

COOS COUNTY AIRPORT DISTRICT
REGULAR BOARD MEETING
Thursday May 25, 2017

Minutes of the regular monthly meeting of the Board of Commissioners of the Coos County Airport District held on Thursday, May 25, 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;
Jon Barton, Commissioner;
Mike Lehman, Commissioner;
Amy Muenchrath, District Legal Counsel.

ABSENT: Joe Benetti, Commissioner.

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

MEDIA AND GUESTS PRESENT: Jim Innes, CH 14; Margaret Barber, Port of Coos Bay.

PLEDGE OF ALLEGIANCE: Led by Commissioner Barton.

Section I. Review of Minutes: April 20, 2017 Board Meeting:

Upon a motion by Commissioner Lehman (second - Commissioner Barton), the minutes of the April 20, 2017 regular Board meeting were approved.

Section II. Review of Invoices:

The Board reviewed new invoices, through May 24th, in the amount of \$946,174.85. Commissioner Barton commented that there was a high amount of temporary employee costs this month, and wondered if any of these costs would be recoverable from the insurance claim. The Oregon State Police (OSP) building had recently taken heavy wind and rain damage and the temporary employees were hired in the interim to maintain the airport grounds, while the permanent staff

conducted repairs to the OSP building. The Executive Director stated that she did not believe that these costs would be recoverable through an insurance claim. A motion to accept the invoices in the amount of \$946,174.85 by Commissioner Briggs (second – Commissioner Barton) was approved by the Board.

Section III. Finance Report:

The Board reviewed the Financial Summary report. Commissioner Barton mentioned that enplanements were down slightly in comparison to last year's figures. The Executive Director stated that this was due to a lowered frequency in the number of daily flights and a higher flight cancellation rate.

Section IV. Discussion Items:

The Board welcomed Margaret Barber, the External Affairs Manager for the Port of Coos Bay, to give a report on the planned channel modification project. The trends over the last few years have shown an increase in cargo vessel sizes, which help to keep unit shipping costs down. The navigational channel is currently federally authorized to be 37 feet deep and 300 feet wide, presenting challenges for many of the larger ships currently in use and lowering their efficiency. Modification would make Coos Bay's navigational channel more attractive and supportive of industries looking to locate here, as we have a comparatively short transit of only 15 miles to open water versus Portland's 120 mile long channel. Ms. Barber discussed with the Board the benefits of this project, such as easing congestion issues in many of the large metropolitan areas in Oregon by reducing the number of shipping trucks on the road, and the possible boost to our local economy. The Port would like to widen the channel to 450 feet and dredge to a depth of 45 feet from the ocean entrance all the way to river mile 8.2, just before the railroad bridge, along with creating a turnaround basin approximately 1,400 feet long and 1,100 feet wide. The Port of Coos Bay has been working with the U.S. Army Corps of Engineers, which is an agency that oversees federal navigational channels, as they have begun working on their Environmental Impact Statement (EIS) for this project. The Port is hoping to have a draft of that document later this year. Ms. Barber explained the tentative timeline for the modification plan to the Board, stating that the Port was hoping to start late 2019 and be finished with the project by the year 2022. The estimated project costs were around \$400 million. Commissioner Barton asked and was informed that there was not currently a specified location where the Port planned on disposing of the dredge spoils. A preliminary location has been recognized on the south end of the existing channel, but this was subject to change and contingent upon the Port obtaining a temporary Section 103 Permit. Commissioner Barton commented that the Port would need to build a new terminal to handle the increase in freight. Commissioner Barton

mentioned the findings of a study done by an independent consultant hired by the Port around 17 years ago, measuring the feasibility of building a new terminal. The study determined that at that time there wasn't enough freight available locally to warrant the cost of a terminal. Commissioner Barton wondered what current data would provide in support of the construction of a new multi-use shipping terminal.

The Operations Manager addressed the Board to update them on the status of operations at the Airport and its property. The Operations Manager explained that the work at the Business Enterprise Center (BEC) from the recent sewage spill was almost complete, and that the CCAD is currently looking at different flooring options and is waiting on bids. Commissioner Barton inquired and was informed by the Operations Manager that the carpet in the offices had not been affected, and that the CCAD would only replace the carpet as needed. Commissioner Lehman asked if the offices were currently unoccupied. The Executive Director explained that two tenants recently left the office suites, but there were other tenants in the BEC that were interested in the spaces. The CCAD is going to reevaluate the square footage of the facilities to get a Fair Market Value (FMV) to introduce to new tenants. Commissioner Barton asked and was informed by the Executive Director that the renovation costs don't currently include painting the outside of the building, but that there was around \$5,000 left of the insurance settlement that could be used for that purpose.

The Operations Manager spoke with the Board about the repairs on the OSP building, showing pictures of the affected areas. The high winds tore an extensive amount of flashing from the roof, revealing significant rust damage underneath that previously could not be seen. This allowed water from heavy rains to cause damage to the offices both upstairs and downstairs. The CCAD maintenance staff has applied temporary patching and purchased dehumidifiers and blowers, to keep the offices dry until the roofing company, Rainbow Metals, can begin permanent repairs. Currently the roofing company is still four and a half weeks out until they can begin the work. The CCAD staff has also replaced the HardiPlank siding on the West side, installed a drainage ditch to shed water away from the building, and put rain guards on the windows. The HardiPlank siding was also fitted with an upgrade called Rhino Skins, which fits between the joints for added protection. The CCAD received an insurance settlement in the amount of \$19,500 for the repairs, and has spent roughly \$30,000 to date.

The Operations Manager updated the Board on the status of work that was requested by the Bureau of Land Management (BLM), including painting, caulking, and pressure washing the facility. The CCAD is still awaiting quotes from prospective contractors for this work.

The Executive Director mentioned that if the Port is going to widen the ship channel by 150 feet, this could possibly bring vessels closer to the end of the runways safety zone. The Operations Manager stated that if dredging happens along the east side of the channel, the ships will definitely be closer, which could cause potential problems with the Federal Aviation Administration (FAA), either by lowering the CCAD's approach visibility minimums or extending the time the runway is closed. CCAD staff is currently monitoring the ship traffic to reduce the impact to air operations. Commissioner Lehman asked and was informed by the Executive Director that while there is software available to track the ships, it is considered too unreliable and is not acceptable by the FAA's standards, as there is a slight lag in data transmittal. However, the CCAD is still looking into different options to track those vessels entering the safety zone, that doesn't involve staff needing to physically be there to log the event.

The Project Manager discussed with the Board the status of the Department of Human Services (DHS) build to suit project. The last month has been extremely busy on the site. The Project Manager supplied photos of some of the footings that have been poured, along with showing some slight bowing in one of the forms that had to be addressed. The site was readied for the slab on grade (SOG) pour, by installing the underground electrical conduits and plumbing, 4 inches of aggregate on top of the subgrade, placement of the vapor barrier and the SOG rebar. The Department of Environmental Quality (DEQ) sent out a representative for a surprise inspection of the site, to ensure that the crew was properly following the 1200C permit. Most issues, that were noted by the DEQ, have been corrected and there is now a plan in place to prevent future problems. The crew began setting structural steel last week prior to the SOG concrete pour, as there was an approximately 10-day delay for the SOG due to heavy rains. The Project Manager commended the crew for completing the 400 yard SOG pour in a single day without serious issues. The scheduled completion date is still set for December 27, 2017.

The Public Information Officer (PIO) spoke with the Board about recent public relations activities. There has been a lot of work on tourism lately. Travel Oregon recently awarded a grant to our community to do a World Tourism Studio. Also, the Oregon State University Oregon Extension Service in Myrtle Point has hired a tourism specialist with a Ph.D. in tourism management, to help with destination development for the area, to package it in a way to make it more attractive to certain demographics. The Oregon Coast Visitors Association, which is a contracted organization with Travel Oregon, has hired a specialist exclusively for the South Coast, to help with familiarization tours and destination development.

Additionally, the CCAD has a seat on the County Tourism Work Group, created by the assessment Bandon Dunes agreed to pay to the county, which will generate around \$400,000 a year to promote tourism. The PIO mentioned having a discussion with John Hitt with the South Coast Development Council (SCDC), regarding the CCAD's continuing membership, future relationship, and what the CCAD would like to see from SCDC to promote the airport. There was a press release letting the community know about the construction happening at the San Francisco airport, and to check the status of their flights through June 5, to ward off surprise delays and cancellations.

The CCAD hosted the North Bend Senior Prom in the terminal lobby.

The PIO briefly mentioned some promotional activities the CCAD has been involved in. Some of which included attending the Business Expo hosted by The World Newspaper at The Mill Casino, the Science, Technology, Engineering, and Mathematics (STEM) Girls Rock! Program at The Boys and Girls Club, and the continued effort of the CCAD in promoting the Denver flight.

The PIO has continued representing the CCAD on the Southwest Area Committee on Transportation (SWACT). Recently, the Executive Director, Project Manager, and the PIO attended a meeting with Kaddy McKeown to discuss the new transportation bill in greater detail, as far as the airport was concerned. One of Kaddy's priorities is to build the ConnectOregon pool from the \$42 million it is currently at, back up to \$100 million, which directly affects funding for multi modal transportation, including airports. The Executive Director attended the Regional Commercial Air Service roundtable, hosted by Bandon Dunes on April 18, 2017. While attending, the Executive Director was able to speak with a representative from the Oregon Department of Aviation about the upcoming grant program they have available, which specifically targets airports of our size and commercial air service capabilities. The PIO mentioned that statistics for the CCAD's Facebook page looked good and that the \$79 Portland fare promotion generated a lot of activity.

The Executive Director addressed the Board to give the Executive Directors report. The Executive Director explained that the PIO had compiled a summary of the capital resources and asked the PIO to speak with the Board regarding the DHS projects listed on the summary. The PIO explained that the CCAD is nearing completion of the remodel project, and the last few remaining change orders (C/O) are scheduled to be completed by June 30, 2017, at the latest. There is still the \$80,000 contractor retainage due, but the CCAD has yet to receive a bill.

In light of the large amount of DHS requested C/O's involved with the remodel, the DHS build to suit project has a \$250,000 contingency, which accounts for the possibility of numerous C/O's. Like the remodel project, the CCAD will pay the costs up front for these C/O's and will be reimbursed by DHS.

The Executive Director stated that BLM issued a Request for Information (RFI) approximately 2 months ago, as part of normal protocol, in regards to the possibility of relocating, as their lease with the CCAD is set to expire in June of 2019. The CCAD replied and notified them of the District's interest in submitting a proposal to have them stay in the same facility they currently occupy and to schedule a site tour. The site tour yielded a comment that there was warehouse space that was not needed. The Executive Director stated that the CCAD may be able to manage renting that space to another tenant as long as there was a reasonable access road and the space was separated from BLM. Commissioner Lehman asked and was informed by the Executive Director that the next step would be for BLM to issue a Request for Proposals (RFP), and would make their decision based on the proposals they receive and that if chosen, the CCAD would enter into a 20-year lease agreement. The CCAD's proposal is approximately \$4,000 more than the \$49,921.29 BLM is currently paying.

The Executive Director spoke briefly with the Board about the current occupancy in the BEC office building. Stating that even with no promotion done for the vacant spaces, there were already several interested parties. The Executive Director mentioned that the CCAD would look into painting the outside of the building, to help make it more aesthetically pleasing in order to attract new tenants.

The Executive Director stated that it was in the best interest of the CCAD to deny the request, to put in a coffee shop, in the space where the vending machines were located in the airport terminal. Due to the many problems with tenants located in that space in the past, the Executive Director stated that the CCAD should wait for a business owner more dedicated to a single business venture.

The Executive Director discussed some options with the Board to allow for the 30,000 square foot commercial hangar to be used by General Aviation (GA) aircraft. The CCAD and Coos Aviation currently carry \$20 million in hangar liability insurance. Potentially the GA aircraft that would be utilizing the hangar were worth well over what liability insurance covers. One option is for the CCAD to carry additional hangar liability insurance, anywhere from \$65 to \$100 million, lease the space to Coos Aviation to collect the hangar overnight parking fees. This addition

to the CCAD's insurance could cost another \$45,000 a year and would most likely barely be covered by the lease payment and the use fees. However, using the hangar gives it better marketing value than leaving it empty, and could potentially lead to higher revenue later. Commissioner Lehman commented that it may cost the CCAD more in the end, with the staff time that would go into something like this, and that it doesn't make economic sense. The Executive Director spoke with the Board about possible lease time frames including a year, month to month, or just a six-month probationary period during the summer to capture the season. Commissioner Barton asked and was informed by the Executive Director that the income from use fees of the hangar is subject to the size of the aircraft, but is nearly double the overnight ramp tie down fees. Commissioner Barton agreed with Commissioner Lehman that the CCAD should only pursue the issue if there was some economic value to the CCAD.

The Executive Director briefly mentioned that the CCAD will be submitting an application for a grant with the Oregon Department of Aviation (ODA), for one of their smaller grants, between \$20,000 - \$75,000, for marketing air service. The PIO will likely attend an ODA board meeting next month to show a presence, with the CCAD submitting an application at the following meeting.

The Executive Director quickly mentioned to the Board that the Transportation Security Administration is installing a new passenger security scanner.

The Executive Director broached the topic about the current and future state of the airline and airport industry. In previous meetings, it was mentioned that there was a pilot shortage, but there is also a gate shortage, as airports are reaching capacity with so many passengers coming in on much larger aircraft. The Executive Director explained that every part of the process of getting someone on a plane and getting them to a gate is quickly reaching excessive demand, as the airline industry grows. Commissioner Lehman asked and was told that many airports haven't addressed capacity issues yet, as this is most likely a 10-20-year process.

The Executive Director spoke with the Board about possibly marketing PenAir through a marketing company contracted with the airline. The marketing agency company offered to emphasize Southwest Oregon Regional Airport (SORA) in their marketing campaign, if the CCAD was willing to contribute \$25,000 to the collaboration. Commissioner Barton mentioned that he didn't believe it was in the best interest of the CCAD to be a part of this endeavor. Another opportunity was to invite the Society of American Travel Writers down during their convention in Portland at the end of October 2017. They would go on a familiarization tour of the

local area and Bandon Dunes so that they can write about it and make it more appealing to other travelers. They would fly in from Portland on PenAir, travel down the coast to Crescent City, where they would fly back to Portland.

Section V. Action Item:

Commissioner Barton (second Commissioner Lehman) moved to ratify Resolution 2017-03-03 authorizing a loan from the Special Public Works Fund by entering into a financing contract with the Oregon Infrastructure Finance Authority. Motion passed.

Section VI. Commissioner Comments:

The next Board meeting is scheduled for June 22, 2017. Chair Mineau congratulated Commissioner Barton on successfully being re-elected to the Airport Board for another term.

Commissioner Lehman mentioned that he has been approached by people of the community that do not wholly agree with the CCAD utilizing property taxes to subsidize air service.

Public Comments:

None

Adjourned at 9:00 a.m.