

COOS COUNTY AIRPORT DISTRICT
REGULAR BOARD MEETING
Thursday June 16, 2016

Minutes of the regular monthly meeting of the Board of Commissioners of the Coos County Airport District held on Thursday, June 16, 2016, at 7:30 a.m., in the District Boardroom.

CALL TO ORDER: Chairman Briggs called the meeting to order.

COMMISSIONERS PRESENT:

John Briggs, Chairman;
Helen Mineau, Vice-Chairman;
Jon Barton, Commissioner;
Joe Benetti, Commissioner;
Mike Lehman, Commissioner.

ABSENT: Andy Combs, District Legal Counsel.

STAFF PRESENT: Theresa Cook, Executive Director; Bob Hood, Operations Manager; Gordon Gates, Business Manager; Robert Brittsan, Executive Assistant.

MEDIA AND GUESTS PRESENT: Gordon Young, CH 14; Kim Gold, CH 14; Randy Rema, Reese Electric; Bob Dillard, City of North Bend; Brent Pahls, Budget Committee Chairman; Nathan Clausen, Sause Bros.

PLEDGE OF ALLEGIANCE: Led by Commissioner Mineau.

Section I. Review of Minutes: May 26, 2016 Board Meeting:

Upon a motion by Commissioner Mineau (second - Commissioner Barton), the minutes of the May 26, 2016 regular Board meeting were approved.

Section II. Review of Invoices:

The Board reviewed new invoices, through June 15th, in the amount of \$315,391.00. A motion to accept the invoices in the amount of \$315,391.00 by Commissioner Mineau (second – Commissioner Barton) was approved by the Board.

Section III. Finance Report:

The Board reviewed the Financial Summary page. The Business Manager discussed the District's financial position for the month. All funds are in compliance and within the District's budget spending authority. The Grants Received line item increased by \$214,763, due to the Small Community Air Service Development grant reimbursement payment from the Department of Transportation. The Passenger Facility Charge (PFC) fees were up substantially. The increase in PFC revenue was attributed to PenAir's association with Alaska Airlines. The District now also receives PFCs from North Bend passengers who have connecting flights into and out of Portland. The All Other Receipts line item showed an increase, which was from a reimbursement for refinancing of the BLM facility acquisition.

The Statement of Long Term Debt summary page showed the payoff to HomeStreet Bank and the new BLM debt with the Oregon Infrastructure Finance Authority (IFA). Commissioner Lehman asked and was informed that the debt payoff was for twenty five (25) years.

The Business Manager reviewed the General Aviation (GA) Aircraft Visits Graph. GA visits were 179 for the month of May, compared to 155 last year. The month of May had the most GA visits by the top tier category of aircraft, of any month since the Airport Use Fees were implemented.

Review of the Enplanements Graph showed that, year to date, passenger counts were close to that of last year.

The Business Manager stated that the Department of Human Services (DHS) site prep work resulted in the removal of thirteen (13) loads of logs, which generated approximately \$16,400 in gross receipts. Commissioner Barton confirmed that the total cost of the site work, not including the timber salvage, was around \$34,000. Commissioner Barton asked if more work was scheduled to be done on the site. The Executive Director stated that there will be no more brush or tree removal, but that an onsite fill relocation plan was still pending. The Board discussed site fill material relocation options.

Section IV. Information Items:

The Operations Manager updated the Board on operational and maintenance issues at the Airport.

The FAA's annual Part 139 certification inspection, was held on June 1. This was a very comprehensive inspection with the certification inspector examining all

facets of airfield operations. Through the professionalism, knowledge and hard work of District staff, the Airport received a zero discrepancy inspection, which is extremely difficult to achieve. Chairman Briggs inquired and was informed that the Airport had only earned a zero discrepancy report three (3) times over the past twenty (20) years. Commissioner Barton commended District Staff for all their hard work.

The Airport Operations vehicle is in need of replacement, as maintenance costs were starting to become an issue. The 2005 Ford Escape has in excess of 109,000 miles of harsh coastal airfield driving. Chairman Briggs inquired and was informed that the purchase of the vehicle was recognized in this current fiscal year budget. Commissioner Lehman wondered if leasing a vehicle would be a better option. The Board discussed leasing versus buying and agreed that, in this instance, buying made more sense. Commissioner Barton questioned the fate of the old vehicle. The Ford Escape would stay in service as an emergency communications backup vehicle. When maintenance costs exceed usefulness, the car would be removed from service. The Board discussed the additional cost associated with making a vehicle airfield ready, which consisted of the installation of radios and a roof beacon.

In the event of a hazardous spill on the air carrier apron, such as a fuel spill, excess fluid would flow into a catch basin which leads to the stormwater system and ultimately into the bay. The automatic electrical valve system that closes and seals the catch basin, thereby preventing the contaminants from reaching the bay, has failed. Because repair of the valve system would cost an estimated \$16,000, an alternate solution was found. A manual valve system could be installed for approximately \$8,700. The manual system would be accessible from the surface of the apron, allowing staff to perform the shutdown without having to climb into the confined space of the catch basin. Commissioner Barton inquired and was informed that the location of the above ground shutoff valve would not be in the way of air carrier operations.

The Executive Director updated the Board on the status of air service at North Bend. Passenger load factors on PenAir, for air service to Portland, were approximately 45% full, which is good for a new route, especially in May. United flights to Denver started June 12, 2016, with the first being 46% full coming in and 76% departing, which is extremely good for the first flight of the season. On June 9, 2016, daily SkyWest flights to San Francisco resumed. Commissioner Barton asked and was informed that PenAir had no intention of adding additional flights to Portland, at this time.

A Request for Proposals (RFP) for a Construction Manager/General Contractor (CM/GC), was issued by the District. The District received four (4) respondents. The Local Contract Review Board (LCRB) met and reviewed the submittals. All overall costs were roughly in the same fee range. The District tasked LRS Architects with contacting each respondent to obtain clarification on project costs based upon an entire budget of \$10M. After which the District will contact select submittals to discuss opportunities to reduce costs and preserve the ten (10) month project timeline. Commissioner Lehman inquired and was informed that the project was still on track to be completed on time and on budget. The DHS build to suit facility increased from 44,000 to 47,000 square feet, which subsequently increases the rent that the District would receive. The recalculation of the rental increase verses debt payment, over the life of the loan, still provide for the project to be within budget. Commissioner Lehman asked how much DHS can alter the building specifications, thereby increasing the cost of the project. The Executive Director stated that DHS cannot modify the specifications, they are under strict guidelines and can only make minor changes.

The District received a letter from Congress, asking the Airport to consider using the Screening Partnership Program (SPP) opt-out for Transportation Security Administration (TSA) passenger screening. The Board discussed the issue and decided to take no action.

In the Coos Aviation lease agreement with the District, it states that Coos Aviation may sublease space, for which the Airport is entitled to 5% of the gross revenues. Nathan Clause addressed the Board and discussed the sublease tenant. The tenant would like to operate an Unmanned Aerial Vehicle (UAV) pilot training school. The students would train in the 30,000 square foot hangar, with the administrative offices being leased from Coos Aviation. Initially the lease would be for six (6) months, with the goal of subletting for a five (5) year period. Commissioner Lehman wondered if Coos Aviation had completed a background check and confirmed that the business was legitimate. District Legal Counsel reviewed the sublease and noted several items. The Board discussed the District Legal Counsel concerns and agreed that the sublease must contain a FAA assurances clause.

Section V. Committee Reports/Presentations:

Mr. Bob Dillard addressed the Board, in regards to obtaining the District's support for relocation of the water/sewer pump station. The City of North Bend currently has a pump station located on Airport property within the perimeter security fence. In November 2013, during the ConnectOregon IV hangar project, the City

approached the District about relocation of pump station #4. At that time the approximate cost to the District would have been \$274,520. The City and the District could not come to an agreement and the pump station remained at its current location. Recently the City revisited the issue, as replacement of key components is now necessary and it is in the best interest of the City to move the station. The City acquired an engineer's estimate of \$238,322 + \$25,000 in engineering services and has requested that the District share 50% of the cost in the relocation project. The District would only have to contribute \$131,000, even if the project comes in over estimates. Commissioner Lehman asked about the advantage of moving the station. The Executive Director responded that the pump station is an obstacle on the ramp and may be a deterrent to rental of the hangar. If the pump station isn't relocated at this time it could be eligible for FAA funding in a future project, five (5) years down the line. Commissioner Lehman asked and was informed that it was a good expenditure and a good safety measure. Taking the obstruction off the ramp and limiting possible insurance claims with aircraft damage caused by a wing tip hitting the pump station, was worth the cost to the District.

Randy Rema, from Reese Electric, addressed the Board in order to obtain Section 179D allocation. As part of the Energy Policy Act of 2005, Congress enacted the Section 179D of the Internal Revenue Code to encourage the design and construction of energy efficient buildings. Reese Electrical installed energy efficient interior lighting at the ConnectOregon IV hangar project. In order for Reese Electric to be eligible for the tax deduction, the District has to sign Section 179D authorizing the allocation.

Section VI. Action Item:

The Budget Committee Chairman presented the Board with the 2016/2017 fiscal year budget, approved by the budget committee. The Budget Committee Chairman recommended the Board approve the proposed budget. The Board accepted and reviewed the presented budget. Commissioner Mineau moved to adopt resolution 2016-06-01 approving the FY 2016/2017 Annual Budget in the amount of \$18,115,907 and certification of the tax rate at \$0.24 per \$1,000 (second – Commissioner Lehman). Motion passed.

Commissioner Lehman moved to authorize the pump station relocation expenditure, in the amount not to exceed \$131,661, contingent upon recognizing a location that doesn't create future problems (second – Commissioner Mineau). Motion passed.

Commissioner Lehman moved to authorize Section 179D allocation to Reese Electric (second – Commissioner Barton). Motion passed.

The Board agreed to the purchase of an Airport Operations vehicle. Since the purchase was recognized in the 2015/2016 fiscal year budget, no motion was required.

Commissioner Barton moved to approve the installation of a manual gate valve to the fuel spill pit catch basin, in the amount of \$8,700 (second – Commissioner Mineau). Motion passed.

Commissioner Mineau moved to approve the renewal of the PEG Broadcasting Services Agreement, in the amount of \$3,492 (second – Commissioner Barton). Motion passed. Commissioner Benetti requested that the Board meeting video be made available on the District website.

The Board discussed HVAC service providers and maintenance coverage. Commissioner Lehman suggested that the District look into consolidating all individual HVAC agreements under one contract. Commissioner Lehman moved to approve the HVAC maintenance service contract for the Coos Aviation facility, from Comfort Flow Heating, in the annual amount of \$1,692 (second – Commissioner Mineau). Motion passed.

The motion to negotiate a contract with the CM/GC selection was postponed, due to the selection not being finalized at the time of the Board meeting.

Commissioner Barton moved to approve Coos Aviation's sublease agreement, subject to the recommendation of the District's Legal Counsel to include a FAA assurances clause, (second – Commissioner Benetti). Motion passed.

Chairman Briggs provided a summary of the South Coast Development Council (SCDC) accomplishments over the past two (2) years. The SCDC has gone through major reorganization, reversing the decline of community support by initiating several new programs, such as for family relocation and small businesses assistance. The SCDC has become more engaged and is now better equipped to provide real service to the region. The Board discussed membership levels. Chairman Briggs recommended subscribing to the platinum level. Commissioner Lehman stated that support of the SCDC was suspect in the past, but under the new management he was comfortable with the platinum level of membership. The 2015/2016 fiscal year budget had recognized the SCDC membership. Commissioner Benetti moved to approve the SCDC at the platinum level of membership, in the amount of \$10,000 (second – Commissioner Lehman). Motion passed.

Section VII. Commissioner Comments:

The next Board meeting is scheduled for July 21st, 2016.

Public Comments:

None

Adjourned at 9:10 a.m.