

COOS COUNTY AIRPORT DISTRICT
REGULAR BOARD MEETING
Thursday January 19, 2017

Minutes of the regular monthly meeting of the Board of Commissioners of the Coos County Airport District held on Thursday January 19, 2017, at 7:30 a.m., in the District Boardroom.

CALL TO ORDER: Chair Mineau called the meeting to order.

COMMISSIONERS PRESENT:

Helen Mineau, Chair;
John Briggs, Vice-Chair;
Joe Benetti, Commissioner;
Jon Barton; Commissioner;
Mike Lehman, Commissioner;
Amy Muenchrath, District Legal Counsel.

ABSENT: None

STAFF PRESENT: Theresa Cook, Executive Director; Bob Hood, Operations Manager; Jennifer Groth, Public Information Officer; Robert Brittsan, Executive Assistant; Cynthia Henson, District Accountant.

MEDIA AND GUESTS PRESENT: Jim Innes, CH 14; William Silva, Andrew Georgesen, Swinerton Builders Representatives; Gary Femling, Airside Tenant; Henry Hickox, Former General Manager of Bandon Dunes Golf Resort.

PLEDGE OF ALLEGIANCE: Led by Commissioner Barton

Section I. Review of Minutes: December 15, 2016 Board Meeting:

Upon a motion by Commissioner Benetti (second – Vice-Chair Briggs), the minutes of the December 15, 2016 regular Board meeting were approved.

Section II. Review of Invoices:

The Board reviewed new invoices, through January 18, in the amount of \$516,059.53. Commissioner Barton noted that the Pacific Power bill was particularly high this month. The Executive Director explained that due to the Department of Human Services (DHS)-Adult and People with Disabilities (ADP) construction project, the bill was approximately \$2,000 more, when compared to

last year's bill around this time. Upon a motion by Commissioner Lehman (Second – Commissioner Benetti), the invoices through January 18, 2017 in the amount of \$516,059.53 were approved.

Section III. Finance Report:

The Board reviewed the finance report and made no comment.

Section IV. Discussion Items:

The Operations Manager took the floor to update the Board on general operations of the Airport, along with issues and resolutions. First informing the Board about a recently formed committee, the Coos Bay Harbor Safety Committee (CBHSC), created partly to help with the Coos County Airport District's (CCAD) issue regarding the height of ships traveling through the Airport's Safety Zone, and the communication barriers the District has experienced. The Safety Zone is the area at the end of the runway where planes start gaining altitude during takeoff. The vertical height restriction is measured from a mid-level tide and is set at a 144 foot maximum, for safe clearance. Some cargo ships using the channel will exceed the 144 foot height restriction, if they travel through the Airport's Safety Zone with their cranes elevated. The Executive Director explained that this issue has been ongoing for the past year and it was thought to be resolved by an agreement between local Bar pilots and the Maritime Safety Organization, until another ship came through the Safety Zone with their cranes extended. The Federal Aviation Administration (FAA) advised the District that they would raise the Airport's minimums, thereby taking away the Airport's status as a diversion airport, which would impede our capabilities of being open to all commercial aircraft. The Executive Director and the Operations Manager described their collaborated effort to solve the issue. The thought was to track the incoming ships when they were coming through, and to have an airport operations employee on duty until the ship safely passes, to ensure that the ships cranes were not deployed. Within an hour of the ships intended pass through time, the employee on shift would call the company that owns the ship to have them communicate to the captain to lower their cranes. If the cranes were still not lowered, or the employee does not have a good visual to assess if they were, they would call the Seattle Tower roughly twenty minutes before pass through time. Letting them know that we have a ship coming through, and we cannot guarantee that they are below the 144 foot level for hazardous impact. The Seattle Tower would divert air traffic until the ship safely passes.

The Operations Manager updated the Board on the Bureau of Land Management (BLM) security upgrades. There are three (3) phases to these upgrades, phase

one has already been completed with the installment of the fencing and gates around the perimeter. The District is in the process of phase two; installing the electronic security system inside the building, including twenty-nine (29) card reader security locks and one pin entry walk-through gate. Phase three has not been started, but will include shatter proofing of the windows throughout the building. The total cost of phase two is estimated to be \$143,550. Commissioner Barton asked and was informed by the Executive Director that BLM will be reimbursing the CCAD for the cost of the security upgrades. Commissioner Barton also inquired and was informed by the Executive Director that we would be responsible for maintenance of the new perimeter gates. The Operations Manager informed him there would be little need of service or repairs, as they are brand new gates, and are the same type the CCAD currently utilizes with little to no problem.

The Executive Director spoke with the Board regarding the Pavement Management Program. Last month the Board approved a vendor for this project in an amount not to exceed \$37,302. The Executive Director approached another vendor for a price comparison, but the price was roughly \$12,000 over the quote received from the original vendor. Therefore, it was decided to use the original vendor proposal.

The Operations Manager spoke with the Board about how erosion control at the DHS build to suit site had been handled. The District placed 10 inch around, 25-foot-long, straw stuffed "wattles" every 15-20 feet on the sides of the slopes susceptible to erosion. The Executive Director explained that the District had previously obtained a bid to do this work, at around \$18,000, but it was ultimately done in-house for around \$3,500. Around mid-march seeding of the hillside would commence.

The Operations Manager updated the board on the status of the DHS-ADP remodel project. As of January 18, 2017, the hanging ceilings were in place, and Omlid and Swinney were working to install the fire suppression system sprinklers. Thomas K. Textiles was on site last week and had already started installing flooring on the south half of the building. Commissioner Lehman asked and was informed that the project was set to be completed on schedule, on February 4th, 2017. DHS will spend the remaining month of February moving in, with March 1st, 2017 being opening day.

The Public Information Officer (PIO) updated the Board on current community, promotional, and legislative activities. Some community activities the PIO has recently been involved in, include attendance of the Bay Area Chamber of Commerce, Wednesday Business Connection (WBC) luncheon, Transportation Committee meetings, along with a tour for Leadership Coos of the Airport and a

presentation on the economic development impact of the Airport. The PIO and Commissioner Benetti have both recently become involved in the Rural Tourism Studio, a grant the Small Business Development Center (SBDC) received from Travel Oregon, which brings tourism expertise into the region. Hopefully giving us some insight on how to more effectively market airport operations and commercial air service.

Some promotional activities include both the CCAD's Airport Rescue and Fire Fighting (ARFF) and dive team being featured in The World Newspaper's First Responders Section. Also ad's placed, over the last two weeks of December, through The World Newspaper and KCBY to encourage people to book their holiday travel locally. The PIO has also worked on pushing PenAir's rate special through the CCAD's Facebook page. The PIO mentioned the new quarterly newsletter, On the Horizon, noting that it is a good resource on airport information and updates about what is happening around the airport.

The PIO discussed the legislative activities that the District has been involved in. The District has been working with the Oregon Department of Aviation (ODA) attempting to get a seat at the table at a stakeholder meeting, to decide how the grants resulting from the fuel tax increase will be dispersed. Additionally, the PIO attended the Western Region Airport Property Managers (WRAPM) conference to become more educated about airport property management. The PIO also joined the Southwest Area Community on Transportation (SWACT) as the aviation alternate representation for the CCAD.

The PIO spoke with the Board about the various advertising resources the District was currently using, their cost, and their general reach. The District Website (www.flyoth.com) is currently generating about 7,000 hits a month. The hits per month for a static website is usually between 6,000-9,000. We currently do not have a frame of reference for our Facebook page, but it is showing that our posts regarding the San Francisco and Portland flights have been viewed 240,000 times and the Denver flight 280,000 times. Commissioner Lehman commented that Facebook was probably a better use of our funds than local print ads. The PIO stated that with our diverse demographic, some traditional forms of advertising are needed to drive people to the Facebook page. The CCAD has spent roughly \$5,000 on local marketing efforts within the last few months, which includes a partnership with The Chamber of Commerce for a television ad, print ads in The World, and holiday ads through KCBY. The majority of our advertising expense comes from Facebook boosts.

The PIO discussed changes to the personnel policy. This is the last installment of three that the Special Districts Association of Oregon (SDAO) and their Human

Relations (HR) specialists have reviewed and made suggestions on. The HR specialists suggested changes to the acknowledgment form to more comprehensively explain the concept of at-will employment and the confidentiality of proprietary information. Commissioner Lehman was concerned with the confidentiality policy changes, because of a new federal provision that states you can no longer tell employees to maintain wage confidentiality. Because of the expanded whistleblowing provisions imposed by the State of Oregon, the HR specialists suggested adding wording such as “This will in no way impede your ability to whistle blow or expose wages” to the confidentiality amendment. The SDAO also suggested adding an effective date and signature line on all job descriptions, so they can be acknowledged as having been received by the employee along with an “Other duties as assigned” addition, to be more inclusive of the variety of tasks that might be expected of employees. There will be one final meeting with the Board regarding the personnel policy revisions for approval of all changes.

The Executive Directors Report: the Executive Director made mention of the Denver flight returning Sunday’s and Wednesday’s, June 11th, 2017 through October 4th, 2017.

The Executive Director spoke briefly to the Board about the progress of the DHS remodel project. Opening day is March 1st, 2017 and the ribbon cutting event is scheduled for February 22nd, 2017 from 4:30pm-5:30pm.

The Executive Director updated the Board on the progress of the DHS build to suit construction project and introduced the representatives from Swinerton Builders, William Silva and Andrew Georgesen. Groundbreaking for the site is scheduled for February 22nd, 2017 at 4:00pm. Mr. Silva addressed the Board with information on the Guaranteed Maximum Price (GMP), along with answering any additional questions. Swinerton Builder’s worked with the Executive Director to finalize sub-contracting plans late November of 2016. They advertised through local resources and their own sub-contracting database, receiving 2-3 responses from sub-contractors per industry. The original GMP estimated was at \$11,552,000, which was above the desired budget. Swinerton Builders implemented value engineering to evaluate areas where they could lower expenses and bring costs down. The GMP presented on January 19, 2017, was around \$10.7 Million. Commissioner Barton asked and was informed by Swinerton Builders project manager, Andrew Georgesen, that they had already approved the reductions on \$744,000 in revisions, with an additional \$207,000 still awaiting approval. Commissioner Barton addressed the Executive Director about the site preparation cost, noting that the CCAD had already done some site preparation. The Executive Director informed him that getting the site to grade and the relocation of fill were the only

site preparations the District had made. Commissioner Lehman asked and was informed by Mr. Silva that the District should not be overly concerned with price fluctuations. The few things that may affect the GMP are utilities and user changes. Commissioner Barton asked and was informed by the Executive Director that the landscaping for the DHS build to suit was not included in the GMP, and that the District would bid out to local landscaping companies toward the end of construction. The hope is to use local vegetation that will thrive in this area with no irrigation system. The Executive Director explained to the Board that the CCAD has asked for a contingency to the agreement with BLM following approval of the GMP amendment. Being that DHS must renegotiate a new completion date, as it is currently set for September or what would have been twelve months from completion of the final plans. DHS, however, did not complete the plans until November. Mr. Silva informed the Board that the amendment for the GMP is written for \$10,731,990.

A motion to accept the GMP and enter into a GMP amendment for AIA document A133, contingent upon DHS signing for a new completion date and review by Perkins Coie was presented. Commissioner Lehman (Second Vice-Chair Briggs) moved to approve the GMP in the amount of \$10,731,990.

The Executive Director updated the Board on the status of the Infrastructure Finance Authority (IFA) loan for the DHS build to suit project. A board meeting is to take place in Salem on February 3rd, 2017 to approve a loan in the amount of \$11.5 Million. Commissioner Lehman asked and was informed that the IFA suggested the CCAD ask for the entire amount, versus multiple loans in smaller increments, even though the District was asking for an amount above the typical \$10 million-dollar limit.

The Executive Director spoke with the Board about the annual audit. There were a few things addressed during this year's audit, including a suggestion for liability insurance to cover the CCAD's excess cash.

The Executive Director commented that there was a \$5,000 increase to the Airport's annual general liability insurance through the SDAO.

Chair Mineau congratulated Bandon Dunes General Manager, Henry Hickox, on his recent retirement. The Board thanked him for his dedication, support, and partnership with the CCAD over the many years, and presented him with gift certificates and a CRJ 700 airplane model, which is the airplane in use for the Denver route. Mr. Hickox thanked the Board for devoting their personal time and energy to serving the community by maintaining air service for everyone. He gave

special thanks to the Executive Director for continuously being open to exploring new opportunities.

Section V. Action Item:

Motion to approve the Executive Director to negotiate a service agreement with McSwain-Woods Architecture for the DHS build to suit office facility. The Executive Director explained that the District advertised three times in the local paper, only receiving two responses, of which one of the companies declined. Commissioner Barton made comment that he was not comfortable with only one option, and that he had spoken with a local contractor who said he wasn't aware the Request for Proposal (RFP) had been released. Vice-Chair Briggs commented that he was concerned McSwain wouldn't be on site every day, to which Commissioner Lehman commented that that would be the purpose of the negotiation of the contract. Vice-Chair Briggs asked and was informed that if the Executive Director was not comfortable with the negotiations with McSwain, that the CCAD is free to branch out to other contractors. Commissioner Lehman noted that he believed it was not mandatory that the CCAD re-advertise the RFP to receive other bids. Legal Counsel explained that if the dollar amount was not to exceed \$100,000 then the CCAD would not be required to issue a new RFP. Commissioner Lehman (second Vice-Chair Briggs) moved to approve the Executive Director to negotiate a service agreement with McSwain&Woods Architecture for the DHS build to suit office facility. Commissioner Lehman, Chair Mineau, Vice-Chair Briggs voted yes. Commissioner Barton voted no. Motion passed.

Vice-Chair Briggs (second Commissioner Lehman) moved to approve the 2017 rates and charges, which is scheduled to be reviewed and approved on a yearly basis. Motion passed.

Vice-Chair Briggs (second Commissioner Barton) moved to approve the 2015/2016 fiscal year annual audit. Motion passed.

Commissioner Barton (second Commissioner Lehman) moved to ratify the approval of the Notice to Proceed (NTP) for DHS steel shop drawings in the amount of \$52,294. Motion passed

Vice-Chair Briggs (second Commissioner Barton) moved to approve resolution 2017-01-01, the intra-fund transfer from the BLM facility fund contingency line item, to the BLM acquisition loans line item, in the amount of \$1,261. Motion passed.

The Executive Director explained to the Board that the quote from Carlson Testing Inc. was approximately \$900 higher than the other quote received. However, it is the better choice in the long run, as they have multi-certified inspectors allowing for multiple materials to be tested in a single trip to the construction site. Commissioner Lehman (second Commissioner Barton) moved to approve Carlson Testing Inc. to provide construction inspection and testing services for the DHS build to suit. Motion passed.

Commissioner Lehman (second Vice-Chair Briggs) moved to approve lease amendment number 16 with the Bureau of Land Management for phase II of the facility security upgrades at 1300 Airport Way, in the amount of \$143,550. Motion passed.

Section VI. Commissioner Comments:

The PIO introduced to the Board the new District Accountant on staff, Cynthia Henson.

Chair Mineau made comment that the CCAD Board elections are May 17th, 2017 and the last day to file for the primary election is March 8th. There are two Board members up for re-election, Commissioner Benetti and Commissioner Barton.

Commissioner Lehman stated there were a few things he would like to see at some point in the future:

1. Very clear statement of what we can and can't do to subsidize air traffic.
2. Statement of the process if the CCAD wanted to dispose of Airport property.
3. A five-year projection of where the CCAD will be trending.

The Executive Director made comment on these requests, stating that to her understanding the District could not use airport revenue, either from aviation or rental property, to subsidize air service. The Executive Director stated that there were written regulations from the FAA concerning land exchanges, sale of land, etc. However actually approaching the FAA with a real example of property you would like to exchange or sell, was a better way to test the waters. Last, the Executive Director addressed the request for a five-year projection, mentioning that a new cash flow analysis would be provided at the next Board meeting. The next Board meeting is scheduled for February 17th, 2017.

Public Comments:

None

Adjourned to Executive Session at 8:51 a.m.

Reconvened to Public Session:

The Board discussed the Executive Director's performance evaluation. Commissioner Lehman (Second Vice-Chair Briggs) moved to extend the Executive Director's term, which was set to expire December 31 of 2018, to December 31 of 2019, based on an excellent review. Motion Passed.

Vice-Chair Briggs made a motion to grant a one-time bonus of \$25,000 to the Executive Director, based on the accumulative activities and income the CCAD has been able to achieve and has received during the current Executive Director's term. The Board discussed other bonus amounts, ranging from \$10,000 to \$25,000. Vice-Chair Briggs (second Commissioner Barton) approved a one-time bonus to the Executive Director in the amount of \$25,000. Commissioner Barton, Chair Mineau, Vice-Chair Briggs voted yes. Commissioner Benetti, Commissioner Lehman voted no. Motion passed.

Adjourned At 10 a.m.