

Regional Airport Board

Meeting Minutes

3:00 pm

FBO Office – Kelso/Aviation

April 21, 2016

Call to order

David Futcher (Board Chair) called to order the regular meeting of the Southwest Washington Regional Airport Operating Board at 3:00 pm on April 21, 2016 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. The following were present: David Futcher, Dennis Weber, Jeff Wilson, Chet Makinster, Steve Taylor, Paul Roesch, Brian Butterfield, and Karyn Anderson. Joseph Phillips (nominee) for the Airport Board “at large position” also attended.

Approval of meeting minutes

The Operating Board approved the March 2016 Board meeting minutes. *Jeff Wilson motioned to approve the minutes and Chet Makinster seconded the motion. All were in favor of approving the meeting minutes as presented with no corrections.*

Treasurer’s Report

Brian Butterfield (City of Kelso Finance) shared the treasurer’s report handout of the budgeted revenue and expenditures for March 2016. Brian pointed out that the Board members had a copy of the March Treasurer’s Report included within their meeting packet. He explained the Revenues and Expenses Report, that total revenues were currently \$352,380, and expenditures were \$133,418. Brian added that \$304,000 of the revenue amount is board member entity contributions, and approximately \$71,000 of the expenditures amount is from Capital projects which include the Fence, Beacon and Sullivan Demolition projects. Additionally, expenditures have not been reimbursed. At the end of March, cash remaining was \$425,353 including the \$150,000 loan from the City of Kelso and the \$304,000 from the board member entities. David Futcher asked the timeframe on the reimbursement from the Capital Expenditures. Brian replied that he had not seen the reimbursement request yet, but that he knows they are being processed. Steve asked if Brian had seen any FAA reimbursements. Brian replied yes, that all of the expenditures from 2015 have been reimbursed, that the invoices began arriving late November 2015, and have been steady since that timeframe. Chet Makinster asked about the last payment to the City of Longview. Brian replied that he just received the invoice, it was signed by Steve and the Mayor,

will go out in the mail tomorrow. Karyn added that it was one of the general claims for this month.

Agenda Items

a. General Claims– (attached in the packet)

Karyn Anderson explained that she had met with Steve Taylor and David Futcher to review the Airport's bills and general claims. She pointed to the table on page 2 of the Airport Board member's packets. She provided the general claims of \$41,513.11 plus the Reid Middleton invoices received for the Beacon (\$15,306.31), Fencing (\$14,539.40), Sullivan (\$29,787.30) and Stopway (3,044.41) projects, for a grand total of \$104,190.53. Karyn added that in addition to the Airport receiving the last Longview note payable invoice for \$20,069.15, that the Airport also is processing the roof repair invoice in this month's general claims for a total of \$6,307.20, and also the quarterly leasehold taxes for a total of \$4,161.61. David Futcher asked if there was a reimbursement on the insurance that the Airport was to receive. Karyn replied yes, that Washington Cities Insurance Authority (WCIA) sent the Airport a check for sign and roof repairs in the amount of \$2,456.45. Steve asked if it was reflected in the revenue side of the Treasurer's report. Brian replied that it may have come in April. Steve pointed out to the Board members that there are some expenses that have come in that aren't typical, so it shows that expenses have come down.

David Futcher asked if there were any other questions. Chet Makinster moved to approve the general claims. Jeff Wilson seconded the motion. All were in favor of approving the general claims.

b. Public Comment

David Futcher asked if there was any public comment from the audience members. There was no public comment.

c. Talley Way Fencing and Beacon Tower Replacement Project; and Sullivan Hangar Demolition Project – Bid advertisement and Bid opening. Don Barclay shared that Reid Middleton had a good turnout at the Airport for the Talley Way Fencing and Beacon Tower Replacement Project. Don explained that Reid Middleton is working on getting the hangar demolition project moving forward, and has a meeting set up with FAA to get everything wrapped up and out to bid. Group discussion regarding the old Beacon tower that is to be replaced. Steve replied that he has been looking into that, perhaps salvaging it or providing it to a museum, and that there may be some flexibility in how it is disposed of. Steve shared that he has been approached by several interested in the old Beacon.

d. SWRA Resolution 16-001 and 16-002. Steve explained that at the March board meeting Airport Management brought forward two Resolutions that were required by WSDOT Aviation for the 5% grant, and that the City of Kelso also adopted by Resolution. He explained that after they adopted these Resolutions, Airport Management received additional permitting related cost information that was added to the increased project cost estimates (by approximately \$500). He added that the revised resolutions are within the Board packets, and that this is a general housekeeping agenda item. *David Futcher asked if there was a motion to approve the revised Resolution 16-001 and 16-002. Dennis Weber motioned to approve. Jeff Wilson seconded the motion. All were in favor of approving. Group discussion regarding marketing of the Beacon replacement project, historic project structures, and certified local governments.*

e. Fixed Base Operator (FBO) Contract Renewal.

Steve shared with the Board that we have been working with the Fixed Base Operator (FBO). Karyn shared that the draft FBO Addendum Agreement and Exhibit had been provided within the Board packets. Steve explained that the FBO agreement that was adopted in 2011 had a 5-year renewal clause and as long as the FBO was not in default of the agreement, the renewal is authorized. The Airport does have the ability to negotiate the compensation of the overall agreement and that this has been the focus over the past few months.

Steve explained several of the items that were addressed and captured within the addendum. That there is an Exhibit showing the area of parking that has been carved out of the FBO lease agreement in order to accommodate the location of Life Flight Services, which will generate approximately \$10,000 in revenue for the Airport each year. Steve pointed out that there was no request by the FBO for compensation or consideration for this area. That the FBO is at the Airport 7 days a week, and that it takes approximately 1-2 hours daily to complete runway and airport security checks. That currently Public Works staff is completing this work activity and this can be costly. That under the current FBO agreement, there has been \$1,000 compensation provided to the FBO for Saturday and Sunday, weekend, and holiday runway checks and hazing services. Airport Management has negotiated increasing these services to 7 days a week for the runway and airport security safety checks with an additional \$1,000 in compensation to the FBO.

Additionally, there have been negotiations as it relates to the hangar space at the Airport. The original FBO contract (2011) includes the FBO (building #58) at no cost, lease hold tax (\$39.83), hangar #23 (which is a Sullivan Hangar to be demolished), hangar 50/51 which was provided to Denny/FBO who leased to AMA Interiors. During recent negotiations hangar 50/51 has been removed and will become a direct lease agreement between AMA and the City/SWRA. Steve shared that AMA had

three hangars, two leased through the City of Kelso/SWRA, and the third agreement was through the FBO. Steve said that next month Airport Management will bring forward another lease agreement for AMA (hangar 50/51) and that the other two hangars that are currently being leased, will all be in one agreement. Karyn shared that they are an Aviation Business at the Airport, called Aviation Marine and Auto (AMA), that they are currently leasing two hangars with the City/SWRA, and soon to be three, which will be approximately \$900/month (plus leasehold tax).

Group discussion regarding the cost for Building # 58. Steve explained that Building # 58 is provided at no cost, that Hangar 50/51 has been removed, Hangar 23 has been removed (due to the demolition project), and that A-1 and the south ramp area remain in the contract. Dennis Weber asked, for the record, if Paul Roesche could explain how providing a building at no cost isn't considered gifting. Brian Butterfield replied that he can answer that question. He explained that the no-cost-building is billed out to the City of Kelso, the City pays it, and then Denny Wise/FBO receives a 1099 at the end of the year because this is part of the compensation for providing the services.

David Futcher provided a historical recollection of how the agreement was formed in 2011, the fee for services of \$1,000, and the additional compensation for services provided. David added that what is being presented is an agreement that includes fee for services of \$2,000, taking back some of the properties, and that there are extra services being provided as part of the agreement. David said that the Airport is getting more from the FBO with this addendum and that he is happy with the agreement. Steve reminded the Board that the City/SWRA will be getting \$10,000 a year from Life Flight, none of which will go to the FBO, and an additional \$400-\$500/month from AMA, which is approximately net \$14,000-\$15,000 additional annual revenue for the Airport. Steve added that AMA will also assume the maintenance of the hangars. Group discussion.

Steve explained that historically in Section 3 of the agreement there was discussion related to fuel surcharges charged as an excise tax in 2012, that there was a legal determination that the City owns the tanks so tax would not have been valid and the City/SWRA had to refund whatever portion of the tax had been collected between 2011 and 2012. As a result, this section should have been removed from the original agreement in the first FBO addendum however it wasn't, and through research the City/Airport is now capturing the removal of that text in its entirety in this second addendum.

Last, Steve highlighted within the agreement it states that if a longer term lease had not been negotiated within 18 months of signing of the lease addendum, the FBO has the option of leaving the arrangement. The FBO has asked that this remains in the second addendum and to leave it in the agreement. Steve explained that this means

that if at that time, the City/Airport hasn't negotiated a longer term agreement, than Denny Wise has the ability to end the current agreement after 18 months, with 60-day advanced notice. Steve also clarified that he is not in default, they do not have an option to scrap the original agreement. Group discussion regarding the terms, opting out of the agreement, FBO contract for building space, maintenance items and building inspection of the FBO.

Jeff asked Paul Roesch about a termination clause. Paul replied that the conclusion after his review, was that the City/SWRA did not have enough of a leg to stand on to rebut a request of a notice of renewal, and that this was his advice to Sharon and to Steve when asked. Jeff asked when the 5-year agreement sunsets. Steve replied May 30, 2021. Jeff asked Paul what the ramifications would be to the Operating Board if they broke the contract lease agreement. Paul replied that the Airport and City would be exposed to the claim that it wasn't a rightful position to take, and the court would force the right to renew. Jeff asked who measures the services tied into this agreement. Paul replied that it would be the manager. Steve added that there is a provision in the event there is a default, and a procedure that needs to be followed in terms of getting the FBO notice of default. Group discussion regarding the market for flight instruction at the FBO and repairs to the FBO building.

Steve added that there has been a good spirit of cooperation with the FBO. Chet Makinster asked if the Airport had a good working relationship with the FBO. Steve replied yes, and that the FBO is available 7 days a week, provides fuel, and can provide a flight school.

Jeff asked if there is anything within the FBO agreement that provides them with exclusivity to ground school instruction, and dispensing fuel. Paul replied that he didn't feel anything would preclude that agreement for flight instruction and he recalls that fuel is dangerous, needs to be controlled, and doesn't believe there is another opportunity for someone to dispense fuel for commercial. Steve added that there isn't enough information right now to answer the fuel part of the question, would want to follow up with FAA and look at codes. Group discussion regarding fueling at the Airport. Dwight Irby asked if 7 days a week included holidays. Steve replied yes.

David Futcher asked if there was a motion to approve the second addendum to the Fixed Base Operator (FBO) contract. Chet Makinster motioned to approve. Dennis Weber seconded the motion.

Jeff asked if the City was bringing this forward for reporting purposes or ratification purposes. He is confused why the Board would motion to approve this. David Futcher replied that this is the Board's lease agreement. Steve added that this agreement lease along with all other lease agreements, are assigned to the Airport Board. David added that the addendum is here for the Board to approve or

renegotiate. Dennis said that they would redirect the Airport Management if they did not agree with the terms.

Steve explained that Airport Management has completed negotiations at the staff level and are bringing it forward to the Board for consideration. Steve added to answer Jeff's earlier question, that the rights identified within the agreement to the lessee (FBO) are not exclusive to Kelso Aviation and shall be granted to other interested lessees. David Futcher shared that he agrees with the addendum, that he is in favor of how the services are provided. Chet Makinster agreed, that he is pleased with some of the changes that have been captured within the addendum. Dennis Weber said that he looks forward to the day that there are other FBO's and additional business.

David Futcher reminded the Board that there was a motion on the floor to approve the second addendum to the Fixed Base Operator (FBO) contract. David Futcher asked for a vote. Dennis Weber, Chet Makinster, David Futcher all voted yes. Jeff Wilson voted no. Three voted yes, one vote no. The second addendum to the Fixed Base Operator contract has been approved.

f. SWRA Operating Board Position – At large position.

Steve explained that this summary sheet was in regards to the “at large” position that is currently vacant. Steve thanked the City of Longview and Joseph Phillips for the nomination to have Joe sit on the Airport Board. That this position currently has to be an employee in a supervisory level in one of the four entities, and that the Airport Board selects the fifth member. Steve then reminded the Board that the question was raised regarding the concept of a pilot being on the Board. (under #11 Airport Management updates). Paul replied that the difficulty with that proposed concept is that they need to be a part of a public entity, so a private party doesn't meet that requirement. Paul further explained that this would have to be something that the four entities agreed to, that this would be a significant shift in current arrangement, and that it could possibly be done. Jeff explained that two months ago there wasn't a nomination, and asked if the Board has the ability to change the Interlocal agreement to read that in the event there isn't a nomination, the board can appoint. David Futcher said that from what he is hearing from Paul Roesche, they don't have that option. Group discussion regarding citizens appointed to panels, citizen volunteers, and other councils that receive recommendation from various advisory committees. Dennis added that he would like to have a user Technical Advisory Committee (TAC) that provides input to the Board.

Steve reminded the group that this concept was raised at the Board workshop and Board meeting, that a private entity or individual would contribute to the Airport thus gaining a seat on the Board. If the Board chose to amend the Interlocal agreement to allow that individual as a 5th member, the agreement would need to be amended.

Group discussion regarding voting and how that could occur under the current rules. Scot Walstra added that the position should be filled with someone who has knowledge, general demeanor, and can provide technical service to the Board with no vote or investment. Scot thought it would be a neutral, information only, individual. Chet Makinster thinks that the Airport Manager should set up a committee or a TAC.

Group discussion regarding a scenario of appointing a member, that would be a voting contributing member, but not an equal contributing member. Paul added that the Interlocal agreement sunsets in early March 2017, and until then he suggests the Board try working with someone in an advisory capacity and not focus on the financial end at this time. Chet reminded the group that it is their job to set policy, hire a manager, and set budget. Steve added that he had outreached to the City of Longview after he heard from Norm Krehbiel that he would be resigning his position on the Board. The City of Longview nominated Joe Phillips for the at large position and that this item was placed on the agenda for April, as Joe was out of town in March. Jeff asked if it has to be filled. Paul replied that the agreement can be amended, but that it currently reads that the Board shall have a 5-member board and that they do not have the luxury of simply not filling it.

David Fatcher asked if anyone would like to motion to nominate Joe Phillips for the Board's at large position (5th seat on the board). Chet Makinster motioned to nominate Joe Phillips for the Board's at large position. Jeff Wilson seconded the motion. All were in favor.

Dwight Irby (vice president – EAA) added that the EAA has had someone in attendance at every Airport Board meeting and would like to continue to act in an advisory role to the Board and to assist in providing input. Paul Roesche added that he has observed a fair amount of interaction between the city manager and the pilots in an effort to collect information. In particular, he mentioned the coordination with Jerry Sorrell. Steve added that Jerry was intrical in putting together the WSDOT Airport Aid Grant with Karyn. Steve added that he is in regular contact with Jerry Sorrell. Brian Flemming added that he would like to get plugged in and isn't looking at buying a seat on the Board.

g. SWRA Airport Management Updates and Airport Board Updates

SWRA UST Cathodic Repair (\$5,650.37) and Port of Longview Contribution (approximately \$10,000) remaining fund balances: Steve explained that the Cathodic Repair bill had been paid last month and that the Port of Longview voted to allow the Airport to retain their portion of the remaining fund balance. Jeff replied yes. Steve added that the Port of Longview's 25,000 contribution will have a remaining fund

balance of approximately \$10,000 and the Port of Longview voted to allow the Airport to retain that balance in the Airport's Capital funds. Jeff replied yes, they did at their last regularly scheduled meeting, under Board business, so both have been approved. Steve thanked Jeff. Chet Makinster shared that he has it on the City of Longview's agenda.

Airport Management Recruitment Update:

Steve explained that he does not have an Airport Manager lined up for the Airport, that he will need to reconvene the Airport committee, that there is a recruitment posting open that is open until filled, and that there are a few candidates left that have Airport Management experience. He added that there are candidates that have good resumes, interviewed well, but did not have general aviation management experience. Steve ultimately thinks that the Airport needs someone that can work with FAA on the Airport strategic plan, versus a maintenance caretaker approach. Steve is looking to the Board for their input. Chet Makinster asked about the other candidates. Steve replied that they had some aviation background, but didn't have grant or managing grant background. Jeff said that he agrees with Steve. Board direction to continue moving forward in the hiring of an Airport Manager.

FAA AIP Grant Application submitted:

Steve explained that the Airport has submitted the two projects: Talley Way Fencing and Beacon Tower Replacement Project; and the Sullivan Hangar Demolition project. Don Barclay shared that it is one grant that will pay for both projects. Steve said that the Airport is waiting to get the bids in, will be negotiating a final engineering agreement with Reid Middleton, submitted to FAA, they sign off, make necessary changes, wait for the funding, and then make the offer.

WSDOT Airport Aid Grant Application submitted:

Steve explained that the Airport turned in the WSDOT Airport Aid Grant application.

FAA Approved 7460 Form:

Steve explained that FAA approved the 7460 form for Life Flight, that there was a pre application meeting and discussion regarding placement of the facility. The City will prepare the site which will include lite scraping and excavation, back filling gravel, which they will connect to the utilities. The City will be providing the gravel pad, parking, painting, markings for the landing zone, and man gate. Additionally, the City will be administering that project.

Feasibility of a Pilot on the Airport Board (as a contributing member):

Discussion of this agenda item was covered during Agenda item # 10, "The SWRA Operating Board Position – at large position".

Board Updates (if any):

a) No reports.

b) Jeff Wilson – Airport Business Economic Development discussion item (attached photo of National Wings and Armor Foundation).

Jeff Wilson asked to have this added to the agenda for discussion. He explained that it is an aviation project for the National Wings and Armor Foundation, a 501 c 3 non-profit organization that has been around for 2 years. They are looking for land to house their vehicles, specialized World War I and World War II aircraft, and fixed wing aircraft. Currently they are located in Battle Ground and are interested in developing a living museum here at the Airport. They would need land for their living museum, and would be similar to Evergreen Aviation in McMinnville, Madras Tillamook Air Museum, and Paul Allen Aviation in Everett. Their equipment ranges from helicopters, war-birds, static displays, and educational exhibits.

Jeff then pointed to the Exhibit that was provided earlier for the FBO agenda item and described the proposed location of the museum between the Lemons owned property and the City of Kelso Airport property (North of the FBO/north ramp tie down area). Jeff has already met with the group on site to gain a better understanding regarding the space needed, parking required, and hangar facility needs. Jeff added that this type of facility will put Kelso on the map and that they are asking for favorable conditions as it relates to leasing of the property. Jeff is pitching the idea to the Board, and would like to turn it over to staff to report back. The staffing, building, and aircraft would be provided by the organization and the SWRA Board/City's role would be to provide a favorable lease agreement. Jeff isn't suggesting for free, he isn't a pilot, but he has discussed this with Jerry Sorrell. Jeff sees this as a draw to the Airport and hopefully future aviators, and as a project that provides historical benefit. He would like to see the Airport's Beacon relocated to this museum as a static display of this area's history and include the Airport's history of the Molt Taylor flying car. Jeff described additional history in the area and that the primary purpose of this project is for preservation of history. David Futcher asked if they would need the entire area described, approximately 53,000 sq. ft. Jeff replied yes, in compliance with FAA, ADA, parking, the building, and vehicular traffic. Steve explained that Area 3 does not belong to the FBO. Jeff replied yes, but the approach is what he is noting, aircraft would pull onto Area 3. Group discussion regarding the per sq ft. price, the configuration and layout of the airport layout plan, understanding what can be placed there, and additional discussions that need to occur. Steve added that before anything gets too far along in the process, all of this would have to be run past FAA. Dennis Weber asked if Jeff was looking for direction of the Airport manager to look at the feasibility of this concept. Jeff replied yes and is looking for a favorable lease concept that truly benefits the community. He added that he hasn't committed or promised anything but added that this could be built by the end of next year. *Jeff motioned to*

direct Airport Manager to explore with National Wings and Armor foundation the museum lease concept at the Airport and as it relates to the Airport facility, FAA and the Airport Layout plan. Chet Makinster seconded the motion. All in favor. Dennis Weber added formal advice as it relates to the Airport facility and with user groups.

- h. Review of Action Items, Good of the Order, Board Chairman wrap up and next meeting date. David Futcher asked Karyn to provide the action items. Karyn read the following back to the Board members:
1. The Board has approved the meeting minutes from March's Board meeting.
 2. The Board has approved the general claims from March's Board meeting.
 3. The Board has approved the revised Resolutions 16-001 and 16-002.
 4. The Board has approved the second addendum to the Fixed Base Operator (FBO) contract. (Three votes to approve; one vote no)
 5. The Board nominated Joe Phillips to the "at large position" (5th seat) on the Airport Board.
 6. The Board motioned to direct the Airport Manager to explore with National Wings and Armor Foundation the museum lease concept at the Airport and as it relates to the Airport, user groups, FAA, and the Airport Layout Plan.

Jeff Wilson asked to have the word "action" added to the 1-page agenda. Karyn shared that the next Board meeting is on May 19, 2016. Dennis Weber said he will be out of town for the next Board meeting. David Futcher adjourned the meeting at approximately 4:45 p.m. Sign in Sheet/Attendees: Dwight Irby (Pilot/EAA Vice President), Scot Walstra (EDC), Brian Fleming (Pilot/Tenant), Don Barclay (Reid Middleton), Bill Smith (Pilot/Tenant), Brian Butterfield (City of Kelso/Finance). Minutes respectfully submitted by: Karyn Anderson