

COOS COUNTY AIRPORT DISTRICT
REGULAR BOARD MEETING
Thursday February 23, 2017

Minutes of the regular monthly meeting of the Board of Commissioners of the Coos County Airport District held on Thursday, February 23, 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;
Mike Lehman, Commissioner;
Amy Muenchrath, District Legal Counsel.

ABSENT: Jon Barton, Commissioner.

STAFF PRESENT: Theresa Cook, Executive Director; Jennifer Groth, Public Information Officer; Robert Brittsan, Executive Assistant; Cynthia Henson, Staff Accountant; Rick Skinner, Project Manager.

MEDIA AND GUESTS PRESENT: Jim Innes, CH 14.

PLEDGE OF ALLEGIANCE: Led by Commissioner Lehman.

Section I. Review of Minutes: January 19, 2017 Board Meeting:

Upon a motion by Commissioner Benetti (second - Commissioner Lehman), the minutes of the January 19, 2017 regular Board meeting were approved.

Section II. Review of Invoices:

The Board reviewed new invoices through February 22, 2017 in the amount of \$577,717.12. No comment was made. Upon a motion by Commissioner Benetti (second-Vice-Chair Briggs) the invoices through February 22, 2017 in the amount of \$577,717.12 were approved.

Section III. Finance Report:

The Board reviewed the financial summary report. Vice-Chair Briggs requested that the District financials show all age receivables and not just those over 90 days past due. Commissioner Benetti made a comment on the lowered enplanement numbers, and asked the Executive Director if that was due to canceled flights. The Executive Director informed him that due to weather and maintenance issues, numerous flights had been cancelled, steadily lowering the enplanement numbers. Commissioner Benetti asked and was informed that daily flights to Portland begin April 9, 2017. Commissioner Lehman mentioned that he would like to see the flight schedule posted on the Coos County Airport Districts (CCAD) website, possibly on the home page.

Section IV. Discussion Items:

Commissioner Benetti asked why the CCAD's employees were handling the siding installation, instead of using hired contractors for the Department of Human Services (DHS) Aging and People with Disabilities (APD) remodel project. The Executive Director explained that siding was not included in the original bid, and it was thought that the task could be accomplished in-house at a substantially lower rate. Nearing the end of the project, the CCAD did inquire from the contractor about the possibility of having them complete the siding, and was quoted a price of \$35,000 and take them five (5) weeks. The CCAD's maintenance employees completed the work for around \$3,500 and it took them only a week and a half.

The Executive Director updated the Board on the status of the Oregon Infrastructure Finance Authority (IFA) loan, to fund the new build to suit building for DHS. Two Board Commissioners and the PIO attended the IFA meeting in Salem. The CCAD was approved for a loan in the amount of \$11.5 million, and a contract will be sent to the District from the IFA for the Chairman to sign, following approval from the Board. Commissioner Benetti mentioned a conversation he previously had with the Chair, regarding the actual cost of the build to suit being \$12.1 million. The Executive Director explained that there was architectural work in the amount of \$666,000 along with site prep that the CCAD performed that was paid for by the District. Adding that to the \$11.5 million, brings the cost to roughly \$12.1 million. When the IFA loan is officially in place, the CCAD will receive its first draw down of \$333,000, which is half of the architectural costs incurred, and it will be deposited into the Airport's General Fund to use as working capital. Commissioner Benetti asked if the CCAD would be reimbursed out of the IFA loan. The Executive Director explained that we applied for and received a loan for \$700,000 with a 5-year payback and 3.12% interest rate from Oregon Pacific Bank to reimburse the CCAD for the amount of the architectural work. For the moment,

the Executive Director's plan is to use half of those funds to reimburse the CCAD, and save the rest to get the District through the lean winter months.

Commissioner Benetti inquired about the actual price of the DHS-APD remodel building and was told by the Executive Director that it was around \$1.7 million, but that \$200,000 of that was from change orders and would be paid back to the CCAD from DHS within the next 30-90 days. The other \$1.5 million was acquired from a loan we received from Oregon Pacific Bank. The Executive Director noted that she expects to see a positive cash flow from the DHS-APD building by April 1, 2017 at the latest.

The Executive Director explained to the Board that the IFA loan would have a 1.15% interest rate during construction, but would then it would change to the market rate, estimated to be around 3.8% during the 20-year payback of the loan. Commissioner Benetti asked and was told by the Executive Director that due to changes in the bond market we wouldn't be able to lock in the interest rate until we received the contract from the IFA. The CCAD's previous estimate of the interest rate was 3.4%. Commissioner Benetti inquired what the difference would be in the payback amount given this higher rate. The Executive Director explained that the CCAD's monthly revenue from the build to suit alone, after debt repayment, would be around \$34,000. In five years after the commission fees have been paid the monthly revenue would be around \$45,000-\$48,000.

Section V. Action Item:

Vice-Chair Briggs (second-Commissioner Lehman) moved to approve the 2017/18 fiscal year budget calendar. Motion passed.

Vice-Chair Briggs (second-Commissioner Lehman) moved to approve the Executive Director as the budget officer for the 2017/18 fiscal year budget process. Motion passed.

Commissioner Benetti (second-Commissioner Lehman) moved to approve authorizing the CCAD Board Chair to execute the Oregon IFA loan contract in the amount of \$11,500,895. Motion passed.

Section VI. Commissioner Comments:

The Executive Director introduced Rick Skinner as the newly hired project manager for the DHS build to suit project, and asked him to address the Board regarding the project. The Project Manager thanked the Board for the opportunity

to work on the project. Commissioner Benetti asked what the current progress status was for the build to suit. Swinerton's construction trailer has been moved on site. The Project Manager explained that Johnson Rock has been working with Swinerton Builders to begin organizing submittals, as there have been many changes and deductions made recently. Plans are to haul base rock onto the site for creation of a platform for the construction crane. Currently, the project is roughly a week out from actual groundbreaking and staging. Commissioner Benetti asked how change orders would be handled going forward with the build to suit project, and whether they would be dealt with before hand or would continue throughout construction. The Executive Director explained that Swinerton Builders received bids, but that changes had been made to them that would not affect the build to suit's progress. The Project Manager mentioned a possible issue with the base rock. The Executive Director made comment on this matter, stating that the first step in the construction process was to bring in rock as the sub base for either the pavement, asphalt, or concrete. The rock comes in many different sizes, specifications, and price and Swinerton may change the rock or amount of asphalt, which could ultimately lead to price increases in the future. The CCAD has a built-in buffer of \$500,000 to cover changes and increases. When it comes time for the steel structure and the walls to go up, that is when DHS will start giving their change orders. In consideration of the \$200,000 in change orders made to the APD remodel project, the Executive Director expects to see at least that much for the build to suit project. Commissioner Benetti asked and was informed by the Executive Director that DHS will issue the CCAD a reimbursement check for any of their change order costs. The Project Manager explained that there has been around \$600,000 in deducts recognized through value engineering. The Project Manager commented that DHS has asked for many state of the art upgrades including thermostats that can be adjusted with your cell phone and low energy lighting fixtures. Commissioner Benetti asked and was informed that the Energy Trust of Oregon was extremely interested in possibly providing some funding for the build to suit project. However, she was not entirely sure if that funding would be in the form of a loan, grants, or a tax reimbursement.

Chair Mineau briefly mentioned the CCAD Board member elections coming up, and inquired if Commissioner Barton would be running in the election this year. Commissioner Benetti stated that Commissioner Barton was still undecided. Any interested persons should apply before March 16th, 2017.

Commissioner Benetti addressed the Board about the possibility of subsidizing flights by purchasing blocks of tickets with tax dollars during off season months, and collaborating with the Coos Bay-North Bend Visitors and Convention Bureau (VCB) and Portland hotels to create promotional packages. The Executive Director

said that the Federal Aviation Administration (FAA) is very clear on the matter and that the District would have to create a separate entity, absent of anyone involved with the Airport, to decide how to disperse any money towards subsidizing air service. Commissioner Benetti responded, asking if we could give the funds to the VCB, as they are a separate entity, and have them purchase the blocks of tickets. The Executive Director stated that you must form a committee outside of the airport and then let them decide to give the money to the VCB. Commissioner Benetti mentioned that the airport in Redmond, OR was contributing around \$10,000 to help subsidize their air service, and inquired if there was any way for the CCAD to contribute that amount. The Executive Director explained that the CCAD receives a grant from the Department of Transportation (DOT), called the Small Community Air Service Development Grant, and because it is not airport funds it can be used to subsidize air service, and stated that she believes that the Redmond Airport was receiving two or three of these grants. Commissioner Lehman noted that he would like a cost estimate, if the CCAD wanted to implement more flights to Portland and a long-term plan to start the process. The Executive Director and Legal Counsel stated again that in order to subsidize air service with tax dollars, a committee would need to be formed that gives the CCAD Board members no control over the disbursement of funds. Commissioner Benetti addressed the rest of the Board, stating that he was extremely interested in subsidizing air service with tax dollars, but would like the rest of the Board's opinion. Commissioner Lehman stated that he suspected there would be many political discussions on whether this was the appropriate use of tax dollars. The Executive Director stated that the CCAD can also research airports that pay for their air service on a yearly basis, because they are unable to reach the demand required for their air service to become self-sustaining. Further information on five or six airports that provide air service this way as a model, will be brought to the Board.

Commissioner Benetti mentioned a conversation that he had with the World Tourism Studio about the CCAD not having a visitor center within the terminal, and asked if it would be feasible to have one of our employees act as a visitor liaison. The Executive Director stated that we could make the Operations office more user friendly and approachable for incoming tourists with questions.

Commissioner Benetti brought up the possibility of hiring a Human Relations (HR) representative from outside the CCAD that would assist employees with their HR needs. The Executive Director said that we have looked at various options regarding this matter. The most viable option is through the Special Districts Association of Oregon's (SDAO) insurance program which contains an Employee Assistance Program (EAP). The Executive Director had the PIO research to see if there was a local EAP representative. Unfortunately there was not a local option,

but there was a regional HR representative who travels around. The PIO will research rates, how often they would visit our airport, and whether they would be available by phone for the employees to talk to at any time. Commissioner Lehman mentioned that the CCAD should make every effort to foster employee wellness in order to retain the current employees that it has.

Chair Mineau mentioned that it had been brought to her attention recently that the tarmac was not big enough to accommodate the fueling truck, when the CRJ-700 was parked at the gate. In order to fuel the flight from Denver, the fueling truck would have to park off the pavement, potentially causing problems with it getting stuck. Chair Mineau commented that the issue was on the list of items that needed to be addressed in the near future.

Chair Mineau made comment regarding the separation of the large concrete slabs used in the construction of the apron, and inquired about fixing the issue. Some slabs have sunk several inches causing an uneven surface. The Executive Director explained that the airport consultants hoped to combine the repair project with the new Airport Rescue and Fire Fighting (ARFF) building project. The Executive Director estimated the cost at \$1,000,000, based off of the cost of the new concrete slab in front of the hangar.

Chair Mineau asked about the current status of the Pavement Management Program. The Executive Director explained that it would be funded by Federal Aviation Administration (FAA) discretionary funds, that would be used to update the electrical runway lighting and that it would probably be six months before that project started.

The Executive Director mentioned that there was a meeting scheduled with Dale Sause for next week to discuss liability insurance, in order that Coos Aviation would feel comfortable promoting the use of the hangar for overnighting General Aviation aircraft. The Executive Director was willing to remove airport employees from the process and allow Coos Aviation staff to have control of the use of the hangar. If this happens the CCAD will most likely have to increase its insurance to cover any potential aircraft damage.

Commissioner Benetti questioned the Executive Director regarding City of North Bend employees cleaning something up earlier that day near the Airport, and asked if it would affect the CCAD in any way. The Executive Director explained that the Operations Manager had spoken with her earlier that day and said that the Business Enterprise Center (BEC) was experiencing a sewage backflow, causing them to have to close the building down. This was related to the City's main sewer line being plugged and overflowing the entire residential block.

Commissioner Lehman voiced concerns that the CCAD Board members rolls were to set policy for commuter's using the airport and not to perform management duties, and that there needed to be clear guidelines between airport management and Board members.

Public Comments:

None

Adjourned at 8:25 a.m.