

COOS COUNTY AIRPORT DISTRICT
REGULAR BOARD MEETING
Thursday October 19, 2017.

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

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

COMMISSIONERS PRESENT:

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

ABSENT: None

STAFF PRESENT: Bob Hood, Operations Manager; Jennifer Groth, Public Information Officer; Rick Skinner, Project Manager; Robert Brittsan, Executive Assistant; Cynthia Henson, District Accountant.

MEDIA AND GUESTS PRESENT: Jim Innes, CH 14; Deacon Peter Broussard, Chaplains of Industry; Melissa Cribbins, Coos County Commissioner; Mike Grimm, Director for Coos County Corrections; Kelly Church, Business Manager for Coos County Corrections; Barbara Fisher, Coos County Resident; Samuel Baugh, South Coast Development Council; James Turner, Bandon Dunes; Jack Penning, Volaire Aviation attended via conference call.

PLEDGE OF ALLEGIANCE: Led by Commissioner Mineau.

Section I. Review of Minutes: September 21, 2017 Board Meeting:

Upon a motion by Commissioner Mineau (Second Commissioner Briggs), the minutes of the September 21, 2017 regular Board meeting were approved.

Section II. Review of Invoices:

The Board reviewed new invoices through October 18, 2017, in the amount of \$1,722,111.81. Chair Barton commented that the costs for temporary employment

were particularly high and questioned if this was specific to current projects, or if this would be a permanent increase. The Public Information Officer (PIO) replied, stating that there was an influx due to additional projects that needed to be completed throughout the summer months. Now that those projects are complete, scaling back temporary employment will be a topic of discussion. A motion to accept the invoices in the amount of \$1,722,111.81 by Commissioner Briggs (Second Commissioner Lehman) was approved by the Board.

Section III. Finance Report:

The Board reviewed the finance report. Chair Barton questioned and was told by the District Accountant that the Coos County Airport District (CCAD) staff is watching the fund balances very carefully, and that when the property tax revenue is received in early November, the balances will be tracking right where they were budgeted. Commissioner Lehman mentioned that the aging accounts receivables had reduced when compared to last month. The District Accountant stated that this could be attributed to reimbursements that were received within the last month from the Bureau of Land Management (BLM) for their facility security upgrades.

Section IV. Discussion Items:

The Business Manager for Coos County Corrections, Kelly Church, approached the Board with a proposal to rent nearly all of the suites currently available in the Business Enterprise Center (BEC); along with discussing some of the security additions they would be required to make this possible. Mrs. Church indicated that they would like to rent suites A through H for \$2,525 a month, with a 5-year initial lease and two additional 5-year renewal options. They would like this lease to begin on December 1st, 2017. Mrs. Church stated that Coos County Corrections serves around 600 clients who are on parole or probation, and therefore would require added security doors with keypad entry and viewing windows on all suites. Vice-Chair Benetti inquired and was told that they would require five (5) security doors and that they were around \$900 to \$1,000 per door. Additional tenant improvements would consist of changing the back exit door into a second entrance and installation of the subsequent sidewalk needed for its access. Commissioner Briggs questioned and was told by the PIO that the rental rate was in line with the Fair Market Value (FMV) rate. Mr. Grimm stated that Coos County Corrections would like to be notified first if Suite I were to ever become available, which is currently rented by long time tenant of the BEC, C-N-B Security. Commissioner Lehman questioned if it would be incompatible to have another tenant in the BEC that was unrelated to County parole and probation. Mrs. Church stated that there should not be an issue with compatibility between Coos County Corrections and a

security company. The Board decided that the details of the possible lease proposal would be discussed further in executive session.

The Operations Manager addressed the Board to give the Operations Report. The Operations Manager informed the Board that the runway painting project had been successfully completed for the year. CCAD maintenance staff laid down approximately 1,100 gallons of paint, and nearly 5,000 pounds of reflective glass beads. Vice-Chair Benetti asked and was told by the Operations Manager that this was done with the same paint machine that was purchased around nine (9) years ago. The Operations Manager gave special thanks to the maintenance staff for their outstanding work on this project.

CCAD recently hosted a U.S. Coast Guard COOP, organized by the Operations Manager, that was dedicated to formulating a disaster relief plan in case of emergencies. The Operations Manager quickly discussed the details of the meeting including the designated safety areas that were chosen, the course of action that CCAD staff is to take in the event of a natural disaster, and some of the other ways that CCAD would contribute its facility and property to not only the Coast Guard, but other surrounding businesses as well.

The Operations Manager, at the Board's request, provided a quote from Comfort Flow Heating to replace the 20 extremely dated Heating, Ventilation and Air Conditioning (HVAC) units at the BLM facility, versus scheduling the replacements in increments over the course of several years. The quote came back at \$123,000 for the bulk purchase of 20 units, which the Operations Manager indicated was not a huge decrease from buying them incrementally. Commissioner Briggs mentioned that the cost savings may be recognized later in the form of avoiding inflation on the units. Commissioner Lehman replied, stating that it would require a loan to make that large of a purchase and the added interest on the loan package would increase the costs significantly. Vice-Chair Benetti suggested that the Operations Manager procure bids from other businesses for the bulk purchase, to compare, and inquired if the General Services Administration (GSA) had signed a lease agreement for the BLM facility. The PIO answered that GSA had yet to sign a new lease with CCAD for the facility. Commissioner Lehman commented that CCAD staff should continue to work on collecting more bids, but that any final decision should be withheld until GSA has signed a lease agreement.

The Project Manager approached the Board to update them on the status of the Department of Human Services (DHS) build to suit project. The Project Manager discussed some of the remediation work that was recently finished on site, along

with explaining some work that was still ongoing. Among the ongoing work is the exploratory openings on the roof and the rooftop curb extensions for the HVAC unit. Commissioner Mineau questioned and was told by the Project Manager that there was not a change order submitted for the curb extension or the retrofitting, and that Swinerton has taken responsibility for the addition. The Project Manager continued his update by briefing the Board on the status of other areas on the project. The second floor has been reinforced and leveled. The sheetrock on the first floor has been completed, taping and finishing work on the first floor is progressing quickly followed closely by the priming and painting. Sheetrock has been started on the second floor, exterior metal panels are being applied, and all of the exterior windows have been installed. There will be pressure testing performed on the windows while the moisture consultant is down for the exploratory roof penetrations.

The Project Manager conversed with the Board about the landscaping costs, estimated at \$120,000, that was deleted from the Guaranteed Maximum Price (GMP) contract during the value engineering stage. Stating that it would be prudent for CCAD to start a conversation with DHS to see what their vision is in regards to the landscaping requirements, and to start procuring some of the vegetation needed. In the interim, the Project Manager suggested that CCAD perform some minor erosion control work to the site, to hold the soil down and stay compliant with the 1200C permit. The PIO mentioned that the costs for landscaping could theoretically be applied to CCAD's \$250,000 contingency, which has remained untouched to date. The Project Manager also mentioned that the originally supplied specifications for the landscaping included some foliage that may not survive the weather conditions in the area, according to the local landscapers he had spoken to. The Board agreed that in the coming months, a winter erosion control plan would be the primary focus, and a landscape design could be decided closer to spring, that included hearty plants that would not require an irrigation system and that would survive the harsh weather conditions.

Commissioner Lehman questioned if the roof was at a point where exploratory openings and repairs would not be enough to repair the deficient areas, and asked if these penetrations would have any long-term effects on the roofs life. The Project Manager stated that this was always a possibility. Commissioner Lehman also asked and was responded to by the Project Manager that there is not a warranty extension available from the manufacturer, but that the warranty is a full warranty that will not depreciate over the 20 years. The Project Manager informed that Board that LRS Architects has been kept in the loop regarding all roofing progress and concerns.

The PIO addressed the Board to give the Executive Directors report in the Director's absence. Jack Penning, an aviation consultant from Volaire Aviation hired by CCAD, was contacted by phone to assist the PIO in explaining the meetings he and the PIO had attended. They had met with several air carriers to help bolster CCAD's existing commercial air service; with specific attention paid to the Portland route. The PIO and Mr. Penning briefed the Board on the different air carriers they had spoken to including Sky Value, United, Southern, and Alaska Airlines. They discussed the pros and cons of each airline with regards to their compatibility with CCAD's vision of the flight schedule, aircraft capacity, and their individual experience with our regional market.

The PIO mentioned that an email had been sent to each member of the Board, explaining that SkyWest would be changing from a Capacity Purchase Agreement to a Contract Arrangement on March 9th, of 2018. This would allow the San Francisco route access to United's entire fleet of aircraft, possibly a better pricing environment for connecting flights, and would mean that CCAD would be dealing with United Airline directly for future scheduling and pricing. Mr. Penning quickly explained to the Board some of things that would probably occur subsequent to this change including an increase in aircraft sizes across United's network within the next 12-18 months, more flight schedule flexibility, and the pricing for connecting traffic will most likely decrease while pricing for direct traffic is likely to increase. Mr. Penning stated that overall, this change would be a plus in CCAD's favor. He also suggested that it would be wise for someone from CCAD staff along with a representative from Bandon Dunes, to take a trip to Chicago to formally meet with United personnel before the end of the year to establish a relationship. This meeting would also be a good opportunity to point out why the current flight schedule doesn't have sufficient capacity. United Airlines also indicated during their meeting that they would be interested in potentially adding a second daily flight to San Francisco now that the Portland route is gone, and suggested that CCAD contact the San Francisco representative for United, Tom Kramer. The PIO briefly discussed some of the concerns that United Airlines had with regards to enplanements this past summer for the Denver route, but mentioned there is still a possibility of that route continuing.

Mr. Penning stated that the Small Community Air Service Development (SCASD) grant program was recently released, and that CCAD's grant proposal would be due by December 15th, 2017. Mr. Penning believes that Alaska Airlines will support CCAD's proposal for commercial air service to Portland, which should help CCAD win the funding requested. Mr. Penning discussed the details of the meeting and

the receptiveness of Alaska Airlines to look into flying the Portland route in a Q400 aircraft. Mentioning that if CCAD receives the SCASD grant, they have a very good chance of persuading Alaska to fly the Portland route by the end of 2018. Vice-Chair Benetti asked and was informed by Mr. Penning that CCAD is requesting a grant in the amount of \$750,000 to help subsidize commercial air service to Portland. Commissioner Lehman stated his reluctance to rely on another grant to subsidize air service for another short period of time, stating that CCAD needs to come up with a viable long-term solution to offer these airlines. The Board discussed the possibility of scheduling a Saturday work session to talk about CCAD's options for subsidizing air service long term with its own funds, and asked that Mr. Penning be available to attend along with inviting any local parties that may be interested in participating. Commissioner Lehman also commented that there has been a lot of conversations recently about the massive pilot shortage affecting regional air service, and asked if this was a problem for any of the airlines we had been in contact with. Mr. Penning discussed this topic in greater detail explaining which carriers were having staffing difficulties and what they were doing to remedy the situation. Mr. Penning agreed with the Board's perspective, and stated that he would be happy to attend a work session to work through these options. James Turner of Bandon Dunes also commented, stating that he is anxious to help facilitate a positive outcome for commercial air service.

The PIO spoke with the Board about the work that CCAD had asked Mead & Hunt to perform with regards to the CCAD's upcoming Capital Improvement Projects, including the runway lighting update and the runway safety area expansion. The Executive Assistant had contacted an independent engineer to request an estimate for the same scope of work as a comparison; that quote is still pending. Additional quotes are a requirement from the Federal Aviation Administration (FAA) to receive Airport Improvement Program (AIP) funding for these projects.

Section V. Action Item:

Commissioner Lehman (Second Commissioner Mineau) Moved to approve Resolution 2017-10-01 to accept the \$66,420 grant from the Oregon Department of Aviation and execute the grant agreement. Vice-Chair Benetti inquired and was told by the PIO that the amount of \$66,420 would be split over the course of a two-year period. Motion Passed.

Commissioner Mineau (Second Commissioner Lehman) Moved to approve Resolution 2017-10-02 to authorize a loan up to \$400,000 from the General Fund to the Construction Fund. The District Accountant explained that these funds would

be available in the General Fund for transfer after the property tax revenue is received in November. These funds will be used to shore up the Construction Fund until DHS reimburses CCAD for the change orders to the GMP for the DHS build to suit facility. Reimbursable change orders to date total around \$267,000. Vice-Chair Benetti asked and was told by the District Accountant that there would not be any interest charged on the loan to the Construction Fund. Motion Passed on the basis that the loan will not be made until after tax revenues are received in November.

Commissioner Briggs (Second Commissioner Lehman) Moved to approve Resolution 2017-10-03 to approve the supplemental budget to the Construction Fund. The District Accountant explained that when the budget was created last year, staff used an estimated approximation of how much of the loan would be used by June 30, 2017. CCAD has spent less than the budgeted amount of the loan proceeds, and is therefore requesting to spend the funds this year versus last year as was budgeted. Chair Barton inquired and was told by the District Accountant that CCAD was within legal limits to make this change. Motion Passed.

Section VI. Commissioner Comments:

The next Board meeting is scheduled for November 16, 2017.

Public Comments:

Deacon Peter Broussard of the not-for-profit organization Chaplains of Industry, addressed the Board to discuss the possibility of receiving a reduced rental rate to store a recently acquired aircraft. The aircraft is used as an aerial platform for local search and rescue units, in the hopes of expediting their search efforts. The insurance requirements for the aircraft states that it must be hangared to be in compliance. Deacon Broussard indicated that CCAD's current rental rate structure is more than the organization can afford to pay and has therefore come to the Board to make a formal request. Commissioner Lehman stated that CCAD is required to charge FMV rates for all its hangars and properties to be in compliance with FAA grant assurances, but stated that if this issue were to be resolved and the organization could provide proof of the necessity of the service, that the Board could entertain the idea. Chair Barton stated that though we may not be able to reduce the rental rate, CCAD staff would be more than happy to help find an alternative storage facility. Deacon Broussard thanked the Board for taking the time to consider his request.

Barbara Fisher, a local Coos County resident, approached the Board to discuss the less than desirable experience she recently had on the San Francisco route, where passengers were asked to volunteer to take a different flight in return for compensation. This flight was overweight due to the airline's underestimate of the passenger's baggage weight, which included many sets of golf clubs. The Board expressed their sympathy for the inconvenience this may have caused the passengers that left the flight, but stated that ultimately these decisions are made by the airline. Also stating that Bandon Dunes is aware of the problem and makes every effort possible to try and get their clientele to utilize their Ship Sticks program, so that freight is reduced on the plane. The Board thanked Mrs. Fisher, and asked that she issue a formal letter or email to CCAD staff to be forwarded to the airline, and also to Bandon Dunes so that they are kept aware of the issue.

Samuel Baugh, the Executive Director for the South Coast Development Council (SCDC) approached the Board to formally introduce himself and to answer any questions the Board might have about what the SCDC is currently working on. Chair Barton suggested that Mr. Baugh and the SCDC work in harmony with the Umpqua Business Center (UBC) in Douglas County, as they have a very active economic development program.

Adjourned to Executive Session at 9:00 a.m.