

COOS COUNTY AIRPORT DISTRICT
REGULAR BOARD MEETING
Thursday, December 20, 2018.

Minutes of the regular monthly meeting of the Board of Commissioners of the Coos County Airport District held on Thursday, December 20, 2018 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;
Helen Mineau, Commissioner;
Mike Lehman, Commissioner;
James Martin, District Legal Counsel.

ABSENT: John Briggs, Commissioner.

STAFF PRESENT: Theresa Cook, Executive Director; Bob Hood, Operations Manager; Robert Brittsan, Executive Assistant; Rick Skinner, Project Manager; Tara Pierce, Account Manager.

MEDIA AND GUESTS PRESENT: Gerry Boldt, CH 14.

PLEDGE OF ALLEGIANCE: Led by Commissioner Lehman.

Section I. Review of Minutes: November 15, 2018 Board Meeting:

Upon a motion by Commissioner Benetti (Second Commissioner Mineau), the minutes of the November 15, 2018, regular Board meeting were approved.

Section II. Review of Invoices:

The Board reviewed new invoices through December 19, 2018, in the amount of \$263,427.61. Commissioner Benetti inquired about the cost associated with the creation of an AIA architectural contract. District Legal Counsel responded that Perkins Coie crafted a more balanced contract, as the draft AIA document that the District had used in the past usually favored the architect. Upon a motion by Commissioner Lehman (Second Commissioner Benetti), the invoices through December 19, 2018, in the amount of \$263,427.61 were approved.

Section III. Finance Report:

The Account Manager approached the Board to discuss the finance report by summarizing the Coos County Airport District's (CCAD) fund resources and requirements, throughout the month of November. The Account Manager mentioned that the District is 42% of the way through the 2018/19FY budget cycle and expectations were that both the revenue and expenditures would be within budget. The District's General Fund operational income was at 63% of budget while requirements were at 38%. All fund expenses were at or below the 42% threshold, while all fund revenue were at or above the 42% threshold.

The Account Manager noted that there was a budgeted capital outlay expense for the purchase of a Ford Transit for Airport Operations. The Account Manager mentioned that the District received reimbursement for the DHS roof inspection, bringing all inspection services billings up to date. DHS also reimbursed the District for the purchase of the trash receptacles. The District requested and received partial reimbursement on both of the open FAA AIP grants. The District made annual payments to the Oregon IFA on the DHS and BLM loans. The budget recognized the replacement of three (3) HVAC units at the BLM facility, every fiscal year. The installation of the exterior HVAC units for this year has been completed.

Chair Barton wondered if there had been any progress made towards obtaining a reimbursement from DHS in regards to the tenant improvement that they had requested during the construction of DHS CW/SSP facility. The Executive Director responded that DHS had reviewed the itemized list of reimbursable expenses and approved the charges and should be processing the request soon.

Commissioner Benetti asked for a breakdown of income versus expenses for leaseholds on airport property. Commissioner Lehman requested to see the trend of the District's revenue stream over the past 10 years.

Commissioner Lehman inquired as to whether there had been any recent interest in leasing the main hangar. The Executive Director responded that insurance problems have limited the potential users to small individual general aviation aircraft. Commissioner Mineau agreed that Coos Aviation doesn't have enough insurance coverage to handle large expensive aircraft being moved into the hangar. Commissioner Lehman wondered if there was one customer that the District could lease the entire hangar too. The Executive Director stated that CBRE Group, Inc., a commercial real estate services firm, was hired to find such a tenant, and was unable to attract any clients. The Board discussed other options, including using the space for storage. District Legal Counsel offered that it was more difficult

to use a space designed for aeronautical use for non-aeronautical purposes. Chair Barton offered that because there was no FAA funding involved, it should be easier to use the space for other functions. The Executive Director commented that the District is currently using the hangar as an incentive, in order to try to attract air service to Portland.

Section IV. Discussion Items:

The Operations Manager approached the Board to give the Operations Report. The Operations Manager updated the Board on the sewer backup of the Oregon State Police building. District Staff was notified at 2:00am on December 2, 2018, that the toilets had overflowed at the Oregon State Police building. The main sewer line leaving the building had become clogged and backed up into the building. Due to the emergency and the potentially hazardous nature of the event, the Coos County Airport District authorized ServPro to perform the work required to ensure a timely cleanup and the safety of the tenant. The Airport District is currently working with SDAO and ServPro to determine the extent of the damage, which would be covered by the District's insurance. An industrial hygienist was contacted to test for contaminants in the building. ServPro is in the process of cleanup and repair of the affected areas, with carpets being removed and flood cuts made. Chair Barton inquired as to the cause of the flood. The Operations Manager offered that nothing has yet been determined, but that it did not seem to be the fault of the tenant. Commissioner Lehman suggested that the sewer lines be scoped just to ensure that there was no further issues.

The 120 gallon hot water tank at the terminal failed. During the installation, it was discovered that the circulation pump had also failed and needed to be replaced.

The DHS APD facility suffered a break in, where the perpetrator forced entry through the breakroom door. DHS requested that exterior door locks be upgraded to provide better security and that the chain link fence slats be removed for more visibility. The Executive Director stated that because of the break in, the wooded area surrounding the property would be cleared, using an inmate work crew.

Due to unforeseen events, District staff have had numerous late night call-outs recently, from monitoring ship traffic to emergency power outages. The Board discussed damage due to the recent power outages. Rick Skinner, the DHS project manager, stated that the new DHS facility had no surge protection system built into the DHS building. The outage tripped the fuses which needed to be reset, resulting in the dimmer switches and motion sensors inside the building also needing to be reset. The DHS building has no backup generator, just an inverter that provides enough backup power to allow employees to evacuate the building. Commissioner

Lehman inquired and was informed that a surge protection system would cost in excess of \$250k.

The Knights of Columbus held their annual Christmas food give-a-way program in the main hangar, December 10th through December 15th. The Executive Director mentioned that the tenants agreed to move their aircraft out of the hangar during the week of the event.

The Runway Safety Area (RSA) AIP project engineer had the Airport close runway 4/22 on December 19, after commercial air carrier operations had been completed. The closure allowed the engineers to obtain core samples of the site, which involved drilling 70' down in several locations at the end of the runway. Runway 4/22 was closed just for the night, with zero impact to air traffic and the U.S. Coast Guard.

The Executive Director addressed the Board to give the Executive Directors report. The Executive Director informed the Board that on December 14, 2018, District staff and Chair Barton attended the Oregon Joint Transportation Committee in Salem. The North Bend, Klamath Falls and Pendleton airports, along with Boutique Air presented the committee with the challenges facing rural communities in maintaining air service. The Joint Transportation Committee discussed subsidizing air service through review guarantees and the Essential Air Service (EAS) program. Chair Barton offered that a strategic business plan should be created, in conjunction with the Oregon Department of Aviation (ODA).

The Small Community Air Service Development (SCASD) grant was to be issued in December, 2018, with submittals due in January, 2019. The process has been delayed a month and should be announced in January, with submittals due in February.

The Airport District was in the process of obtaining revenue guarantee commitments from local business. The Board has been reaching out to organizations in the community and so far have obtained approximately \$700k in verbal commitments. Due to the tight timeline, the Airport District is looking to finalize commitments by the beginning of January.

United has announced that the Denver flight will return in the summer, from June 9, 2019 to October 2, 2019. Chair Barton inquired as to how much of the Denver flight was being subsidized. The Executive Director responded that the Airport no

longer subsidizes the route, however Bandon Dunes Golf Resort may but they are not obligated to provide that information to the Airport.

Previously, Coos Aviation requested and was authorized by the District to remodel the old terminal building and remove the baggage carousel. During the remodel process, asbestos was discovered and mitigated. Coos Aviation was now requesting partial reimbursement of the costs associated with its removal. Commissioner Lehman asked about the language in the lease. District Legal Counsel replied that the lease had no specific provision on hazardous material, only that any remodel of structures owned by the District required advance approval from the District, which had been obtained. Commissioner Lehman voiced concern over setting a precedence of paying an unknown amount of money for work that had already been completed. Commissioner Lehman wondered if the District would have gone ahead with the remodel, if the costs had been known ahead of time. Chair Barton offered, that at some point the District would have had to deal with the asbestos anyways.

The Board discussed the feasibility of combining elevator contracts, city wide. The Airport has eight (8) elevators and four (4) escalators, all but one of which is on a month to month arrangement. Commissioner Lehman asked if anyone had reached out to the District. The Executive Director responded that the District was waiting on the expiration of the final contract, before issuing bids. Chair Barton posed the question as to whether an intergovernmental agreement (IGA) was needed. District Legal Counsel didn't believe that it would be difficult to put together an IGA, when the time comes.

The Board had approved the Government Services Administration (GSA) Bureau of Land Management (BLM) lease agreement, which has been signed and returned to GSA. The District has not yet received the fully executed copy.

The architectural, engineering and planning services agreement for tenant improvements to the BLM office complex contract was drafted by Perkins Coie and reviewed by District Legal Counsel. The agreement was provided to HGE Inc. and the District's insurance agent of record, for review. The Board discussed the project and timeline, which is due to begin in 90 to 120 days, then an additional six months till competition. Final costs, including tenant improvements and shell costs, would be realized over the length of the lease.

The Board discussed the findings from the SDAO Board assessment that was conducted back in October.

Commissioner Benetti inquired as to where the District was in talks with United Airlines over adding additional flights to San Francisco (SFO). The Executive Director responded that discussions with United and Bandon Dunes were ongoing. Bandon Dunes was attempting to move the flight earlier in the day, but the addition of another flight would probably not happen this coming year. The Executive Director informed the Board that United had taken the at-risk route to SFO from SkyWest and has recently contacted the District to negotiate a new lease agreement. Commissioner Mineau added that the route had been more stable since United took control.

Section V. Action Item:

Commissioner Mineau (Second Commissioner Benetti) moved to approve the emergency cleanup of the Oregon State Police building. Motion passed.

Commissioner Mineau (Second Commissioner Benetti) moved to approve reimbursement to Coos Aviation for asbestos removal, in the amount of \$6,607.50. Commissioner Lehman commented that the District must maintain that this reimbursement is for one time only and any other renovation work would require approval prior to completion. Motion passed.

Commissioner Benetti (Second Commissioner Lehman) moved to approve the HGE, Inc. Architects contract contingent upon Legal Counsel review of the final document. The Executive Director mentioned that the document would also be reviewed by the District's insurance agent of record. Motion passed.

Section VI. Commissioner Comments:

The next regular board meeting is scheduled for January 17, 2019.

Public Comments:

None.

Adjourned to Executive Session at 8:25 a.m.