

Regional Airport Board Meeting Minutes

3:00 pm

FBO Office – Kelso/Aviation

May 19, 2016

Call to order

David Futcher (Board Chair) called to order the regular meeting of the Southwest Washington Regional Airport Operating Board at 3:05 pm on May 19, 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, Joseph Phillips, Jeff Wilson, Chet Makinster, Steve Taylor, Paul Roesch, Brian Butterfield, and Karyn Anderson. Joseph Phillips (City of Longview) was voted onto the Airport Operating Board at the April 21, 2016 meeting. Dennis Weber provided notice at the April Board meeting and via email that he would not be in attendance at the May Board meeting.

Approval of meeting minutes

The Operating Board approved the April 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 April 2016. Brian pointed out that as of April Revenues were \$365,000 and expenditures were \$233,000. Brian added that operating revenues were about \$60,000 and operating expenses were approximately \$100,000.

As of the end of the month there is \$311,000 in unrestricted cash and \$363,000 in restricted. Brian pointed out that the restricted cash had increased approximately \$21,000 and this is the money that is left over from the \$25,000 contributions from the Port of Longview. Brian added that he is tracking that for the Board if they ever need a balance. Brian then offered to answer any questions for the Board. *Chet Makinster motioned to accept the Treasurer's Report as presented. Jeff Wilson seconded the motion. All were in favor.*

Agenda Items

a. General Claims–

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. Karyn explained that general claims processed totaled \$47,694.66. She explained that the Airport received the Reid Middleton invoices for the Beacon (\$8,420.90), Fencing (\$10,324.80), and Sullivan (\$7,970.15) projects. *David Futcher asked if there were any other questions. Jeff Wilson moved to approve the general claims. Chet Makinster 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. Southwest Washington Regional Airport (SWRA) Interlocal Cooperation Agreement.

Steve Taylor explained that we were preparing ahead for items that need to be updated, to meet current deadlines for the Interlocal Agreement by November 2016, and to get a new agreement out to the four entities. Steve would like the Board to discuss options, and if there are any amendments to the existing Interlocal those can be prepared and negotiated for next year. Steve added that if the Board chooses to not renew the existing Interlocal, then the Board has until February 2017 before it actually expires. David Futcher said that the first step will be to determine if the entities want to continue with an agreement. Steve explained that is an option, other options include renewing the current agreement, creating a new agreement, or amending the existing agreement. There are expenses to consider such as costs incurred by maintaining SWRA as a separate entity, for example the SWRA will be audited every two years at a cost of approximately \$5,000, so annual cost of \$2,500. Additionally, there is the Hiscox Directors & Officers Insurance expense for the Airport Board. Karyn shared that this is between \$3,000-\$4,000. And the Airport Attorney expense and additional administration costs. Annually, these costs are conservatively close to \$10,000. Steve said historically, the Board discussed the Port of Longview assuming ownership and management, with the contribution still being provided by the other three entities, with those funds geared towards Capital Improvement Projects. In that case, there would not have been a separate governing entity, it would have been the Port of Longview.

The board can create a new agreement that obligates the parties to contribute but not necessarily as a separate governing entity. Steve expressed that this is the time that the Board should be discussing if they would like the Airport as a separate entity, or if it would be under the governance of one of the entities. David Futcher summarized that each entity could take back three questions to each of their governing boards: does the Board continue at the Airport, does it continue as a separate entity, and if yes to either, is there any changes that they would like to see with the existing Interlocal agreement.

Steve added that if the Board decides to continue with the existing Interlocal, then perhaps there are changes that need to occur that meet the goal and needs of all of the parties involved. Steve reminded the Board that the Port of Longview requested to be removed from the agreement, that it was partly due to certain provisions within the agreement, and that perhaps there are amendments that can be made to the agreement that keeps all four entities together. Paul Roesch added that it may be moot if the Board doesn't continue on as a separate entity, but that they all agreed as of August 1st to provide a Budget. Chet Makinster replied that his City Council is interested in having the Budget.

Steve explained that we wanted to go over the Interlocal at this meeting (May) and that we had planned to go over the Budget at the next meeting (June), either at the Board meeting or at a separate workshop, in order to provide preliminary numbers for Board input and prior to bringing the Final Budget forward in July. Chet Makinster suggested that the paperwork be set up both way: with the 4 entities and only 3 entities (not including the Port of Longview). Group discussion.

Jeff Wilson added that there are a couple of things that he will need to have happen. He will need the budget regardless if the Port of Longview is continuing on the Board next year. If the Budget is to be done in August than he would like the forecasting done for the Board members, so that he can brief his Port Commission. Jeff plans to have it on the agenda at their regularly scheduled meeting next week. He will request agenda time, by requesting within a Commissioner's report. He shared that the Port has not created a census that is favorable of the Port taking over the Airport, that they do not have the wear withal within the management and administration team, and that they have had staff changes at the Port of Longview. Jeff will ask his Commission if they would like to continue to be on the Board. Jeff agrees that there is a need for an Airport Manager, that he thinks Steve has done a great job on the Interim. Jeff plans to pitch to his Commissioners and ask their level of interest for contribution with or without a binding agreement, under the assumption that it is to help the Airport get to that next level. Jeff also restated that he would like a strategic plan.

Steve asked Jeff if it would be helpful, if he (or other Board members) were present to help with the discussion at the Port Commission meeting. Jeff replied, absolutely. Steve added that he would be glad to help with the discussion, and be available to answer any questions. Group discussion regarding the future of the Interlocal and what's best for all parties. Chet Makinster would also like to have information presented to his City Council. Steve agreed to present at the City of Longview Council meeting and asked Chet to send dates. Steve offered to recap items that have been accomplished, lease agreement renewal, negotiation, and clean up activity.

Jeff said that he cannot give census for his Commission, but perhaps the Port would continue on with a shorter term like a 24-month contribution scenario. Jeff's intent will be to ask for viable options, his one vote doesn't make a financial commitment for the Port of Longview. Group discussion regarding options and potential scenarios regarding increasing contributions through membership.

Paul Roesch asked the Board what the primary driver was for formation of the Board's 4 party agreement, and asked if it was formed so the parties had a say in how their contribution was spent. David replied yes, that it was a substantial increase being proposed in order to have an Airport Manager on board, removing it from the operations under the City of Kelso, and therefore the parties wanted to have an increase in representation. Group discussion regarding historical party involvement, and a past separate Interlocal agreement. Paul offered that there was a joint agreement that ended in 1997. David Futcher added that there was an advisory board at that time. Brian Butterfield offered that there was an advisory board. Group recollection regarding lack of an agreement as it related to contribution. Brian Butterfield replied, right. Group discussion regarding the increasing costs of operating the Airport, the importance of having a budget, how to operate and fund Airport services, devising the right agreement, and educating all member agency Boards and Councils.

Jeff Wilson added that he will continue to lobby and support the hiring of a permanent Airport Manager which will help demonstrate to the Port of Longview professional services for a period of time. Steve added that we haven't seen a lot of the type of applicants they were hoping for, that there have been some good applicants that are pilots, but they haven't worked closely with FAA or on Masterplans, or worked on Capital projects. Joe Phillips said that perhaps they look at the short term option suggested by the Port of Longview, the 2-year agreement extension. He added that give time to get someone on the ground, keep the Airport steady over the next couple of years since there is not a lot of funding, build the business, and seek additional revenues. Board discussion regarding the suggestion of a 2-year extension. Jeff agreed, and added that he has seen a lot of good work, negotiations of an FBO Lease, presenting another lease today, securing Life Flight, hinting towards a strategic plan, creating a budget, providing the budget by August, and searching professionally for a permanent Airport Manager. Jeff provided that these are all things he has reported positively back to his Commission. He also believes that he may gain support for the 2-year extension, that he will take Steve up on his offer to provide a presentation. Steve added that he thinks the 2-year extension of the present agreement is a great compromise and shows good progress. David Futcher proposed that they all see how willing each of their entities are in considering the 2-year extension, and the sooner this is done, the more stable it will appear to the potential Airport Manager candidates.

Jeff wants to point out that regardless of the Port of Longview remaining on the Board, the stability responsibility remains with the City of Kelso and the candidates position will remain regardless if a member entity does not continue on the Board. David Futcher added, that it will help with the candidate's comfortability regarding the stability of the position. All agreed.

Steve Taylor offered to provide presentations to the Board's and Councils regarding the Interlocal Agreement and the potential 2-year extension suggestion. Jeff Wilson to follow up with the Port Commission and will let Steve know over the next week.

Paul Roesch shared with the Board text from the Interlocal Agreement. He stated that this paragraph was true 5 years ago and is still true today, and fundamentally demonstrates that the Airport is an important piece of this County.

It is from the Board's Interlocal, Page 1, Section 1. Recitals, 4th item:

"The continued operation of the Airport as a public airport is a benefit and service to the citizenry of the region and supports several public purposes for each of the PARTIES, including economic development and public safety, as well as improves opportunities for growth and alternatives for transportation."

d. City of Kelso and SWRA Interlocal Management and Maintenance Services.

Steve explained that this Interlocal agreement was approved by the Board in December (2015), consolidating management and maintenance services under one agreement with the City of Kelso. Originally the goal was to have the Airport Manager on board mid-year, bring on a temporary employee to assist in providing administrative management services in the interim and until the end of May (2016). Steve added that since they do not have an Airport Manager yet, and Karyn is still each day indispensable to the operation of the Airport, the agreement reads that if we want to extend the timeframe it needs to be approved by the Board. Steve said that he would like to request that Karyn stays on as a City of Kelso employee until the Airport Manager is hired and adequately orientated. David Futcher asked for a motion to maintain keeping Karyn as a temporary employee until the Airport Manager is hired and trained. Joseph Phillips motioned to approve. Chet Makinster seconded the motion. All were in favor of approving.

e. Reid Middleton Construction and Engineering Agreements.

Steve provided an update to the Board, that the City of Kelso Council had approved the Construction and Engineering Services agreements for the Sullivan Hangar Demolition and the Perimeter Fence and Beacon Replacement project. He shared that the two contracts are approximately \$138,000, 90% covered by FAA, 5% covered by WSDOT and 5% by SWRA. The SWRA 5% portion is covered by the County rural economic development grant. Additionally, there are grants we are working on with

the County, three total: one of the grants was exhausted, and the other two needed the timeline extended which we requested the County do that, City Council approved the extension and then the County approved the extension. Steve added that these agreements relate to the runway extension and pointed out that the agreements for the design portion of these projects are with SWRA, however FAA said that technically the agreements for the AIP funds are approved with the Sponsor (City of Kelso).

- f. Talley Way Perimeter Fencing and Beacon Tower Replacement Project bid opening on May 4, 2016.

Steve explained that this summary sheet was in regards to the bid opening, that there were 3 bidders, and the lowest bid was approximately \$60,000 above the engineer's estimate. Steve has spoken to FAA regarding the bid. FAA is picking up 90% of that, and he will be confirming with WSDOT about picking up the 5%. Steve shared that it was disappointing to see the cost of that project higher than what was estimated, overbid estimates were in various categories, and we are recommending a low bidder. Reid Middleton will be preparing a recommendation letter that will be sent to FAA, but it will not be awarded until the Sullivan Hangar demolition bid is out, opened and approved because both projects will come under one grant. Steve also provided that the Sullivan Hangars have not gone out to bid as of yet, that we are providing additional information to FAA as it relates to the soil and asphalt, Landau Associates conducted the survey and released their report in March and they don't suspect any contaminated soil. Additionally, the Airport is responsible for the removal of contaminated soils, fluorescent lighting and ballasts, and any tile abated. This work is not AIP funding eligible. Landau does not believe there is any significant contamination, and there were no underground storage tanks looking at past history. Group discussion. Jeff Wilson asked if the bidders were informed about saving the rotating beacon structure. Steve replied that information will be provided once we award the bid. Jeff asked when the board will receive the estimates for the Sullivan Hangars. Steve replied that he has prepared a scope of work. Group discussion regarding potential costs.

- g. Airport Lease Agreement (action): Aviation Marine Auto (AMA) lease hangars 50/51, 52, and 54.

Steve explained to the Board that Hangar 50/51 had been provided to the FBO as part of the FBO's compensation, the FBO was subletting the hangar to AMA interiors. AMA interiors also leases two hangars with the City of Kelso/SWRA for purposes of their business. AMA requested to have all three hangars under one lease agreement with the City of Kelso/SWRA. Steve shared that the attached agreement leases all three hangars to AMA for \$900/month plus leasehold tax, and it requires that AMA is responsible for the maintenance on all three hangars. If there are maintenance items, such as roof repairs, they are responsible.

David asked the Board if there was a motion to approve the attached draft agreement. Chet Makinster motioned to approve. Joseph Phillips seconded the motion. David asked if there was further discussion.

Jeff Wilson asked the overall total square footage. Karyn offered to provide the square footage. Jeff also added that he was asking about the value of the lease rates, he was interested in the hangars as well. Brian Butterfield offered historical background regarding rate setting with the City of Kelso. Denny Wise added that these are the hangars on the westside, that he brought AMA to the Airport, and the City of Kelso offered to sublease the building with the FBO, but the maintenance responsibility would remain with the City. Steve added that the existing condition of hangars 52 and 54 are in need of some repairs, and that AMA has invested in hangars 50/51 with both interior and exterior improvements. David clarified that those investments were at AMA's expense. Steve confirmed and added that this was all taken into consideration when determining the rate. Jeff asked if the tenants are responsible for maintenance, who enforces. Steve explained there are standards within the lease agreement, KMC 13.12, and regulations that the tenants/FBO operators adhere to, and we added language regarding returning the hangars at the end of the lease term in the same condition or better than they are as of the date of the agreement. Paul Roesch (Airport Attorney) added that there is 30-day notice, the manager can issue and also maintenance language, and standards. Jeff added that unless he sees a condition of premise, he will be voting no. Group discussion regarding KMC 13.12. Steve added that we looked at hangars 52/54, their condition, current rent, that they are in need of repair, and we have reduced liability as roof repairs alone were approximately \$25,000. Group discussion.

Paul Roesch added that it will come down to standards and there is always opportunity for dispute. This is an existing tenant, not a new tenant moving in. Additionally, under section 4, paragraph W. it clearly states the tenant will be "maintaining hangars in good repair at the Tenant's expense, including (not limited to) hangar doors, roof and gutter repairs, painting and corrosion control, plumbing fixtures and systems, electrical service equipment and lighting." Paul added, that there is also language captured "that at the termination of the lease agreement, tenant shall return the hangars in good repair to their condition as of the date of this agreement, June 1, 2016." Group discussion regarding existing condition of hangars, potential for dispute. *David Futcher said he has had experience in working with agreements, trying to anticipate everything related to intent, and delineate solutions, and things that may come up. David added that he is satisfied with the existing language. David restated the earlier motion to approve the AMA lease agreement and asked for a vote. There were three yes votes, and one opposed. Motion to Approve the AMA lease agreement passes.*

Airport Management Updates

SWRA UST Cathodic Repair Remaining Fund Balance (City of Longview).

Chet Makinster is meeting with David Campbell after the meeting, and this will be on their next Council Meeting agenda.

SWRA Financial Statements.

Brian Butterfield provided an update, pointed out that on the Statement of Net Position there was \$78,780 in unrestricted cash and accounts receivable \$341,618. Additionally, due from other governments \$106,696 which is money to be received from FAA for grant work completed in November and December. In prepaid expenses approximately \$7,424 which is typically for insurance premiums in July, reflecting the amount that has not been spent. Brian also explained the construction in progress that includes the Stopway, Beacon, Fence and Sullivan Hangar projects. Brian pointed to the Liabilities section showing December bills that were paid in January, deferred revenue which is the amount of money the county has donated to the Airport, and the \$20,000 note owed to the City of Kelso which was paid in April. Brian reviewed the Statement of Revenues, Expenses and Changes in Fund Net Position report prepared. Further explaining the operating revenues were approximately \$120,511, expenditures were \$400,147, that these statements are in accrual form, pointing out the intergovernmental \$310,000, the capital contributions and FAA money received.

Airport Management Recruitment.

Steve explained that the potential candidate that we thought would be on board dropped out of the pool. Steve shared that we have increased efforts to recruit a candidate, sharing information on websites, and mailing out recruitment letters. Karyn added that it was approximately 200-300 letters that were mailed out to Airports in Washington and Oregon. Steve shared that he did receive feedback from that mailing. He believes the pay is right, but doesn't think they are getting interest from enough candidates. There are a few candidates that we are meeting with, providing them a show and tour of the Airport. In the absence of a Manager, there will be more in operating expenses budget next year. Jeff asked Steve if there was a recruitment budget and if there was a next step to find that person. *Steve said that there is an airport executive's association website that we could advertise the position for approximately \$1,000 and we have spent about that much to date advertising. Jeff added that he would support advertising in the airport executive's association site. David Futcher concurred. Group discussion.*

Life Flight Services update.

Steve explained that Life Flight Services had signed the agreement, that they have had their contractor out to the proposed site, they have requested to pivot the building at the same site location positioning them closer to the north ramp in an effort to help reduce

rotor wash that could remove gravel in the parking lot, and look at fence screening. Additionally, while it is a temporary modular building, they will need to meet ADA requirements and sprinkler the building. The Airport's expense will be from the preparation of the pad, laying down gravel, small ramp ADA surface from the parking area to the modular walkway, and the man gate. This will be approximately a few thousand dollars.

Airport business concept proposed. National Wings and Armor Foundation Museum. Steve shared that he had a conversation with Dave Statum to gain a better understanding of the proposed project. Dave has a business concept, would need to have a lease arrangement that would need to be negotiated, the Airport would need to determine the best location, need to determine if it fits within the plan, and the feasibility of the proposal. Additionally, one of the issues if they take out a portion of the grass area, is the stormwater mitigation that will need to occur. The question being asked of the Airport is if there can be a reduced rate for the land, a land lease for a certain period of time, and a lower lease rate. Steve added that there are FAA regulations. Jerry Sorrell added that there is guidance on matters where some consideration can be given in reducing certain costs to individuals or organizations that are a benefit to the public, which is usually a non-profit organization. Steve added that Civil Air Patrol receives a reduced rate and use of the Airport Office space for the classroom. There are other non-profits here paying full rates, we see what the operating revenues are, if the Airport can afford, and if it is the best arrangement. Steve shared that he wanted to better understand this before moving forward with design. David Futcher asked about next steps. Steve replied, that he will need more information and that from the financial standpoint, he cannot provide the space free of charge, answer what the business revenues will be, and doesn't know if they will offset the costs of what the Airport would be giving up by providing the land/lease at a reduced rate. David added that they will need to have a better understanding regarding the rate, if FAA would approve the concept, the cost of stormwater mitigation if there is any, and if we use that site. Steve added that the site could be better located on the westside of the Airport dependent upon the size of the hangar and what is needed, and if there is the possibility to redevelop on the westside. Steve will have those discussions. Jeff offered that he has had discussions with David on site at the Airport, he was told that 1/3 of that footprint at the Airport would be needed for the museum. Jerry provided historical reference regarding hangars, rates, credit, and non-profit with Experimental Aircraft Association (EAA). Denny Wise added while he supports Aviation museums at Airports, we need to protect prime aviation land for job creation, and economic opportunities. Group discussion. *Jerry Sorrell offered to provide additional non-profit information to the Airport.*

Fixed Base Operator hired additional staff (e.g. flight instruction, FBO daily operations)/and Airport Maintenance Activities (update):

Denny Wise (FBO Manager) said that he has recruited additional staff at the FBO, that the new staff flew fire patrol, received his flight instruction, is experienced, has been hired, and is available a certain number of days a week to help run the FBO when Denny is away. He was in the Airforce, retired two-star general, and a military pilot. Steve added that the FBO will be taking over the safety, security checks and hazing at the Airport which will free up some of the hours that the Public Works staff is currently working. Steve added that he has asked Karyn to keep track of maintenance numbers, number of guys working at the Airport, and total costs. Karyn added that this month it was approximately \$5,400, and that there were 4 employees with City of Kelso labor work force. Steve added that it was previously approximately \$7,200 per month, so he is seeing a savings by contracting with the Public works staff. David added that he is hearing positive things about the mowing activity. Steve added that he has had folks comment on the vegetation maintenance. Karyn shared that she had a seasonal tenant compliment the condition of the hangar and the FBO provided a compliment to the City of Kelso's "grass cutting crew".

Board Updates (if any):

a) Chet Makinster asked to provide a comment that he appreciated the search committee's efforts for the potential Airport Management candidate. Chet added that he noticed the sign in front of the FBO says Kelso Aviation, and added that since we are Southwest Washington Regional Airport (SWRA) the sign should be replaced. Jeff agreed, and added that the Board and staff should coordinate on logos. Group discussion.

Steve added that he had a letter of intent with a tenant regarding E row and is entertaining a proposal. The request from the tenant allows a 6-month period to do initial work and design, and for them to negotiate the lease terms for the facility. During the 6-month period, he has asked to store 2 aircraft and maintain the area, and will pay \$100. Steve added that they have the option to extend this, haven't included that in the letter of intent, can revisit at that time. Paul added that there isn't an option to extend, rather the Airport/City can extend if they chose. *David Futcher asked for a motion to approve Steve Taylor to sign the letter of intent. Joseph Phillips motioned to approve. Jeff Wilson seconded. Joseph asked if there had been other interest. Steve replied no. Group discussion regarding the concept and consistency with the Airport Layout plan, standards, and future agreement language. All were in favor of approving.*

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 approved the April meeting minutes.
2. The Board approved the treasurer's report.
3. The Board approved the general claims.
4. Steve Taylor has offered to provide presentations regarding the Interlocal Agreement and the potential 2-year extension. Jeff Wilson is going to follow up with the Port of Longview to see if they would like a presentation.
5. The Board has approved to keep Karyn Anderson on at the Airport as a temporary City of Kelso employee, until the Airport Manager is hired and adequately oriented. (Karyn thanked the Board)
6. The Board approved the AMA lease agreement for hangars 50/51, 52, and 54. (Three in favor, one not in favor).
7. The Board discussed approving the advertising on executive management association listings of \$1,000 to Steve Taylor.
8. Jerry Sorrel has offered to provide non-profit information to Management staff.
9. The Board approved the letter of intent w/ Brian Flemming for a 6-month period.

The next Board meeting is on June 16, 2016. David Futcher adjourned the meeting at approximately 4:50 p.m. Sign in Sheet/Attendees: Scot Walstra (EDC), Bill Smith (Pilot/Tenant), Brian Butterfield (City of Kelso/Finance), Jerry Sorrell (Pilot/Tenant), Denny Wise (FBO), Paul Roesch (Airport Attorney).

Minutes respectfully submitted by: Karyn Anderson