

Regional Airport Board

Meeting Minutes

3:00 pm

FBO Office – Kelso/Aviation

May 28, 2015

Call to order

Chair Darold Dietz called to order the regular meeting of the Southwest Washington Regional Airport Operating Board at 3:04 pm on May 28, 2015 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. Darold Dietz took roll call, at this time, the following were present: Darold Dietz (DD), David Futcher (DF), Chet Makinster (CM), Dennis Weber (DW), Norm Krehbiel (NK), Paul Roesch (PR), Sharon Zimmerman (SZ), Rosemary Siipola (RS), Patty Murray (PM) and Karyn Anderson (KA).

Approval of minutes from last meeting

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

Treasurer's Report

Patty Murray (City of Kelso, Assistant Finance Director/HR) attended the Board meeting to provide the Airport Treasurer's Report. Patty Murray provided the Treasurer's Report update for the Operating Board. As of April 2015 the revenues are \$300,263 dollars and this includes the \$260,000 dollar subsidy (Board member entity contributions). Patty also shared that the expenses were approximately \$89,502 dollars, that there were no capital expenses and unrestricted cash was approximately \$223,486 dollars. Patty also shared that the City of Kelso had received all subsidies (Board member entity contributions). Patty also offered to answer any questions at this time.

All acknowledged the Airport Treasurer's Report without any questions or changes.

Agenda Items

a. General Claims– (attached in the packet)

Rosemary Siipola reviewed the General Claims spreadsheet with Board members. Rosemary pointed out the total Airport general claims was \$48,614.51 in expenses plus additionally the Airport received an invoice from Reid Middleton for the Stopway Project in the amount of \$50,411.24, and an invoice for the stormwater assessment fee, for a grand total of \$99,025.75 in expenditures.

Don Barclay of Reid Middleton described their invoice for the Stopway project, work and that it included permitting work, material, and permits. Sharon added that they were also able to submit the JARPA as well as 5 major reports that were submitted as part of the project grant application process. Don added that the next phase will move the project from 30% to 50% documents over the next month or two.

Sharon provided an update that within the last few days two invoices had come into the airport that needed processed with signature, including the diking district and the other was a salary invoice that would require the Chair's signature. Sharon asked Patty with the City of Kelso how best to obtain the signature. Patty asked that the Chair stop by City Hall to sign. Darold Dietz said that was no problem that he has done that before and could stop by City Hall to sign.

David Futcher motioned to approve the general claims. Dennis Weber seconded that motion. Darold Dietz asked if there was any further discussion. No further discussion. All were in favor of approving the General Claims as presented without changes.

b. Southwest Washington Regional Airport (SWRA) Audit Update.

Sharon shared with the Board members that she, Darold Dietz, David Futcher, Brian Butterfield and Steve Taylor met recently with the State Auditors that conducted the Airport's Accountability Audit. She explained that the meeting was an "exit interview" that was brief (approximately 15 minutes), that the State Auditor's had minimal comments, said that everything looked in order, and that it was a "clean" audit.

Sharon asked if anyone that attended would like to add anything to this update. David Futcher and Darold Dietz both replied that it was good. Darold Dietz asked what the cost was for the audit. Sharon Zimmerman replied that the actual total bill for the Audit was \$6,700 dollars. She added that the Airport has not yet received all of the bills.

Darold Dietz asked if there were any questions. No further questions.

c. Budget Workshop Update.

Darold Dietz shared that the Budget Workshop had been rescheduled due to lack of a quorum. Sharon explained that one of the main reasons for scheduling a Budget workshop with the Board is because of the Airport's Underground Storage Tank cathodic protection project that needs to be completed. She added that the project is anticipated to be approximately \$25,000 and that this is something that Department of Ecology (DOE) is aware of and tracking. Sharon explained that she recently spoke with the Department of Ecology and they would like to know the project schedule. Sharon believes DOE is expecting the project to be completed no later than the end of the summer. Dennis Weber asked how long the cathodic protection has been a problem for the Airport. Sharon replied less than 3 years, because every 3 years the Airport completes the required cathodic protection inspection and compliance testing. She added that every two months Dan has been tracking the tank monitoring and there really hadn't been a change, now the readings are a little bit high but nothing outside of the realm for safe operations. Over time though, Sharon said that the metal will continue to deteriorate.

Sharon suggested that the Budget workshop be rescheduled within the next two weeks and would like to be sure it has occurred prior to the next Board meeting. Sharon would like to get a contractor in to do the project work as soon as possible. She asked the Board members if June 11, 2015 at 3:00 p.m. at the FBO would work with everyone's schedule. She also would like to add the 2015 amendment discussion as well as a draft discussion for the 2016 Budget because the 2016 budget will need to be adopted by August 1, 2015. All Board members agreed that the June 11th, proposed date, time and location would work given their schedules. Karyn said that she would send out a meeting reminder the week prior, offered to also make phone calls, and ask that if they receive the meeting reminder and something has since come up, to please reply back to let us know.

Sharon suggested to the Board members that if they had an alternate for the workshop to let her know. Scot Walstra (audience member) asked if the workshop would be at City Hall. Sharon replied that the plan is to have the Budget workshop at the regular meeting location (the Fixed Base Operator meeting room). Karyn will follow up with the FBO regarding meeting location availability. All Board members agreed on the date and time (June 11, 2015 at 3pm).

d. WSDOT Grants Update and Resolutions

Sharon explained that the FAA grants will be submitted to FAA next week. In addition, WSDOT Aviation grant applications will be submitted by the June 5, 2015 deadline. She shared that Jerry Sorrel volunteered his time to assist with completing the WSDOT Aviation grant package. Sharon added that a requirement of the WSDOT Aviation grant is to provide a resolution from the requesting agency.

Sharon highlighted that there was one change to the project information that was provided at the last Board meeting and that they had completed a motion for that project information (compliance for the Board Interlocal agreement). She explained that the dollar amount of one of the projects has since changed during FAA's initial review process. FAA recommended that the overall Talley Way Fencing project estimate be increased \$3,000 dollars. (Karyn pointed the Board members to the back of their Board meeting packets to the Project Information Summary sheets that she developed for reference.) Paul Roesch added that since the Board had approved the previous project dollar amount at the last board meeting, they would need to motion to amend the previous total fencing project amount to the new project dollar amount of \$102,766 dollars.

Chet Makinster moved to amend the previous total fencing project amount to \$102,766 dollars. David Futcher seconded the motion. Darold Dietz asked if there was any further discussion. No further discussion. All were in favor of approving.

Sharon then explained to the Board members that there were project resolutions (15-002, 15-003, and 15-004) guaranteeing the commitment of the 5% match. Sharon asked if the resolutions had been provided. Karyn replied yes, that she had provided copies within the Board packets and that she had the original set to be routed for signature once approved.

David Futcher motioned to approve resolutions 15-002, 15-003, and 15-004. Chet Makinster seconded the motion. Darold Dietz asked if there were any questions. All were in favor of approving the resolutions.

Norm Krehbiel then asked if resolution 15-003 was accurate. Sharon replied yes, that she had rounded the WSDOT 5% dollar figure, and that she doesn't foresee that as an issue. She further added that if it were to become an issue, she committed to bringing it back to the Board.

Dennis Weber then asked what the construction schedule and timeline would be for these projects. Sharon replied that all three projects were design and permitting for this year. However construction activity would not be until next

season. Dennis asked if the hangars were still occupied. Sharon replied yes and that she plans to meet with the tenants. Group discussion about the tenant's awareness of this project since approximately the 2002 timeframe and how the Sullivan Hangar project would not come as a surprise to the tenants. Sharon shared that there was a letter that went from the Board/City Council to the tenants in 2002. Chet Makinster asked if they had been notified recently. Karyn replied yes, that the tenants were recently mailed a letter and a project map exhibit and the Board was provided a copy of both in last month's packets.

Darold Dietz asked how many tenants this involved. Karyn replied to the Chair's question regarding the current number of tenants occupying the Sullivan Hangars. She shared that there were 19 hangars of which 15 were currently occupied. Sharon explained that she is continuing to rent the Sullivan hangars and is stressing that they will not be here in a year.

Dennis Weber than asked Sharon what the benefits were for completing the Beacon tower project as a priority for the Airport. Sharon replied that the Beacon tower is the original tower, structurally in order to provide maintenance it has become obsolete, and FAA has identified the tower as a priority. Group discussion regarding last year's events at the Airport to maintain the beacon and the tower. Dennis Weber thanked Sharon and said he just wanted to be sure it was on the record. Sharon added that it was ultimately a result of FAA's inspection of the Airport and when the FAA inspector was on site they thought it needed to become a priority.

Dwight Irby (audience member) asked if this project work would fall under the federal act. David Futcher said under the "prevailing wage act". Sharon replied yes it would.

e. Airport Stormwater Fee Increase

Sharon provided an update to the Board regarding the recent increase in the Airport's stormwater fee. She wanted to let them know that the Airport has about 40 properties and that some of these properties are developed and some are not developed. She shared discussion regarding how to consolidate those properties and that the fee assessed on those properties is on an annual basis. Since that timeframe, Sharon explained that she has met with the city and has learned that they have a new ordinance that went into effect May 1, 2015 and that new rates would be applied. She said that the Airport recently received its first billing based off of this new ordinance and it was an increase of approximately 121%.

The Airport's original stormwater fee was \$8,500 dollars a year to \$19,000 dollars a year. She explained that many of the parcels that weren't being charged a fee

went from zero dollars to a \$9 dollar fee a month. Sharon added that staff has spoken to the Cowlitz County Assessor's office regarding a lot line consolidation and that in theory this could reduce the assessed fee to \$6,000 dollars a year. She also added that she is aware of other entities that have gotten waivers for their Airports because it is considered a public transportation facility and considered similar to roadways that aren't assessed a stormwater fee.

Sharon recommended to the Board that they do a lot line consolidation and exploring the potential of seeking a waiver. Sharon explained that she is processing the stormwater fee billing (at the new rate) and that this will be another item at the budget workshop in order to help the Board determine what they would like to do.

Rosemary added that the bill has increased. Steve Taylor asked if the increase was because they weren't charging a fee before, but with the redefinition and language within the ordinance they are charging a fee now. Sharon replied yes, correct.

David Futcher asked what else is driving this amount, it can't be just the \$9 per parcel. Sharon said basically it is how the ordinance is defined. Dennis Weber asked Sharon what she was recommending. Sharon replied a lot line consolidation. Dennis asked if she was recommending that they then ask for a waiver. She replied yes, and perhaps there will need to be some research done by the Airport Board's attorney, Paul Roesch.

Sharon provided an example, she explained to the Board that WSDOT had a Park and Ride facility that was located near the Airport (in the Coweeman area) and understands that WSDOT is not being charged a stormwater fee for this parcel. She further added that if it is the same scenario and WSDOT has been exempted, than perhaps that information could help with the Airport discussions. Steve Taylor said that it is probably because they are on right-of-way. Sharon replied no, that it is an actual parcel not right-of-way. Group discussion regarding looking into lot line consolidation and a waiver, regardless of the Airport's ownership.

Dennis Weber moved to concur with the Manager's recommendation of the lot line consolidation and to direct the Manger to request a waiver from the City of Kelso. David Futcher seconded the motion. Darold Dietz asked if there were any further questions. No further questions. All were in favor.

f. City of Kelso Proposed Use Agreement

Sharon shared with the Board that the Airport had property located off of Talley Way and that the City of Kelso has been using the parcel as a dump and/or staging site since 2011. She explained that she spoke to Steve Taylor (City of Kelso) about the use of this Airport parcel, in recognition of grant assurance requirements with the FAA, for Aviation purposes only. She added that, at a minimum, if the Airport parcel is being used for non-aviation use, the Airport would need to be compensated at fair market value for the property and for the use of the property according to FAA.

Sharon added that she had started working on this with Janean Parker (past Airport attorney) last year and she has reinitiated the discussion with Paul Roesch (current Airport attorney). Sharon would like the Airport to move forward on negotiations with the City of Kelso and formalizing a use agreement. Paul Roesch added that he has been reviewing the agreement and that it seems complete, that discussion to also include back rent that could be past due.

David Futcher asked if it was market value and 10%. Sharon replied that market value for that parcel in the area being used is over \$300,000. David asked if the 10% is the rule or is the market value the rule. Sharon replied 10% of the market value would be what would need to be charged annually. Sharon added that it is based off of the Cowlitz County tax assessor's value of the property and for her to say that it was a "rule" she would have had to see it in writing. She explained that she hasn't seen it in writing and has only received this guidance verbally from the FAA. Group discussion.

Darold Dietz asked if Sharon needed a motion on this agenda item. Paul Roesch replied that at this point it is for Board information, to assist with rate discussions with the City of Kelso, and there will be more information provided to the Board for action at the next meeting. Dennis Weber asked if the Board would hear back next month. Sharon replied yes. Paul added that FAA grant assurances is the real driver on this.

No motion necessary for this item. Sharon to report back to the Board at the next meeting regarding the Property Use "mutual" agreement with the City of Kelso.

g. Discussion of Contract Clauses: City of Kelso Finance Agreement and Maintenance Agreement

Sharon shared with the Board that the Board has two contracts with the City of Kelso. (attached within their packets) The first one is a finance contract and the second a maintenance contract. Both have clauses identified within the two contracts. The Finance contract has a 180-day clause within the contract and the

Maintenance contract has a 90-day clause if they want to change conditions of these contracts. The Finance contract term ends the last day of December which would mean the Board would need to provide notice to the City of Kelso as of July 1, 2015 if they wanted to make changes to the current administrative services. She added that she is bringing it forward to the Board because of the clauses within the contracts and that it was her intent to obtain action from the Board today. However, without the Board direction from the budget workshop (rescheduled), she is rethinking the idea of obtaining board action today and thinks it is up to the Board to decide how best to move forward. Group discussion regarding the two contracts and the Airport ownership transfer.

David Futcher said that he isn't suggesting to terminate the two contracts but doesn't suggest the Board do nothing. Dennis Weber added that perhaps the Board extends what they have in place on a month to month basis and that Sharon doesn't spend a lot of time on this. Steve Taylor said that there was a reason that both contracts are tied together and went to the end of the year. The overhead that they are charging for administration of the contract personnel is included in the \$30,000 fee for administration. The maintenance portion of the agreement that is charged is just for salary and benefits for Dan Johnson's position. Group discussion.

Sharon pointed out that with the Finance contract one of the services provided is in regards to obtaining tenant revenue information for the tenants at the Airport and that they are doing a lot of work for the Airport Board, and she wanted to make sure that the Board was aware of these services. Steve Taylor added that the bigger issue is if the Board wants to terminate the services with the City of Kelso in the event they are no longer a Board. Sharon said that the Operating Board Interlocal agreement takes them through 2017 and automatically roles over annually unless the Board decides it is no longer going to be an Operating Board.

Steve reiterates that with these two contracts if they give notice now than the whether or not to continue services. Sharon replied that the current contract assumes that you want the City of Kelso to be on Board on an annual basis and because of the unknown, how that moves forward, you can always modify.

David Futcher offered a motion to negotiate with the City of Kelso a mechanism by which the Board can terminate a contract in the event they no longer are operating as the Operating Board. Chet Makinster agreed and seconded the motion. Sharon asked for clarity. Group discussion regarding the language in the motion.

Paul Roesch recommended that the Board table the motion on the floor for the budget workshop and the next operating board meeting. Dennis Weber motioned

to table the motion on the floor. Norm Krehbiel seconded the motion. Darold Dietz asked for the Board to vote. Dennis Weber, Darold Dietz and Norm Krehbiel voted yes, to table the motion. Chet Makinster and David Futcher voted no.

Paul Roesch explained to the Board that the basic thought is to provide options, not to terminate relationships, and some of this could probably be done before the next Board meeting(s). Further group discussion regarding the current agreements and the upcoming deadline of the 180-day clause (trigger). Group discussion regarding the option to approve the motion to table the original motion or deny the motion to table. Darold Dietz called for a final vote. Dennis Weber, Darold Dietz and Norm Krehbiel voted to table the motion until the June budget workshop and board meeting. Chet Makinster and David Futcher voted no, to deny the motion to table. The motion was tabled (by a 3-2 vote) until the June budget workshop and board meeting.

- h. Other Business: Hangar Occupancy, Emergency Services meeting/inspection, Airport Underground Storage Tanks retest, Airport facility updates, Airport ownership transition update, and Kelso to Martins Bluff improvement project.

Hangar Occupancy Report

Darold Dietz asked Karyn Anderson to provide an update.

Karyn shared with the Board that they had leased another hangar and that the new tenant would be moving in the first week of June. She pointed the Board members to the Hangar occupancy information they were provided in their packets for May which shows that the Airport is at an 80% occupancy rate (total of 56 hangars leased). Chet Makinster asked if this was typical this time of year. Karyn replied yes that they do see an increase in flying this time of year due to the nice weather.

Airport Facility: Safety and Maintenance, Development.

Sharon provided an update in regards to the Airport's safety and maintenance program and described Dan's mowing and herbiciding activities. She shared that there is also wildlife on the Airport (such as coyotes), and that Dan has been monitoring this wildlife activity in an effort to minimize that potential of frequenting the airport.

Darold asked about Development. Sharon said that would be in regards to the Clary request to move their fuel tank and there is nothing new to report at this time. Additionally, we are going to be writing a draft for a proposal for development of a hangar in Row E.

Airport ownership transition update. (update opportunity)

Darold Dietz said that Geir Eilif Kalhagen (CEO of the Port of Longview) and Steve Taylor (City Manager of the City of Kelso) met yesterday to discuss the Airport ownership transition and that they were waiting for the State Auditor's comments from their Accountability Audit as a next step.

Kelso to Martin's Bluff Improvement Project. (update opportunity)

Sharon provided an update regarding the modifications to the existing rail system. She shared that FAA is wanting to better understand what the potential impacts are to the Airport and how those are possibly being mitigated. She explained that she met with FAA recently to discuss projects in general at the Airport. This project came up as a priority and encouraged Sharon to outreach to Senator Cantwell's office to see about raising the project's awareness. FAA believes that the Airport has done its due diligence, stewardship, and have appreciated the Airport's efforts.

FAA also wanted to discuss during this meeting the Stopway project and wanted to better understand that no federal dollars would be funding the activity. Sharon reassured FAA that this project is being funded locally. She added that after an hour meeting with FAA they agreed that this stopway project is what the Airport should be moving forward with and that they support this project. Don Barclay added that it was a very positive meeting and he agreed with Sharon's explanation regarding the outcome.

Dennis Weber asked about the BNSF railroad project impacts. He asked if the issues were that the stormwater plan would negatively impact the Airport and where the fencing should be located. Sharon replied yes and explained some of the BNSF project impacts. She said that they are concerned about where the bridge is in relationship to the Airport's airspace, the fencing and where it might need to be located, how the current easements are being addressed, and if there is a need to acquire property.

Dennis Weber asked Sharon when the railroad widens, and the railroad footprint changes, will that necessitate changing the Airport's footprint. Sharon referred to the Master plan alignment, standards, and separation between the runway and taxiway proximity. She added that FAA would like to see more of a separation which was also identified as part of the Airport's Master plan and in regards to the railroad and the access road footprint, the runway extension would improve the proximity of the runway protection zone to the railroad.

Paul Roesch said that it was his understanding that the Right of Way property line doesn't change and the discussion is really regarding the impacts, for example on drainage. Group discussion regarding meeting with the decision makers.

Dennis Weber asked about the timeline. Sharon replied that she is waiting for a reply back from the Senator's office. She added that the permit for the levy hasn't been addressed at this point with the diking district. As of today, rail has not yet responded to the comments. Sharon reminded the group that the Airport provided comments back in September 2014. Sharon explained to the Board that it is her plan to continue to coordinate with the County on the Diking District. Dennis Weber asked if Sharon needed anything from the Board. Sharon said that at this point, she will continue to wait to hear back from the Senator's office and then provide the Board with an update.

- i. Action Items: Karyn Anderson was asked to read back the meeting action items to the Board members. Karyn read the following back to the Board members:
 1. The Board has approved the meeting minutes.
 2. The Board has approved the general claims.
 3. The Board has agreed to reschedule the Airport Board's Budget workshop to June 11, 2015.
 4. The Board has approved to amend the total fencing project amount to \$102,766 dollars.
 5. The Board has approved the each project's resolution (grant match funds availability guarantee): 15-002, 15-003, and 15-004.
 6. The Board has approved to move forward with a lot line consolidation and to request a waiver from the City of Kelso.
 7. The Airport manager will report back to the Board regarding the Property use "mutual" agreement.
 8. The Board has agreed to table the motion regarding the maintenance and finance contract discussions to the June budget workshop and June board meeting.

j. Public Comment and Other General Business:

a. Public Comment:

Scot Walstra

Scot Walstra asked if the BNSF railroad track improvement project continues, will that cause a loss in FAA funding to any of the Airport's projects, for example obstacle clearance. Sharon replied that was a great question. Scot said that he thinks that his is more of a comment, that this issue has been coming up for about a year, and his concern is that if the railroad continues to build out for what they have permits for, will that stop FAA funding and the ability to complete what needs to be done at this Airport.

Don Barclay said an update to the Masterplan would be a good starting point. Dennis Weber added that it isn't a long term project (OFA). Don Barclay said that the OFA is already outside of that area. Scot reiterated that he is concerned if the Airport continues to not resolve what is considered to be a conflict of what the FAA considers to be safe operating conditions, that this would stop the Airport's ability to access funding.

Sharon replied that FAA has said that the Airport has been very responsive, and has been diligent in trying to minimize impacts. Jerry Sorrel (audience member) added that the Airport Master plan has runway instrument approaches and the long-range plan has instrument approaches to 12 and 30, and railroad embankment might have an impact on it.

Dwight Irby

Dwight Irby (Pilot/EAA/Tenant) said that he wanted to let the group know that he was very pleased to see everything moving forward at the airport in regards to progress. He added that Dan was doing a great job in maintenance and upkeep at the Airport.

b. Other Business:

Sharon Zimmerman

Sharon wanted to share with the Board that she and Karyn would be meeting Friday with Life Flight Services at the Airport.

Rosemary Siipola

Reminded the Board to mark their calendars for August 11, 2015 for the Chamber of Commerce afterhours event to be held at 5:30 p.m. Her plan is to work with the EAA to develop a plan for a potential mini air show.

Sharon/Karyn

Sharon pointed out that within the Board packets they each received a copy of the thank you letter from the Cowlitz Chaplaincy. Karyn reminded the Board that George Ford (Experimental Aircraft Pilot) donated a 30 minute scenic flight which is valued at \$150 dollars. She shared that she helped coordinate the donation, but wanted to point out that the actual flight will be provided by the President of the Experimental Aircraft Association, George Ford. Karyn shared that she received a nice “thank you” from Cowlitz Chaplaincy, who has been serving law enforcement and fire-rescue since 1983, that they were very appreciative of the donation, and that they were very successful in raising donations at their event this year.

Sharon then shared that staff is looking to host a BBQ for the Airport’s tenants, for Tenant Appreciation Day which is to be held on July 10, 2015 from 12-2pm. The BBQ will be held at the SWRA Office and the Board members are invited.

Office Hours (e.g. for the Holidays, etc.)

The Airport is extending their hours. Currently the office is open Tuesday and Thursday from 10-2pm. Now that it is summer time it is Sharon’s plan to increase the advertised hours for the SWRA office. The hours will be Tuesday and Thursday (8-12pm) and Wednesday (12-4pm). Darold Dietz asked if this information had been posted. Karyn replied not yet. That the plan was to bring the information to the Board and then post the information. Chet Makinster asked if most of the interaction happens at the FBO. Sharon replied that she believes that the walk-ins occur more here at the FBO, however the Airport office does get tenant traffic. Norm asked when this would go into effect. Karyn replied June 1st. (next week)

k. Meeting Adjourn and Next Meeting Date

Darold Dietz adjourned the Meeting. Meeting adjourned at 4:25 p.m. Next Board meeting is June 18, 2015 and the budget workshop is to be held on June 11, 2015. Both meetings will have a 3pm start time.

Sign in Sheet/Attendees: Bill Smith (Pilot/Tenant), Scot Walstra (EDC), Jerry Sorrell (EAA1111), Don Barclay (Consultant), Patty Murray (City of Kelso/Treasurer’s report), Dan Johnson (City of Kelso/SWRA), Steve Taylor (City of Kelso), Dwight Irby (Pilot/Tenant), and Jeff Wilson (business owner).

Minutes respectfully submitted by: Karyn Anderson