

***Regional Airport Board***  
***Meeting Minutes***

3:00 pm

FBO Office – Kelso/Aviation

August 21, 2014

**Call to order**

Chairman Darold Dietz called to order the regular meeting of the Southwest Washington Regional Airport Operating Board at 3:04 pm on August 21, 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 and then the roll call was read. The following members were present: Darold Dietz (DD), Chet Makinster (CM), David Futcher (DF), Norm Krehbiel (NK), Sharon Zimmerman (SZ), Janean Parker (JP), and Karyn Anderson (KA). Dennis Weber was not in attendance.

**Approval of minutes from last meeting**

The Operating Board approved the July 2014 meeting minutes with one clarification. Dave Futcher motioned to approve July's meeting minutes with a change to page 12 of the minutes, under the 2015 budget paragraphs, to reflect David's proposal to increase contributions to \$65,000. Sharon added then there would be no miscellaneous line item reference needed of \$20,000. David Futcher clarified that in the 2015 budget the line items reflected \$60,000 and his intention was to bump that up to \$65,000. Group discussion. David motioned to approve the minutes as corrected. Chet Makinster seconded the motion. All in favor.

Sharon asked to add to the record that the budget was developed by looking back at the Master Planning document which indicates that the revenue coming in from the partnering agencies was to go to operations and maintenance.

Darold Dietz added that he wanted to reiterate and clarify that the Operating Board approved the meeting minutes as corrected.

**Agenda Items**

- a. 2014 General Claims – Sharon Zimmerman.

Sharon added that there is a correction to the general claims information from July that should reflect \$74,056.43. She added that last month's claims were high due to the receipt of the diking district fee of around \$22,000 dollars as well as a payment to the City of Kelso for their Financial Services fee of \$15,000 dollars,

and there was also a couple of insurance premium payments that occurred during that month. As far as a detailed spreadsheet, Sharon added that she would email that to the Operating Board. Darold Dietz asked if anyone had any questions. No questions from the Board members, motioned to approve the general claims. All were in favor.

b. Row A Hangar Rate adjustment: Resolution to Approve.

Sharon Zimmerman updated the Board members and reminded them of their decision from last month's meeting to adjust the Hangar rates for row A Hangars and to develop of a resolution to address the Board's direction. Janean Parker has developed a resolution for the Board that reflects that direction. The overall amount that a tenant would pay for a Hangar in A row would be a base rate of \$265.85, with lease hold tax that brings the total to \$299.99.

She reminded the Board that the effective date would be October 1, 2014 to ensure smooth transition and coordination with the Finance department in regards to updating the current billings. David Futcher moved to approve the resolution. Chet Makinster seconded the resolution. Darold Dietz asked if there was any further discussion. No further discussion. All were in favor of Row A Hangar Rate Adjustment Resolution.

c. Airport Vehicle Surplus: Resolution to Approve.

Sharon described to the Board the ongoing surplus discussion regarding the Airport's vehicle (red pick-up truck), she added that as staff began to research the surplus it became more complex than what she'd originally thought due to several things (e.g. licensing). Sharon added that she would like the Board to permit her to place this item on next month's agenda as she continues to research. The Board members agreed that it could move to next month's agenda.

Darold Dietz posed a question to Sharon and asked her if she had any idea yet what the vehicle's value would be if it was surplus. Sharon replied no, that she is only aware that it is costing the Airport money and that the Airport isn't using the vehicle. Group discussion regarding the age of the vehicle. No further questions. This item will be moved to the next Board meeting.

d. Airport Board Audit: Request to Approve.

Sharon Zimmerman described to the Board their decision to approve a Resolution that would support the continuing conversation between the City of Kelso and the Port of Longview about the potential change in Airport ownership. Sharon added that Airport staff has been responding to various meeting requests by the Port of

Longview CEO and other representatives and that during these discussions it was brought to her attention that the Port of Longview would like a financial audit conducted.

Sharon added this to the agenda so that the Board members could discuss the audit and provide direction to Airport staff regarding next steps. Chet Makinster moved to approve moving forward with an Audit. Darold Dietz stated that funding the audit is still a question and that the Port of Longview would like all entities to share in that cost.

Darold Dietz added that he does not feel the Port should pay for it in full and doesn't believe the Airport should pay for the audit. Janean Parker asked for clarification, does that exclude the Airport Board? Darold Dietz responded that it should be paid by the Airport Board but not by the Airport. Janean pointed out that if Darold is asking for each entity to go back to their Boards and ask for \$2,500 dollars each, than that would be a separate legislative action. Or was Darold asking for this Board to spend it out of the Board funds. Group discussion regarding if there was a motion on the floor. David Futcher pointed out that Chet Makinster had motioned but there was no second yet. Chet pointed out that he moved to motion the Financial Audit to help begin Board discussion.

Darold Dietz asked how the Audit would be paid for. David Futcher asked if there was a second to do it. Norm Krehbiel seconded the motion to start the Audit process that the Port requires. Group discussion regarding the audit not exceeding \$10,000 and who would perform the audit.

Brian Butterfield reminded the Board that the City of Kelso is in the middle of budget season and that getting a financial audit done before December 31, 2014 would be quite a task for his department. He added that the Finance Director for the Port of Longview is familiar with the Airport because she used to keep the books for the Airport. Brian asked the Board if there was any reason why they couldn't have an internal audit, have the Port's Finance Director come over to the City of Kelso, sit down with him, and save a lot of money. After the internal audit, Brian added, that if the Financial Director for the Port determined it needed to go further, it could. Brian then shared that there is not much to his department, it's very small, and that the revenues are so small the State Auditor's office determined that because of this they aren't required to have an Annual Audit.

Chet Makinster asked if the Port of Longview would accept the internal audit that Brian was suggesting. Darold Dietz replied that he wasn't sure. Norm Krehbiel replied that he was not speaking for the Port Commission, but that he believed an

independent Audit was what the Port's CEO had conveyed to him as being a requirement for transfer.

David Futcher offered to provide some explanation to the group with some insight from an Accountant's perspective. He described that an accountant performing this type of audit would have to prepare a whole set of financial statements, and including disclosures, a lot of footnote disclosures that may or may not have any relevance to what the Port really wants to see. David suggested the group flush out what it is the Port is trying to accomplish. David described that some of the group may think that an Audit means that they are going through everything, but that's not how it works. It basically means that they would be going through the system, doing tests, but would not necessarily review everything. He added that you might be spending a lot of money on something that they aren't really looking for.

David went on to further describe that "audit" to him (an accountant) means one thing, and there are only 2 firms in town that perform audits, so you'd have to look outside or to the state. David adds that he doesn't necessarily think there needs to be a full financial statement audit to move forward.

Darold Dietz commented that he believes the Port is just wanting a "due diligence" audit so that something in the future doesn't come back on the Port that they weren't aware of. He added that he wasn't sure what that would look like or entail, and that he doesn't really know.

David Futcher said it sounded like they are wanting indemnification for the Port against past acts by the City of Kelso, which then becomes more of a legal issue than an accounting issue.

Norm Krehbiel said that he feels perhaps the group is spinning their wheels, because non-financial people are talking about what they think the Port wants to accomplish.

Janean Parker asked if she could make a recommendation to have the City of Kelso Finance Director, the Port Finance Director, and perhaps the CEO of the Port meet and scope out what they want, with the Accountants in the room, and develop a scope that makes sense and determine what due diligence should be.

Darold Dietz added that perhaps the Attorney's should be present as well. Group discussion regarding Janean's recommendation. Norm Krehbiel recommended that a team from the Port meet with a team from the City of Kelso to develop a scope and determine who the appropriate party is to perform that scope of work. He added that the Operating Board still needs to authorize proceeding with that at

some (not to exceed) dollar amount, with the understanding that if the scope comes back at \$12,000 dollars, the board would need to discuss again authorization of a higher amount.

Norm believes there is some value in setting a dollar amount and approving to go forward on some basis. David Futcher asked for clarity regarding Norm's recommendation, wanting to be clear that whatever they come up with is what the Board will move forward with, not that plus a Financial Audit. Norm agreed. Chet Makinster added that the Board is spinning their wheels about what the Port wants, just like he can't speak for the City of Longview without talking to them.

Darold Dietz added that he thinks financial people should help set the parameters regarding the scope, along with the Attorneys, and how to protect themselves. David Futcher said he isn't averse to allowing some funding to aide in the transition process, but he isn't in favor of a full financial statement Audit.

Sharon Zimmerman asked if she could suggest that a "due diligence" financial review is performed, and in the interest of time for a 2014 December deadline that they are trying to hit, we could get a motion to approve and move forward today with a potential funding strategy for that activity. Then Airport staff would continue to coordinate and look into the specifics regarding that scoping effort.

Darold Dietz said that the only problem he has is the Airport paying for the activity. Chet Makinster added that if it's between the City of Kelso and the Port than those two entities should pay for it. David Futcher added that if all entities feel the Airport would be better off with the Port than it's worth \$2,500 from each entity to get us there. David Futcher added that the two entities are talking because of property ownership, it's the Operating Board that's moving this forward. Darold Dietz added that if the amount is up in the \$10,000 range for the audit, he knows that the Port will not want to pay for it in full, nor does he feel the Airport should pay for it.

Group discussion regarding the scoping effort. Darold Dietz added that as a Board they are trying to get something forward before the end of the year and if the Board waits another month for a meeting, he's not sure if it will happen. Norm Krehbiel added that the words he heard from the Port of Longview were "financial audit", but those words weren't said by a CPA. So what is actually meant by that, this group isn't sure. Earlier in the year however, Sharon came to the Board with a request for a financial audit. Darold then added that there is also the question regarding how far back they would need to go. Group discussion.

Janean Parker suggested that the Board motion to direct the Airport Manager to coordinate a meeting with the two parties to discuss and bring a proposal back for

the scope and financial review necessary for the transfer. Additionally, then hopefully within that time the group could put some numbers around that scope.

Darold Dietz added that while he is not against Janean's suggestion he believes that could put the discussion out an entire month for a meeting that might only take an hour or two with Brian and the Port's Finance Director. Group discussion regarding the attorney's involvement and the need to decide what the risk is, what would need to be indemnified, what the city and the board would need to evaluate.

The Board than agreed to vote down Chet Makinster's earlier motion to move forward on a financial audit. All Board members voted no to Chet Makinster's earlier motion (4 no's). Then Janean Parker's new motion was moved forward. Karyn Anderson read back Janean's motion to direct the Airport Manager to meet with the entities (City of Kelso and Port of Longview), to discuss financial review necessary for this transfer and bring cost estimates back to the next board meeting. Darold Dietz added that it could be at a special meeting versus the next board meeting. Group agreed to have it read, "to the next meeting". The Board voted on the motion. All were in favor.

e. FAA & WSDOT CIP 2014 Funding Letter – Request for Approval.

As a result of the FAA/WSDOT coordination effort, the Airport received a letter this month from the FAA regarding the CIP. Mary Vargas (FAA) made a couple of changes based off of a conversation that Sharon Zimmerman and Don Barclay had with FAA. This included conducting of the EA study to fill the wetlands in 2015 and advancing that upwards on the CIP list. Sharon shared that the item that she was most concerned about was the \$600,000 dollars in AIP funding that is available to be spent on a project here at the Airport. She directed the Board to the end of the year carry over, in which it says \$600,000, the westend development, and AIP funds towards that project. She described and reviewed the process.

Sharon added that the \$700,000 has a drop dead date of spending the money and getting reimbursed by June of 2015. The issue of the relocation and acquisition process, is that they will not reimburse you until the deeds are signed and in hand. She pointed out that the funding is not reimbursed as you are moving through a project, so the Airport has to have that pot of money available and being spent to acquire the local money. The Airport must also meet deadlines and adjust the CIP projects. The Airport has needs and the way the business strategies are coming together and available to us, we've been asking FAA for flexibility in adjusting the CIP.

Sharon then shared with the Board a letter that she had drafted asking Mary Vargas (FAA) to meet, discuss needs and constraints that the Airport currently has in regards to the CIP. She's bringing the letter forward to the Board so that they are comfortable with her discussing the moving and adjustments in CIP project schedules.

She added that she wanted to be sure she is messaging what the Board would like messaged. She added the main CIP project for her is the \$700,000 dollars, along with letters of support by the officials. She also reminded the Board that the projects are consistent with the Master Plan and they are only changing the staging of the projects.

She then added that if there was a board member that would like to go with her to meet with FAA to please let her know. This effort may result in some outcomes or direction from FAA and what we can or can't do. Sharon explained her intent was to come back to the Board at the next meeting with an update, as well as establishing the current CIP information that will be put into the databases in regards to FAA/WSDOT programming.

Janean Parker added that if the idea is to purchase and/or condemn land within less than 12 months, she wanted to add that the legal process is longer than that timeframe for condemnation proceedings. Group discussion regarding the acquisition process and worst case scenarios. Chet Makinster asked if there had been previous conversations regarding a change in schedule with Mary Vargas. Sharon replied that she had discussed this with Mary Vargas in the past, that Mary stated the final decision would be higher than Mary's level at FAA and that's what the letter formally requests. Sharon added that she also responded to Mary verbally letting her know that we would like to sit down and figure out what the adjustments would look like and assure these adjustments don't jeopardize current funding levels. Chet Makinster motioned and Norm Krehbiel seconded the motion to have Sharon Zimmerman work with FAA to adjust the CIP project schedule. Norm Krehbiel added that it would also include the Chair. (Darold Dietz)

David Fatcher then asked for clarification regarding what "board direction" meant. Sharon replied that she feels the outcome of these meetings will give her a better idea and determine that for the Board. The thought is that we take the current identified projects and shift them to where the Airport can deliver them.

Janean added that the project would need to move to 2016 to allow the lawyer enough time to address property acquisition. Sharon replied that she had spoken to FAA and they suggested to separate out the acquisition into phases. One phase

would include the properties that are in the runway protection zone (RPZ) area, and the second phase could be to come back and do an acquisition phase. Norm Krehbiel asked if FAA had a timeline, for example an annual basis. Sharon replied yes and that she believes they will support whatever it is proposed. Norm Krehbiel asked Janean if the Board was to begin a condemnation process, would it be by this board or the City of Kelso. Janean said there are some good purchases and agreeable agreements in lieu of condemnation. In the event there was litigation due to condemnation, it would become complicated if you changed ownership in the middle of it. So it would be a good idea to delay that and potentially put something else in place during the transfer of ownership.

Darold Dietz then called for a final vote. All were in favor of having Sharon Zimmerman work with FAA to adjust the CIP project schedule.

f. Cowlitz County Rural Development Funding Extension – Request for Approval.

No Board discussion regarding the Agenda Item Summary Sheet that staff provided regarding the Cowlitz County Rural Development Funding Extension. All Board members had previously read the summary sheet provided within their packets. David Futcher made a motion to have the Airport Manager coordinate with the City of Kelso to extend the Cowlitz County Rural Development Grant funds to June 30, 2016. Chet Makinster seconded the motion. All were in favor.

Sharon Zimmerman than added that she appreciated the City of Kelso staff that obtained those grants for the Airport, and that the Airport can now take advantage in delivery of projects because of the funding.

g. Legal Services Letter – Request for Approval.

David Futcher made a motion to approve the proposed legal letter that waives potential conflict for Legal Representation of the Southwest Washington Regional Airport Board. Chet Makinster seconded the motion. Darold Dietz interjected asking the group if there was any discussion. Janean Parker shared that she prepared this letter for extension of services if that is the desire of the board. If yes, the Board would be executing these two documents, if that is the way the board chooses to go. Group discussion regarding if another motion was needed. David Futcher replied that the one motion was enough.

Sharon Zimmerman added that in her review of what Janean provided, she believes that there is also a follow up with each of the entities. Janean replied yes, and that she will get separate approval from each entity, and follow up if there is any questions she can answer or if any additional information is needed.

Janean added that the letter states that you are waiving potential conflict and that she will bring any potential conflict to your attention should that arise. She added that she believes she can fully represent both entities without conflict. Norm Krehbiel asked if she was asking for the Board members to take the letter to their entity. Janean replied no, that it was her intent after today's meeting to submit the exact same letter to each entity on behalf of herself.

Darold Dietz asked if there was further discussion. No further discussion. All were in favor of approving the conflict waiver and extension of services letter. Darold added that if anyone in the audience wanted to speak and provide comment they could. No audience comment at that time.

- h. Airport Presentation requested by the Port of Longview – August 26, 2014. Update to Board.

Sharon Zimmerman explained that the Airport presentation was scheduled for next Tuesday (August 26, 2014), that she was asked to present information to the Port regarding the Airport, revenues and expenditures, and community relations and services. Scot Walstra with EDC (Audience member), asked Sharon for clarification regarding the date of the presentation. Sharon replied with the date August 26, 2014 and added that it was her understanding that they would start with a regularly schedule Port business meeting, than afterwards they would go into a workshop session for the Airport presentation. Chet Makinster asked if she would like a show of support. Sharon replied yes.

- i. SWRA Website: Launched in July. Update to Board.

Sharon Zimmerman shared with the Board that the Airport's website launched in July. That the website contains useful information about the Airport's history, general services, community events, meetings, and reports. She added that the Airport has received some positive feedback and wanted to make sure she shared this update with the Board.

- j. SWRA supports Community and Airport events:

Group discussion regarding the various community and airport events. Sharon Zimmerman pointed out that many of these event activities have been on Airport staff's own time (volunteering for the Airport). She added that the Airport really enjoys working with the Community.

*National Night Out:* SWRA worked with the Kelso Police Department by supporting the community during the Annual National Night Out event on August 5, 2014. Summary sheet: Staff set up a booth to support the Kelso PD and

Community during their Annual National Night Out event at Tam O'Shanter Park. SWRA, Experimental Aircraft Association (Pilots), and Civil Air Patrol staff and information were made available to the public. As a result, SWRA staff were able to share information about the Airport and engage with Parents of potential new Young Eagle members. EAA donated Free flights at the NNO event and as a result is connecting with over 20 parents/youths. EAA plans to organize a follow up event.

Sharon added that it was a wonderful event. Darold Dietz asked where it was held. Karyn Anderson replied in Tam O'Shanter Park. Additionally, the EAA group worked closely with the Airport during that event. Raffling off flights for kids. They will be conducting a Young Eagles event and plan to invite each of the kids that signed up (with parental consent) in the near future.

*Segmented Circle Painting:* The Civil Air Patrol coordinated with SWRA staff to paint the segmented circle at the Airport. Dan Johnson helped to coordinate that event, Dan added that it looked great and was very visible at night. Karyn added that photos are available on the SWRA website.

*SWRA Emergency Planning:* Recently, there has been training at the Airport with Cowlitz 2 Fire and Rescue EMS and Life Flight Services personnel. The event helped emergency services and supported local EMS training. The training event/drill was also covered by the Longview Daily News. Karyn added that she and Dan Johnson were in attendance that evening, had coordinated with Cowlitz 2 Fire and Rescue personnel, that she and Dan had taken a lot of photos, and had forwarded those photos on to the Cowlitz 2 personnel.

Additionally, she added that she had heard they are putting together some additional training and using those photos in their training program.

*October 1, 2014 Emergency "hands-on" training:* Karyn then went on to explain some of the other community events that are scheduled. The she'd been working with Cowlitz 2 Fire and Rescue and the President of EAA, George Ford to develop a hands-on training event to take place in October. This would provide fire fighters with some hands on training in the event of an aircraft accident, when there is a fire, work with the pilots to locate the fuel line shut off, and how to actually combat a fire on an airplane.

*Airport Tenant "Thank you" Letter:* Lastly a letter was sent out by the Airport to the Airport Tenants, thanking them for their continued patronage and to announce some of the maintenance activities that have recently occurred at the Airport.

Other Business Item: Sharon shared with the Board that a garage w/loft is currently being constructed, and was permitted by Cowlitz County. In the County's current comprehensive plan they have not adopted review of buildings in air spaces. Sharon has been working with the property owner and their contractor. They have been responsive and have provided information to the FAA to review for encroachment into the Airspace.

The FAA will determine if they encroach the airspace, and if they will approve the building or require demolition of the building. Sharon has set up a meeting with the Cowlitz County planning staff to go over there comprehensive plan. The City of Kelso will update their comprehensive plan and adopt the Airport Master Plan as it stands.

Sharon shared that she has observed another site that has had another building being built on it. She's going to propose a meeting to discuss that building activity. She'd like to get something in place. She explained to the Board that they might hear about this, that she is working on the issue and has a good plan in place. Group discussion regarding the understanding of building within 10,000 feet of the Airfield and FAA regulations.

- k. Action Items: Darold Dietz asked Karyn Anderson to read back the meeting Action Items. Karyn read the following action items back to the Board members.
  - a. David Futcher asked that our meeting minutes reflect an increase from \$60,000 to \$65,000. And additionally massage the text to reflect the removal of the \$20,000 miscellaneous budget item column.
  - b. Approval for Sharon Zimmerman to meet with the City and Port entities to discuss the financial review for the potential transfer of ownership, and that additional estimates and costs are to be brought back to the next meeting.
  - c. Approval for Sharon to meet with FAA to review her request regarding adjusting the Airport CIP projects consistent with Board direction.
  - d. Approval for the Airport Manager to coordinate with the City of Kelso to amend and extend the Cowlitz County Rural Grant funding.
  - e. Approval of the conflict waiver for legal representation and the extension of services letter for Janean Parker. Approval for Janean to approach and obtain separate approval from each entity.

1. Public Comment and Other Business:

- a. Scot Walstra with EDC (audience member) shared his history and knowledge regarding airport zoning designation. He stated that at the Airport he managed there was an airport zoning designation around the area and that the county always submitted building plans to the Airport.

Scot added that he would go out, meet with them and look at the site plans. There were also other things that they would look at like lighting, and other configurations that could be confusing as a land mark. The county should be letting the Airport know what plans have been submitted. Norm Krehbiel added that he was surprised that they don't notify the Airport. Sharon added that she's working to improve the coordination.

**m. Meeting Adjourn and Next Meeting Date**

Meeting adjourned at 4:15 p.m.

Next meeting date is on September 18, 2014. Norm Krehbiel notified the group that he will be unable to attend the September Board meeting.

Sign in Sheet/Attendees: Jerry Sorrell (Pilot/Tenant/Volunteer), Warren Longden (Pilot/Tenant/Volunteer), Scot Walstra (Economic Development Council), Brian Butterfield (City of Kelso) and Dan Johnson (Airport Maintenance).

Minutes respectfully submitted by: Karyn Anderson