.00 to \$50.00/hr., and the Property and Office assistant to \$50.00/hr. Sharon explained that Karyn and Rosemary were doing work that provide complimentary services for the Airport Operating Board.

Sharon highlighted that another adjustment made within the Airport Management contract for services included the terms of the contract. The original contract was for a 6 month contract, and if this contract were to be approved it would be for a 12 month contract (1 year).

Dennis Weber asked if the 60 day notice clause still remained within the contract in case the Operating Board decided to make any changes. Sharon replied yes

and pointed that it was on page 2 of the contract. Dennis Weber added that he hadn't asked about the 60 day clause because it was predictive. Sharon said that she understood he was doing his job, asking the right questions.

Sharon described the overall scope of services and list of things captured in Exhibit A and that these are items that were not captured in the contract, for example the transition activity wasn't something that was originally identified in the contract for 2014. Her goal is to capture that information, and expand the type of invoicing process to outline certain types of work activity to help identify if the work was Airport Management, Engineering, or if it is Project related.

Another area that Sharon wanted to highlight is that the Hangar improvements are not to exceed \$10,000 dollars and that this may be one of those spikes that they see next year or the year after. This is an area that will need more work with the FAA, managing the maintenance, and if someone wants to build a new Hangar this would be unique and need further discussion with the Board.

Sharon added that Construction Engineering is another area she wants to clarify because she is not providing Engineering services and wanted to make that very clear for the Board. She then asked if there was any questions regarding the changes that she's done and pointed out that the contract amount is staying the same at \$120,000 dollars.

David Futcher asked if the "not to exceed" clause that was in the last contract, is not in there this time. Sharon replied, correct. She had taken that out since this is not a lump sum services contract.

She highlighted that one of the goals she included in her cover letter was to be open at the Airport four days a week, 5 hours a day, 20 hours per week with at least one person there, if not two. This will depend on who has the demands on their time. Sharon gave an example that Rosemary had said in regards to her time. Rosemary said that there isn't going to be as much time for her, as she feels there would need to be for Karyn, because of the type of work that is being done.

Darold Dietz added that what needs to be done at this point is for the Board to approve or disapprove these contracts. Sharon asked if she should move on and review the other two contracts within this agenda or review one at a time. Dennis Weber said one contract at a time is good. Chet Makinster motioned to accept the Airport Management Services Contract agreement as written. Dennis Weber seconded that motion.

Dennis Weber shared a concern from some members of the Board in regards to reserves. He said that the Airport is not building up the reserves like they'd

intended, which is frustrating, but they don't see a way out of it, and maybe there will be more changes down the line. Dennis added that he does really appreciate Management's attempt to cut Airport expenses, keep things in line, and that when they formed the Operating Board they bit off more than they realized.

Chet Makinster agreed that he'd also like to see the reserve go up, that he has only been on the Operating Board for a few months, but in that time he has seen some real improvements and feels that we are going in the right direction.

Norm Krehbiel added that the Airport is on the right path, and that the Board should approve this contract and keep the same Management team in place. David Futcher added that in keeping the same Management in place we still have a concern on spending on running what we have, leveraging our 20 to 1 match that we can get for projects, and have the frustration that we haven't made more progress, but I still support the efforts that we are doing and perhaps need to change how we are doing things.

Chet Makinster shared his view and perspective that he sees that the Airport is catching up on things that should have been done in the past as we continue to get surprises like the Underground Storage Tank license not being kept up to date. He added that he doesn't want to upset anyone in the room but feels we are working backwards trying to get those things done and make some progress.

David Futcher said that what he struggles with is that there is \$65,000 per agency coming in and Kelso was doing it for \$20,000. Chet Makinster adds yes, not trying to point the finger at anybody, but understands it is a really tough thing to get caught up.

Dennis Weber added that he wants to again express his appreciation of the current Airport Management team, the notably improved relationship with FAA, and feels that these efforts have been huge. He said that he didn't think any of us Board members realized how bad it was before the current Airport Management took over. The comments regarding how we are making progress is exactly that, we are making progress and it is greatly appreciated.

Darold Dietz added that he had heard from others (not present at the meeting) that FAA had been impossible and that it was hard to get a return phone call from FAA. Now, Darold shared that Airport Management chats with FAA, they have a good relationship with FAA, and shared that just this week Sharon was on the phone with Mary Vargas so, what seemed years ago they were butting heads with the Airport, now they are offering their help and doing whatever they can to help the Airport.

Dennis Weber added that it helped that we had Maria Cantwell down for a visit to our Airport and had a photo taken with her in George Ford's (EAA) Pilot seat. Sharon pointed out that Rosemary had coordinated that visit. Chet Makinster added that it is opportunities like that the Airport can't put a value on. Group discussion regarding improved relationships.

Darold Dietz than asked the body to vote on the motion before them. All were in favor of approving the Airport Management Services Contract.

ii. Operations Superintendent (aka Maintenance Services) Contract.

Sharon described that the Airport Operations Superintendent (Maintenance Services) was currently being provided by Dan Johnson, that this contract went to the City Council last night, and that the City Council had approved the contract. Chet Makinster asked if this was the Maintenance agreement. Sharon replied yes, aka the Maintenance agreement.

Sharon highlighted the changes that Steve Taylor (City of Kelso) had worked out within the contract, and the current scope and duties that Dan currently performs at the Airport. In her discussions with Steve Taylor the title "Superintendent" aligned with what Public works had within their structure so that's why we went to that title. Chet Makinster added that he wanted to make sure it didn't cost anything more for the title/label.

Sharon pointed out that they went through an effort to add the various certifications that are required for Dan's position. One of the most recent certifications that Dan achieved was for the underground storage tanks-operator category A, and also the depredation permit that is required for taking care of the unwanted wildlife at the Airport.

David Futcher motioned to approve the Airport Maintenance contract agreement for the City of Kelso. Norm Krehbiel seconded the motion.

Dennis Weber asked if the arrangements had been worked out since the Superintendent would work for Kelso and not Sharon. He asked if Sharon would provide direction to Kelso. Dennis asked Sharon if she had worked this out. Sharon replied that they are working it through and have a good base in place.

Steve Taylor (audience/City of Kelso) added that Dan is to work under Sharon's supervision, from an administrative standpoint he reports to Randy Johnson, and in terms of daily workload he works with Sharon. If there are any discrepancies or issues that need to be addressed she would work with Kelso.

Steve explained that originally, the intent was that Dan would be transferred to the Airport but to help reduce the personnel administration costs and not have that burden on the Airport, we kept him on with the City of Kelso. In function though, Dan is working for the Airport.

Dennis Weber asked if there was capacity and extra time, would Dan help the City of Kelso. Steve Taylor replied that he didn't know what the capacity was and that would be a question for Sharon. In terms of budget if the City could absorb Dan, that would have to be looked into because that would come out of general funds. David Futcher added they do not have Dan changing water meters at this time. Dennis Weber said he had asked that only if there were similar tasks, like grounds keeping.

Additionally, Dennis wanted to know in terms of safety procedures and moving about the Airfield, is that with regular review of supervision and safety practices. Sharon replied that yes, that she and Dan are developing an ongoing process, she stops by and discusses his daily duties when he is on the east side of the Airport in the mornings. Sharon added that one of the items that she has identified is training for driving on an Airport and that this is basic training that she would like all Airport staff to know.

Darold Dietz asked if there were any further questions. There were no further questions from the Board members. Darold said the Board would now vote for the motion on the floor. All were in favor of approving the Operations Superintendent Contract (aka Maintenance Services).

iii. Legal Services – Law Offices of Janean Parker, Expiration of Legal Services.

Janean Parker explained to the Board that at the last Board meeting she had put her name forward, but after thinking it through she had reconsidered. She said that she plans to continue through the end of the year and thinks now might be a good time for the Airport to transition to another attorney. Janean said that she would still be available and offered to help the Airport Operating Board find another attorney. Janean said that she is stepping aside, that her contract goes to the end of this month, and that she is not going to be seeking the legal contract. She added that she is happy to answer any questions from the Board.

Dennis Weber said that in his experience with organizations there is a phrase “until a successor is named” and since the Airport doesn't have a lawyer in place, he asked if Janean had some flexibility for a few months until the Airport gets an attorney in place. Janean said she is willing to do that but would like to make sure they get someone up to speed as quickly as possible.

Janean wanted to be sure to add that the Airport Operating Board had been great to work with, that Airport Management/Sharon has been great to work with, and that it isn't her intent to leave the Airport in the lurch in anyway.

Dennis Weber asked the body if the Port's attorney might be able to step in and do it, to get familiar with the position. Norm Krehbiel replied that there might be the same conflict of interest for the Port of Longview's attorney. Janean wanted to point out that she doesn't feel there was a conflict of interest or an issue that she couldn't represent both sides, but she isn't sure what the future holds and thought it made sense to have somebody else in place. This also may help add comfort for Sharon to know that she is getting the accurate legal advice, and it seemed to be a good time to do that.

Norm Krehbiel asked what process they needed to go through to select an attorney. Janean Parker replied that there is no requirement for it to be competitively bid, the Airport can solicit bids if they want, or they can solicit bids for proposals, or the Airport can just go hire someone based on what you know about them. Janean added that the Board may want to look through the pool of municipal attorneys and that they didn't need to go outside of that.

Norm Krehbiel shared that when he first learned Janean was not continuing as the Airport attorney, because of the potential for conflict, he had the same thought about the Port of Longview's attorney having a conflict of interest and understands how that could put the Port's attorney into a bind.

Norm went on to explain that he represents the Cowlitz County Public Facilities District with Paul Roesche, that he is happy with Paul's services, and thinks the rest of the Board is as well. Norm added they could throw Paul's name into a hat and that he's not sure if there are other individuals that the Board would like to recommend. David Futcher replied that he could get behind talking with Paul Roesche. Chet Makinster replied that he knew Paul personally.

Group discussion regarding public perception of having Janean Parker or the Port's attorney representing the Airport. Janean pointed out that she doesn't think there is a direct conflict but she doesn't ever want there to be an appearance that she was favoring one over the other.

Sharon asked the Board what process they would like to go about in doing that search and if there was someone on the Board that they would like her to work with on this effort.

Rosemary Siipola shared her thoughts about Paul Roesche and that he would be a very good choice. She pointed out that the Board needed to remember that the

attorney would represent the Operating Board, he would not be the attorney for the transition. The transition attorneys will be between the City of Kelso and the Port of Longview. Rosemary added that Paul had been around for a long time, that he's in the private sector, and that he would be representing the Board, not the transition.

Dennis Weber asked if the Board needed to make sure there was some compatibility between the attorneys and FAA. Sharon replied that she would be responsible for this. Darold Dietz then asked for Janean's input on Paul Roesche. Janean replied that she thought an independent attorney would do fine, that she didn't know Paul and that she'd be happy to talk to him. She said she'd be happy to help coordinate the transition of files and information.

Chet Makinster asked Janean if she had planned to provide the Board with a replacement recommendation. Janean replied that she didn't but that she knows several firms that have municipal and public agency departments that aren't local. She said that if anyone knew of a local agency that she thought it would be better for the Airport and reminded the Board to be mindful of costs associated with hiring another attorney.

David Futcher offered to contact Paul Roesche and see if he was interested. Group discussion agreeing that this was a good move on the Operating Board's part. Darold Dietz asked Janean if next month's meeting is soon enough. Janean replied yes, that would be fine. She can offer to do an extension through January or until somebody else is on board.

David Futcher asked if everyone was ok with him representing the Board if Paul Roesche wants to accept. Dennis Weber replied that he understands Paul to be at that stage of moving towards retirements and scaling back. Darold Dietz brought up the rates and that these should be in line with Janean's rates.

Sharon asked about next steps, if the Board wanted Sharon to take the lead on this, or if the Board wanted David to take the lead on this. David Futcher said that he would contact Paul to let him know about the general scope and to see if he's interested. Sharon added that she would like to respectfully request that she has an opportunity to meet with him as well. She asked perhaps, if she could join David Futcher or have a separate meeting with him. David Futcher suggested that he talk with Paul first to see if he's even interested.

Darold Dietz said they should have a second name in place just in case he declines. David Futcher said that if Paul says no, he will ask Paul who he might recommend and then they don't have to wait until the next meeting to do something. Janean recommended that if anyone had other names, that they get

those to Sharon and Janean would send a list of names to Sharon as well, and at the next meeting bring back Paul Roesche's proposal or hopefully another proposal for review.

Norm Krehbiel asked if the Board should put it into Sharon's hands officially with David to follow up with Paul Roesche. Group agreed.

c. Proposed Budget Revision for 2015.

Sharon reviewed the Budget with the Board. She described that she developed the budget in alignment with Operations and Maintenance, what the expenditures might be based off of the historic reference, and the adopted 2014 Budget. Then when it came to the 2015 Budget discussion there was a thought that there might be a transfer of ownership over to the Port of Longview so what was carried forward was the previous 2014 Budget. She added that last month, Sharon brought the Budget forward with the intent and goal to get the Airport a budget that was representative of what she thought was going to be occurring next year to align with what the Airport Board's direction has been. She was then requested to come back with a comparison (for this meeting) and what she had provided the Board today. She explained that this was a very good exercise, that she had included in the Board packets the budget comparison, the 2014 adopted budget (July 2014), the adopted 2015 budget (July 2014), and then the current 2015 proposed budget.

Dennis Weber asked for clarification regarding the stopway project, and if he was reading correctly that it would be another year for the stopway to move forward. Sharon replied no and that when it comes to the 1 million dollars that was in the budget for 2015 that Dennis Weber was looking at, for Sharon the runway extension to her means the FAA grant. She added that it won't be an FAA grant for the runway extension however, they do have the Cowlitz County Rural Economic Development Grant funding that has been provided to the Airport for doing the Stopway project. She highlights that this information is captured in the CIP reserve restricted line item.

Dennis Weber asked if that was getting the environmental concerns taken care of. Sharon replied that what she had indicated for the Board, in this exercise, is what is actually in the account as of a certain date. She said in the agenda packet a request to approve an amendment to the current contract that focuses in on the design of the stopway project only and not the runway extension. It will tell us what will need to be built and anticipated costs.

Sharon explained that when she works with Don Barclay getting a schedule pulled together at that 30% design level, that she would like to get those plans and the cost estimate together, and then start working on a plan to get those funds together to construct the project. She said that by scaling the project back, the Airport will have approximately \$100,000 dollars left of this current line item to be applied towards construction. Sharon explained that when it comes to the budget efforts the refinement level on the CIP side isn't to the level she would like as of yet but she feels very comfortable about the stopway project design.

Dennis Weber said that he brought this up because he saw a major shift out of a budget line item and didn't want the perception that the funding was pulled on the runway project. Group discussion, group agreed. Chet Makinster added that it was his understanding that we aren't talking about extensions anymore, we are talking about a roll out. Sharon added that when they get into the stopway discussion Don can help explain where some of those savings are in the change of scope.

Dennis Weber than asked about the revenues from the Hangar leases being no change from this year to next year. He adds this is a conservative approach considering the action taken a few months ago to lower hangar lease prices, in order to hopefully stimulate revenue growth. David Futcher said or perhaps it will go the other way, since we lowered the hangar rate. Rosemary Siipola reminded the Board members that they needed to think about next year with the demolition of the Sullivan hangars, that tenants will be relocated, and shouldn't count on a lot of new money in that regards.

Sharon added that with the timing she recognizes that the number (\$117,000 hangar revenue) should change and she informed the Board that they have two Airport hangars that were long term leases (30 years) that have recently reached the end of their lease. This means that starting in January they are now the Airport's hangars and so instead of having approximately \$300/ year in revenue from land lease of those hangars, they will be getting about \$300/ month in revenue for each hangar. This is almost a \$6,000 increase in annual hangar revenue. She added that she didn't go to any further analysis in that area. Chet Makinster said he preferred Sharon's conservative approach, and by being conservative is how you get reserves. Dennis Weber asked if that was correct, to David Futcher. David Futcher responded, theoretically.

Sharon than pointed out that the other purpose was to try and capture where there had been changes over the last couple of years, for example the audit fee of \$6,600 dollars. Rosemary Siipola added that the last City of Longview note payment is next year, which will help in regards to the 2016 budget.

Darold Dietz called for a motion from the Operating Board on the 2015 proposed budget. Dennis Weber moved to approve the proposed 2015 Budget amendment and resolution. Chet Makinster seconded the motion.

Darold Dietz asked if there was any further discussion. Dennis Weber said that one of the frustrating financial issues had to do with the Diking District assessment and that Airport Management was working on a resolution in regards to the standards that are being used at a higher rate. Dennis asked what the status was on that. Sharon and Rosemary replied that it was a state law and that it is something that was forwarded to the different entities. Rosemary explained that in order to change the evaluation since it is set by the state, it would require a change in the state law.

Rosemary described the steps that have transpired to date, that the information was sent out to each Board member's agency to be included in their legislative packet, to recognize those spaces that are encumbered by FAA rules for safety, and to value those at half the assessed value. She shared that she believes this will take a while, that she has put the information out to Washington Airport Manager's Association (WAMA), and that they have put the information out to other Airports. The Airport that Rosemary has heard back from to date is the Shelton Airport, whom Rosemary believes to be a private Airport without FAA funding which isn't a good comparison.

Rosemary believes there to be some concern that this will reduce the diking district's funding, but overall the amount that the Airport contributes is a small amount compared to the overall diking district funding. This is going to take a while, it seems to be a busy session, will most likely not be a real high priority, and as long as it continues to move forward and we remain involved with other Airport groups, than this continues to become more important.

Sharon added that she wanted to highlight that the county is doing exactly what they are supposed to be doing, and so it isn't something that was unfairly assessed at the Airport. Group discussion regarding if there are other Airports with diking district assessments. Chehalis was suggested as a potential Airport with a diking district assessment. The Board asked audience member Jerry Sorrel if he knew of any. Jerry replied no, that there was an Airport over by South Bend, Raymond area. Rosemary Siipola explained that the South Bend Airport was owned by the Port of Wilapa. She added that the WAMA group was very interested in this discussion and that when the Airport attends the Expo in February 2016 this will be something that will be further discussed. Group discussion if there are wetlands and no delineation.

Darold Dietz called for a vote on the motion to approve the 2015 proposed budget and resolution 14-005. All were in favor.

d. Letter to the State Auditor's Office.

Sharon explained that she drafted a letter for the State Auditor discussing a timeframe for the state audit to be conducted next year in 2015. She added that in their last meeting Brian Butterfield had suggested that the state audit for the Airport coincide with the City of Kelso's audit. Sharon did follow up with the State Auditor, she thought that combining the audits would be a great idea, supported the concept and would move the state audit to a March/April timeframe. Darold Dietz asked Brian Butterfield (audience member/City of Kelso) if it takes about a month. Brian Butterfield replied that their audit takes approximately 6-8 weeks. Norm Krehbiel asked Sharon if she needed a motion on this. Sharon replied no, she just wanted to inform the Board.

e. Capital Improvement Projects. Stopway – Reid Middleton Contract Scope Amendment.

Sharon explained to the Board that she had asked Reid Middleton to refine the scope of work with just the Stopway project and no longer the runway extension project to gain a better understanding of what that scope and fee would look like. She added that Don has been working with Sharon to refine this scope, and that what stood out to her is in regards to the different thresholds. For example, with a runway extension you have restricted air surfaces, an approval process that's associated with that, major changes in criteria in your lighting design, and certain triggers that you would have in your runway extension project that you wouldn't have in your stopway project. Don Barclay agreed and added that basically the threshold is centered around that and in regards to the NAVAIDS.

Sharon shared that her purpose of bringing this forward to the Board was with the recommendation that the Board consider approving the refined scope of work so we can have Reid Middleton start moving ahead on the design phase of the stopway project. She also reminded the Board that they have grant funding provided to the Airport by Cowlitz County and that these funds will sufficiently cover the scope of work. This will get us to 100 percent design of the stopway and the wetland project.

David Futcher moved to authorize the amended scope of work. Chet Makinster seconded the motion. Darold Dietz asked if there was any further questions. No further questions. All were in favor.

Chet Makinster asked if the Airport was aware that the City was dumping on the Southside property. Sharon explained that the City was doing some stockpiling of material. Sharon replied that she believes they are in compliance with the permit that the City has been issued. Group discussion.

f. Financial Procurement Policy.

Sharon explained that she has been working to develop SWRA Operating Board Policies and Procedures. In the Finance contract it stated that the policies and procedures were to be based off of those of the City of Kelso's so that was her starting point. She also worked with Janean Parker to develop the draft. Attached in the Board packets is a copy of the current draft SWRA Operating Board Procurement Policies & Procedures.

Sharon pointed out that the original City of Kelso's policies and procedures stated that the level of authorization for the city manager was a \$65,000 dollar threshold and that it seemed to be quite a bit of money when you compare it to the Airport operating funds so she included a \$15,000 threshold, if it is budgeted for. Janean Parker shared that the City of Kelso set it for \$65,000 because that is the updated threshold for competitive bidding that is required for public works.

Janean added that when she was drafting the document she put in \$15,000 and said it can be bumped up to \$65,000 because that is the state law. Additionally, Janean adds that the signatory discussion is to provide the Airport manager that authority for all types of contracts, purchasing, and services.

Additionally, because the Board only meets once a month, Janean recommends that the Board finds some level that you are comfortable granting the signatory authority so that things can go on. Janean adds that she thought \$15,000 was reasonable based on the size of the budget and other thresholds. State law is \$65,000, you have to competitively bid anything above that amount and the signatory of the manager is whatever the Board decides.

Steve Taylor (audience member/City of Kelso) added that he believed that \$65,000 was not too much. Janean added that the document parallels that of the City of Kelso's. Dennis Weber asked if David Futcher was ok with the threshold. David Futcher said he was comfortable with that threshold for the City of Kelso but that he wasn't sure what the threshold should be for the Airport.

Janean Parker pointed the Board members to page 3 of the Policy, the thresholds that they set up and are recommending to the Board. The only thing that she recommends they change would be the one craft or trade section (in bold) over 15K and explains that this number can be 65K, according to state law, that this

was her error and recommends that the Board change that. This of course has to be reported back and has to be budgeted for in the first place.

David Futcher said that he is ok with the \$65,000 for the bid, but would leave the \$15,000 for signatory approval. So this would reflect \$15-65 competitive bid required, over \$65,000 with Board approval.

Janean pointed out that she will go back and look at the state law, recommends some language changes, and that “one-craft” should be changed to reflect \$40,000 and “two craft” should be changed to reflect \$65,000. Group discussion regarding some of these changes for clarification. Chet Makinster asked if the Board members would be receiving a revised copy. Sharon replied yes, that this is a draft and offered to provide the Board an opportunity to edit the document. The Board members agreed that they didn’t require additional review of the document. Sharon agreed to than finalize the document based off of the discussion, the direction given, and provide a final copy to the Board members at the next meeting.

g. 2015 Cycling of Airport Operating Board Chairs.

Sharon reminded the Board that at the last meeting the topic of Cycling of Board chairs for 2015 was discussed. The City of Kelso is designated as the Chair for next year but there was a desire to suspend the current rules and have Commissioner Darold Dietz continue as the Airport Board Chair for 2015.

Darold Dietz replied that he was interested in continuing as the Chair in 2015. David Futcher said that he felt it was a good way to continue consistent leadership at this time and delaying the cycle a year. Group discussion regarding the meeting minutes, that there was a motion and a second on the table from the last monthly Board meeting.

Dennis Weber wanted to make sure that the perception was not that this was a plot by the Port of Longview for a land grab. David Futcher replied that it was originally his idea and his recommendation.

Dennis Weber asked Janean Parker if under the bylaws they can suspend the bylaws. Janean replied that they can do a motion to amend their rules. Dennis Weber asked if it needed to be a unanimous consent. Group discussion. Norm Krehbiel clarified for the body, that Darold Dietz would be the SWRA Operating Board Chair for 2015, and the Kelso representative would be the Chair in 2016 if there is no transfer of ownership. David Futcher replied yes, we just wouldn’t cycle this year. Darold Dietz asked for a motion on the motion. All were in favor-unanimous.

h. Flowage Fee resolution.

Sharon explained that over the last few months there had been discussion regarding some of the revenue sources here at the Airport, recognizing that Janean was going to depart, she wanted to have Janean draft up a resolution regarding a flowage fee because of her historical knowledge. She added that there was no sense of urgency about the resolution.

Sharon said that this fee would impact those who are dispensing fuel at the Airport and that would only include the FBO that has the Airport fuel storage tanks. There are other tenants that might be interested in having fuel storage capabilities of their own and having their own storage here on the Airport. This is not intended to be for the individual that has purchased fuel because some of the fuel can be purchased off site.

Janean added that at one time there was discussion regarding co-op's which is a group of people that might go together to buy a truck. Janean also shared history regarding the City's flowage fee back in the 90's, the flowage fee that was imposed on the FBO in the last contract, and that currently the contract with the FBO does not include a flowage fee.

Dennis Weber asked when the FBO contract was up, several in the group responded, May 2016. Chet Makinster asked if this added to the cost of fuel. Several replied yes.

Janean recommended that this is a policy discussion for this group, how much, the timing, and who it is imposed upon. She added that this is an example of what it could look like and how it could apply. Sharon shared that they discussed different implementation dates, such as June 2015, but that it could be at a different timeframe.

David Futcher replied that he didn't understand enough about who this would be imposed upon and what their thoughts were. Darold Dietz added that he was curious what the total amount of revenue would be, for a flowage fee. Sharon replied that historically what was collected was about \$1,000 dollars/year. Janean said that was based upon what was lost during the change in the FBO contract and that was around \$1,000 dollars. Sharon agreed that while it isn't a lot of money, they are paying approximately \$4,000/ year in their storage tank costs.

Dennis Weber added that the budget that they adopted has no provision for this, so therefore we don't need it to balance the budget. Sharon replied correct.

Group discussion regarding the collection time, effort needed to collect, and pilot input. Sharon asked Janean if there was anything else that should be highlighted for the Board members. Janean replied that the Board will want to see if the rate is right, and that the concept of limiting to those storing and dispensing fuel should be discussed with the public/pilots. She drafted this based on several other jurisdictions but isn't sure if that is what is best for our Airport's pilots.

- i. SWRA Current Business: Hangar Occupancy, Property Management-Long term lease update, Capital Improvement Project update, and Airport Ownership Transition.

Hangar Occupancy Report agenda item.

Karyn described to the Board that the Airport was up, had leased another Hangar, and currently the Airport had leased a total of 54 hangars out of 70, which puts the Airport at 77% occupied. She went on to explain that at the beginning of the year the Airport was at approximately 70%. Dennis Weber asked how many of the hangar rates had increased due to the hangar rate reduction. Karyn replied that there was an increase in Hangar A the month following the rate decrease. Rosemary added that they have also been added to Craigslist. Darold Dietz thanked Karyn for update.

Property Management – Long term lease.

Sharon shared with the Board that this was to be a placeholder on the monthly Board meeting agendas for someone wanting to develop a new hangar on site since we have had interest expressed by JH Kelly, and have another entity that might be interested in another location. To date we have only received the letters, and nothing additional to report on.

Capital Improvement Project Update.

Sharon wanted to update the Board on the coordination with FAA and Don Barclay. Sharon had a conference call with Mary Vargas from FAA recently, that they discussed their process of programming out projects, that Mary felt good about the next two years and proposed that over to WSDOT Aviation for their support. Sharon was very pleased when she was forwarded (by Mary Vargas) information that FAA was asking for more discretionary funds for our Airport. She is also reviewing the Talley Way fencing project, the tower beacon replacement project, and then the necessary steps for the Sullivan hangar demolition. She's also working on the FAA Grant closeout with the City of Kelso, Sharon appreciates this coordination with the City. And at the end of this month there is a deadline to do the annual update regarding Airport data, they've

increased what has to be put into the system, and Sharon is working to complete this effort and meet the deadline at the end of this month.

Darold Dietz asked if there was any comment from anyone. No comment.

Chair Darold Dietz said that he had a comment that he'd like to share. He reminded the body that earlier in the meeting, they discussed that the Airport is starting the design for the stopway project, and that he feels this is a huge deal. Darold added that we also discussed the budget and while it is tight, things are happening and this is good for the Airport/Board, the pilots, and things are moving along. Board member Chet Makinster agreed.

Airport ownership transition update.

Sharon explained that this agenda item, Airport ownership transition, is a placeholder for the Port of Longview or the City of Longview to report on something. This provides them an opportunity to do that. Karyn explained what was discussed at the last meeting, that she put a placeholder on the agenda because of that discussion, and if someone had attended a meeting this would provide them an opportunity to share that information regarding what transpired, and if there was something noteworthy this would be the time that they could share that.

Darold Dietz added that it would be time to share with the Board and also a time to share with the pilots. He then asked Steve Taylor (City of Kelso) if he and Geir (Port of Longview) had met yet, and if they had if he could give an update. Norm Krehbiel added, or if Steve Taylor has a meeting set with Geir in the future. Steve Taylor responded that he did have a meeting set with Geir this coming Monday (12 22 14).

Jeff Powell Letter – Prime Development

Sharon shared that she had drafted a letter and notice of agreement cancellation for Jeff Powell regarding the Prime Development hangars. She explained that she had met with Jeff Powell and that he had indicated that he was not interested in developing Row E so she moved forward on cancelling that agreement. She added that George Hext had done this last year but in the City and Airport records it didn't indicate if Jeff Powell had received it and/or if he had signed it. I shared with Jeff that he would be sent a copy of the letter registered mail, and that she has someone else who is interested in developing that site. Group discussion. Board members were complimentary in regards to this progress.

- j. Action Items: Karyn Anderson was asked to read back the meeting action items to the Board members.
- a. David Futcher is going to follow up on replacing the Board's attorney, will see if Paul Roesche is interested, and there will also be a trigger of getting Janean involved regarding recommendations of who else may be interested (if Paul Roesche is not interested).
 - b. Janean is going to double check the state law regarding the Procurement policy and get back to the Board at the next meeting, based on her recommendation, staff will make changes as appropriate.
 - c. If the Board decides to go forward regarding the Flowage Fee in 2015, Resolution #14-006, than follow up regarding Janean's recommendations of what to look at: correct rate that we are looking at, and then if we are going to limit it to those who were storing and dispensing fuels. (not a priority for the next few months)
- k. Public Comment and Other General Business:
- a. David Futcher shared that he was contacted by a pilot recently and asked about the name that we used to have at the Airport – Molt Taylor. He asked if that name went away when the SWRA name went into effect. Rosemary replied that it is still Molt Taylor field at Southwest Washington Regional Airport. She reminded the Board that it was a local designation that was done by Resolution. She added that when they do the new signing at the Airport, it could read SWRA Port of Longview Molt Taylor Field, or something like that.

David Futcher said that there used to be Molt Taylor signs at the Airport. Dan Johnson replied that there still is one sign right outside the FBO. In addition, Rosemary shared that she sent the resolution to Arlington to help them in their efforts to name their Airport after someone locally significant. David Futcher thanked the group, and was going to take a photo of the sign after the meeting to share with the pilot.
 - b. Chet Makinster shared with the group that they had a dinner last night with the City, Legislators Dean Takko, and Brian Blake were in attendance. He added that they provided presentations regarding what they'd like to do next year, included an Action item regarding 100% aviation tax, and the rotor craft efforts. Chet also thanked Rosemary and Scott for providing him with talking points for the evening.

c. Public Comment:

Jerry Sorrell

Jerry provided his comments regarding the flowage fee agenda item. He said that there are two major disadvantages to any price increase. One, is that Scappoose, which is a nearby Airport, has fuel that is .45 to .50 cents cheaper because there is no sales tax. Two, is that they have large storage tanks and can get more gallons of fuel into the ground, cheaper than our FBO ever could. He believes it will be a negative impact on the Pilots.

Scot Walstra

Scot Walstra shared that he wanted to echo Jerry's comments, and that there is a real disparity between the costs between here and Oregon. Anyone that is close to the border or within 20 minutes flight time of Scappoose is going to utilize that.

The other thing that Scot noted is that there is a tenant on site, who is probably the biggest valued tenant that wants to do an expansion, bring in a bigger jet, and sell more fuel.

Scot added that in his experience when someone came to him (when he was managing an airport) and told him they wanted to build these bigger, nicer hangars, he jumped out of his chair, met with them, went to the County to help them get permits, and ran a fire line and a hydrant across a highway for them. He didn't sit and wait for them to ask me pretty please can I do this, he aggressively pursued it.

Scot recommended to the Board that if they send a signal that they want private investment at this airport, they can lease them the dirt, they will bring in bigger aircraft, and then they are sending a good signal that the Airport is serious about Economic Development. If the Airport sits and says yes, the Airport got a letter proposing to build a bigger hangar, that's interesting, we may lose the opportunity. Scot added that he has had conversations with Warren and JH Kelly, and he feels that if they can't get a quick turn around on this they will go somewhere else and that will probably take other business with them. For the good of the order, it isn't that often that you get well healed folks with big jets that want to make investments at an Airport, and suggests that the Board address it aggressively. Scot added that whatever he can do to help do that, count him (EDC) in.

Sharon responded that she isn't anticipating anything until January because that is the timeframe that they set up with her. Their person that needs to meet and coordinate with Sharon isn't available until January. She wanted to make sure that everyone was aware that she wasn't sitting here waiting and not addressing this for the Board.

Darold Dietz added that Warren's return letter said that they would be building a hangar in Montana, and as soon as that was wrapped up, he was going to spend more energy on the matter here at the Airport.

Dennis Weber added that Scot has a good perspective on this, this is what he does, and Dennis is wondering if some kind of response shouldn't be developed, to send that message of here's what we can do for you, a little bit more proactive. David Fatcher added it could also say that we are excited about the opportunity.

Dennis Weber said that he would vote to have Scot be the lead on that, since he volunteered. Scot replied that he would love to be acting on behalf of the Airport Board, Warren knows that from an Economic Development perspective this is a no brainer, and there is a lot of smart people in the room here, and certainly JH Kelley and that company included.

Scot added that this doesn't require a lot of work, ringing of hands, and suggests the Board should be proactively pursuing that with a commitment in writing. Scot added that he just wants to make sure that the signal that is being sent isn't if we get it, we get it and if we don't, we don't. Rosemary Siipola replied that she didn't believe that anyone had implied that.

Dennis Weber asked Scot if he was advocating the Board to be a little pushy. Scot replied, with a question, he said how many offers has the Airport had like that in the last 40 years. This is probably the first one, other than when they originally built their first hangar. Scot added that sending a signal that says we want you, we love you, and how do we get started on this, being proactive and letting them know way ahead of any of their construction plans, and what can we do now to get you started.

Scott ended by saying that the EDC thinks this is a great start, you have new management in place, what a great tone to set.

Darold Dietz suggested that we consider sending a letter of support from the Board, obtaining signatures pledging support, asking them if there is

anything we can do to get started, and perhaps Scot with the EDC can help with the letter.

Scot replied absolutely he would help, and said that if you ask them what they want they will probably let you know and provide you a good starting point, which helps start the discussion. He added that it could be a real partnership that you form with them.

Dennis Weber said that perhaps the next agenda we have a new item, jet hangar progress report. Sharon said she can break them out singularly.

Office Hours for the Holiday

Sharon shared that the Airport office will be closed on Christmas, unlike the Airport's FBO that was open on Thanksgiving part of the day, that the FBO monitors the weather and pilot needs. Sharon wanted to highlight that for the Board, that the FBO might be closed only partially on the Holidays. She thought it was a great service level and wanted to share it with the Board.

Sharon added that as far as the Airport Management Office, on Tuesday she has a conflict for that day, and believes staff will be out of the office. Karyn offered to be at the office if Sharon needed her to be there and if the office was going to be open. Sharon added that Dan Johnson will be at the Airport doing the Maintenance and Operations, except for Christmas and New Year's Day.

1. Meeting Adjourn and Next Meeting Date

Darold Dietz adjourned the Meeting. Meeting adjourned at 4:50 p.m. Next meeting date is on January 15, 2015.

Sign in Sheet/Attendees: Dan Johnson (SWRA/City of Kelso), Don Barclay (Reid Middleton), Scot Walstra (EDC), Jerry Sorrell (EAA1111), Brian Butterfield (City of Kelso) and Steve Taylor (City of Kelso), and Mike Wilcox (ILWU # 21).

Minutes respectfully submitted by: Karyn Anderson