

MINUTES OF THE REGULAR MEETING OF THE COTTONWOOD AIRPORT COMMISSION OF THE CITY OF COTTONWOOD, ARIZONA, HELD MARCH 3, 2008 AT THE CITY COUNCIL CHAMBERS BUILDING, 826 NORTH MAIN STREET, COTTONWOOD, ARIZONA.

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Chairman Gradijan called the meeting to order at 6:30 p.m.

Chairman Gradijan took roll call as follows:

Commission Members Present

Aleck Gradijan, Chairman  
Margaret Austell, Commission Member  
Lawrence Minch, Vice Chairman  
Bill Tinnin, Commission Member  
Donald Thompson, Commission Member  
Allyson Waak, Commission Member

Commission Members Absent

James Moeny, Commission Member

Staff Members Present

Douglas Bartosh, City Manager  
Tim Costello, Public Works Director  
Trudy Elkins, Acting Administrative Coordinator, Public Works  
Casey Rooney, Economic Development Director

PLEDGE OF ALLEGIANCE TO THE FLAG

The Pledge of Allegiance was led by Chairman Gradijan.

APPROVAL OF MINUTES

Mr. Gradijan asked for comments and approval of the minutes of the regular meeting of the Airport Commission on February 4, 2008. There were no comments.

Mr. Minch moved to approve the minutes of the regular meeting of February 4, 2008.

Mr. Thompson seconded the motion. The motion passed unanimously.

BRIEF SUMMARY OF CURRENT EVENTS

Mr. Costello reported on the self fueling system progress. The contractor has all the parts except the new hose reel, which is on order. Mr. Costello expects the contractor will have completed installation of the self fueling system within thirty days.

Mr. Costello stated that the construction that compliments the ADOT Aeronautical "design only" grant for the electrical upgrade will be funded by the FAA. However there will be a 20 percent reduction in the original request of \$480,000 due to federal budget cutbacks. Mr. Costello has spoken with the airport consultant regarding the reduction in

funding. The consultant's initial assessment is that the original proposal can go forward within the reduced level of funding. In response to Mr. Gradijan's question about what would be purchased with the grant money, Mr. Costello replied the biggest expense would be the runway lighting upgrade involving replacement of the conductors (all the wires). This will make the system more reliable. Other upgrade items are new runway end REILs and PAPIs, replacement of all signage including taxiway and runway signs (internally illuminated), and a delineator reflectors on the taxiway.

Mr. Gradijan asked if replacing the conductors would involve tearing up areas parallel to the runways to perform underground work. Mr. Costello responded that most of the conductors are in conduit. Wires will be pulled through the conduit rather than it being necessary to dig underground. Mr. Costello stated some areas may not be in conduit and in those areas conduit will be installed by trenching.

Ms. Waak asked Mr. Costello the timeline on the project. Mr. Costello replied that the FAA has provided a timeline of plans completed by May 1, sent out for bids by May 30, and the FAA awarding the grant money by June 30, 2008.

Mr. Costello stated he would be meeting with the president of the Cottonwood Chamber of Commerce on March 4, 2008 as a follow-up to Mr. Costello's letter to the president regarding upcoming events at the airport. Mr. Minch requested that Mr. Costello ask the president about the Chamber's policy on posting information about the Cottonwood Airport on the Chamber of Commerce website. Mr. Costello agreed to address this question at his meeting with the Chamber's president.

Mr. Rooney asked if the Cottonwood Airport has a website. Mr. Gradijan responded to the negative. Ms. Austell mentioned that the FBO, Aerobear Aviation, does have a website.

### CALL TO THE PUBLIC

Mr. John Altizer, a resident of Cottonwood, offered his opinion on the Airport Commission's discussions of ground lease income. Mr. Altizer mentioned his concern about fairness in the discussion of Mr. Larry Green and his privately owned jet fuel tank on the airport grounds. Following is the prepared statement Mr. Altizer read aloud at the Airport Commission meeting:

I have a comment about ground lease income. This issue relates to the resolution of a situation involving the footprint of land upon which a private fuel tank is located. I have reason to believe that this resolution would be acceptable to both parties involved in the situation and based on the policy of fair play alluded to in the City Council meeting of November 20, 2007 regarding Larry Minch's ground lease at the airport. I suggest the following analysis and solution.

The ground footprint of the jet fuel tank is of very limited value for renting and/or leasing. This is attributed to regulations (Federal and State), insurance prohibitions and possibly local Fire Department regulations that govern land use in the close proximity of a fuel farm. Remember that a tank owned and operated by the City sits adjacent to the jet fuel tank and on the same pad.

Based upon these facts, I suggest that a maximum value for this jet fuel tank footprint per square foot should not exceed 50% of the lowest lease price for hangar ground leases on the airport proper.

To my knowledge, space "I" which is leased to the Cottonwood Hangar Association probably fills the bill at approximately \$0.2816 per square foot per year. Fifty percent of this amount would be approximately \$0.1408 per square foot per year. The footprint of the jet fuel tank is approximately 640 square feet. Based upon the considerations outlined above, the rental value would be approximately \$90.11 per year.

Now, let's review what I would assume is undisputed as Mr. Green's original contribution, \$2,700.00 for building the wall. If that amount had been invested at a reasonable rate of 5% a year and only compounded annually, the return at the end of the first year, and after deducting the above lease amount of \$90.11, which would have been paid at the beginning of the year, would have been \$130.49. In other words, the investment would still have made a profit after paying the rent and this profit would continue to increase year after year. Additionally, I have not mentioned Mr. Green's improvements made at no cost to the airport that are a benefit to the airport as well as for his own use.

Taking into consideration that there allegedly was an oral agreement between Mr. Green and then City Manager Brian Mickelsen, that agreement being that no ground rent would be demanded for the footprint of the jet fuel tank, and in keeping with the policy of fair play and in recognition of other improvements, I recommend the City offer Mr. Green a lease for that footprint including the following terms:

Length of Lease: 25 years plus a 15 year option commensurate with that of the ground lease for his new hangar and for the same periods as said lease.

Rate: \$12.00 per year

Exclusion: A paragraph that prohibits the charge of any additional amount or tax such as flowage rate.

I request this recommended solution be placed on the agenda of the next regular meeting, or sooner if a special meeting is called.

Mr. Howard Beck, a resident of Clarkdale, asked if his taxiway sign would be replaced during the signage upgrade. Mr. Costello replied that Mr. Beck's sign would be replaced. Mr. Beck commented on the proposed tie-down fee increase. He stated that the rate of \$87 a month for a shaded tie-down is a substantial amount. Mr. Beck asked if the recent increase in fees was based on an increase in costs at the airport. He noted that the Cottonwood Airport shaded tie-downs do not have electrical outlets while other airports do provide electrical outlets for the tie-down spaces.

### UNFINISHED BUSINESS

#### Consideration of creating bylaws

Mr. Gradijan asked for comments on the draft bylaws. Mr. Minch suggested that the bylaws be tabled until after the Operations and Procedures Manual is completed. He stressed the importance of the long-term impact of bylaws and of giving careful consideration to creation of the bylaws.

Ms. Austell asked about the rules for appointment of new Airport Commission members at the expiration of terms. General discussion followed on the procedures currently in place and how the topic is addressed in the bylaws.

Mr. Costello stated that the replacement procedure is similar to the original appointment of members to the Airport Commission. A vacancy is filled at the end of a member's term. He reported that an advertisement for the vacancy is posted at the airport and other sites and also published in the local paper. Applicants fill out a resume form from the City of Cottonwood Human Resources Department. Applications are presented to the City Council for final selection.

Ms. Austell asked if the Airport Commission would have any input in the selection. Mr. Costello replied to the negative. Ms. Waak asked if a prior Commissioner wanted to re-apply, would they have to go through the same application process as new applicants. Mr. Costello replied to the affirmative. Ms. Austell noted that one commission member's term would be ending in July and she suggested the process for advertising the vacancy start two months in advance.

Mr. Gradijan commented that the original ordinance as written is somewhat vague. He suggested the applications be reviewed by the Airport Commissioners in order to allow recommendations to the City Council. He noted that this could be discussed by staff, the Airport Commission, the mayor and the council to fine-tune the language of the ordinance.

Mr. Minch made a motion to table the discussion of the bylaws until the next regular Airport Commission meeting in order to allow time to complete the Operations and Procedures Manual prior to addressing the bylaws.

Ms. Waak seconded the motion. The motion passed unanimously.

#### Consideration of the draft Operations and Procedures Manual

Mr. Gradijan stated the draft Operations and Procedures Manual in the meeting packet does not reflect all the changes made at the recent subcommittee meeting. He also spoke about AOPA "Airport Watch" regarding security guidelines for airports. He expressed his concern that security issues should be added to the manual. He suggested another subcommittee meeting to address additions to the Operations and Procedures Manual.

Mr. Minch addressed the issue of fuel spills at the airport and his concern that there should be a supply of desiccant near the fuel truck. Mr. Costello replied that there is desiccant on-hand at the City of Cottonwood Public Works Department yard. He mentioned that the issue of desiccant on-hand at the airport would be addressed with the installation of the self-fueling system when a vessel will be set up near the self-fueling area. Mr. Minch inquired about the posting of a 24 hour phone number on the FBO door for the public to use in case of emergency. Ms. Austell mentioned that phone numbers have been posted in the past on the FBO door. Mr. Gradijan suggested a police dispatch number could be posted on the door for after-hours emergencies. Mr. Costello agreed to address the issue of providing contact phone numbers for posting at the airport.

Mr. Karl Priggee, owner of Redrock Skydiving and resident of Cottonwood, questioned the omission of the topic of hot fueling in the current draft of the Operations and Procedures Manual. He expressed his concern that hot fueling be allowed because it is standard procedure to do hot fueling with turbine engines to avoid damage to the turbine. General discussion followed addressing the issue with remarks about the decision of the subcommittee to designate the issue of hot fueling as a deviation in procedure that may be approved by the Airport Manager. Mr. Priggee recommended the committee read the guidelines manual published by an aviation industry association entitled "Considerations for developing a rapid refueling manual." He gave the publication to Mr. Costello for copying to the Airport Commissioners.

Ms. Elizabeth Green, resident of Rimrock, asked permission to offer information to the Commission regarding hot fueling. She introduced herself as a person with international certification in fire code and 30 years of aircraft refueling experience. She reported the State of Arizona 2003 ICC code states that permission for hot fueling must be obtained from the AHJ (Authority Having Jurisdiction). She suggested that permission for hot fueling may have to come from the State Fire Marshal or the local fire department rather than from the Airport Manager due to specific requirements listed in the ICC code.

Mr. Gradijan thanked Ms. Green for her useful comments and asked Mr. Costello to research the code for the Airport Commission. Mr. Costello agreed to follow-up.

Mr. Gradijan moved to have an Operations and Procedures Manual subcommittee meeting in two weeks. Mr. Thompson seconded the motion. The motion passed unanimously. It was agreed that the subcommittee meeting would be March 20, 2008 at 8:30 AM at the City of Cottonwood Public Works Department.

#### Consideration of the Aircraft Storage Permit

Mr. Gradijan asked for comments on the Aircraft Storage Permit. Mr. Minch interjected with a question to Mr. Costello regarding his inquiry into Mr. Minch's question about giving fee discounts to leaseholders who voluntarily pay on an annual basis instead of quarterly. Mr. Costello reported on the research he has completed. He did a search of record and found a 1969 resolution that set up the original fees and mentioned an aircraft storage permit form. Mr. Costello talked to the City Clerk about the procedure for raising the rates on the current fees. The City Clerk stated it should be handled in the form of an ordinance because it involved a fee that is relatively permanent. Mr. Costello stated he had also talked to the Finance Director about the feasibility of allowing discounts for annual payment of fees. The Finance Director reported to him that the department is not set up to give annual discounts. Mr. Costello commented that customers who choose to pay utility bills annually are not given discounts either.

Mr. Costello referred to Ms. Austell's questions from the previous commission meeting regarding rules for occupancy in a rented space. Mr. Costello noted that the Aircraft Storage Permit does not state any specific length of time that an aircraft must occupy the rented tie-down space. Ms. Waak commented that if an aircraft owner pays rent for an extended period of time, it does not matter if the aircraft occupies the tie-down space or it is lodged elsewhere. Mr. Costello agreed.

Mr. Minch asked whose aircraft can occupy a specific tie-down space. He quoted from the permit text "with the above named aircraft" and asked if the tie-down space goes with the aircraft if the aircraft is sold. Mr. Costello replied to the negative. Mr. Costello stated the arrangement is with the person and the aircraft that person controls. If the leasee buys a different aircraft, it is the responsibility of the leasee to notify the City of Cottonwood Finance Department to update the Aircraft Storage Permit on file. The permit states that subletting of the tie-down space is not allowed. Mr. Costello offered the opinion that it might be okay to let a friend's aircraft occupy the space if there was no fee charged for the space.

Ms. Austell expressed her concern about situations where both the aircraft registration number and the name of that aircraft's owner did not match the name and aircraft number listed on the storage permit. Mr. Gradijan remarked that other airports are strict about matching the registered owner's name and the name assigned to the FAA registration number of the aircraft. Mr. Tinnin asked about a possible scenario where he owns his

aircraft and has a covered tie-down space and then he sells the aircraft and leaves the aircraft parked in the space. He asked if that transaction would terminate his lease. Mr. Costello replied that Mr. Tinnin discontinuing to pay for the tie-down space would terminate the lease. Mr. Gradijan added that the new owner of the aircraft would have to get on the waiting list for a covered tie-down space using the same signup procedure as any newcomer.

Mr. Tinnin asked if there was a 30 to 60 day vacancy period allowed if an owner sold his aircraft and planned to buy another aircraft to occupy the same tie-down space. Mr. Minch commented that the current Aircraft Storage Permit does not address the issues of occupancy under discussion. He expressed concern that a lessee who has sold his/her aircraft not be allowed to keep an unoccupied tie-down space for a long period of time while other people are waiting to get a space.

Mr. Costello suggested remanding the item to the Operations and Procedures Manual subcommittee.

Ms. Austell made a motion to table the discussion of the Aircraft Storage Permit until after the issue is addressed in the Operations and Procedures Manual subcommittee meeting of March 20, 2008.

Mr. Gradijan seconded the motion. The motion passed unanimously.

#### Discussion of hangar development on the west access road

Mr. Costello reported that the consultant Z&H Engineering, Inc. has agreed to do the amendment to the Airport Layout Plan at no cost to the city.

#### Financial Report

From a handout given to the Commission members, Mr. John Altizer reported on items listed in an unaudited revenue and expense report as of 6/30/07 from the City of Cottonwood Finance Department. He referred to items of variance he had discussed with the City Finance Director. Mr. Altizer reminded the commission that the report is for one fiscal year and payments that came in after the end of the fiscal year would not be included in the report. Therefore, some figures may look unusually high or low for the fiscal year but may have adjusted in later months.

Mr. Altizer expressed concern that the airport and off-airport combined revenue from long term leases is only \$1,166/month. He suggested that the city should make provision for escalation of rental rates to fair market value in future leases.

Account #4302 FBO Building Rental Income. Mr. Altizer noted positive variance of \$9,700. He stated this is because of an unexpected accounts receivable in the form of a

note for repayment of past due amounts from the FBO. Before the note was signed, the money was listed as a loss.

Account #4303 Fuel Sales. The annual budget was \$500; the positive variance was \$4,626. Mr. Altizer reported this variance is due to the city taking over the revenue from the fuel sales from the FBO and the gross sales of fuel after the city took over the contract.

Account #4999 Carryover Balance. Mr. Altizer stated that Mr. Rodriguez explains this as surplus revenue over disbursements during the last few years. Federal regulations over airport grants impose limitations on how airport revenue can be spent. The carryover balance includes \$1,427 from fiscal year 06/07. This account does not include any grant funding.

Mr. Altizer offered comments on the fuel sales transfer from FBO to City of Cottonwood. He noted that when the city took over the fuel sales, it was charged as disbursement from revenues generated by the airport. He stated the cost of setting up the fueling depot should have been charged against the airport either against current revenues or the carryover balance. He noted pursuant to federal regulations the net profit from fuel sales must be funded back into the airport account.

Account #6030 Maintenance and Repair. Mr. Altizer stated this account exhibits a significant negative variance overrun of \$4,195. According to Mr. Rodriguez, this amount is due to the relocation of a fire hydrant that was obstructing construction of Mr. Larry Green's hangar.

Account #9001 Transfer Out (from the General Fund). Mr. Altizer reported this item is for the city's payment of the obligation incurred for construction of the T-hangars. The payments are on-target to pay off the debt by the year 2013.

Account #9007 Transfer out (Grants). Mr. Altizer calculated the city's share of matching funds paid out for expenditures utilizing Federal and State grants. He used a matching fund average of five percent with the \$23,089 listed, and calculated a total expenditure of \$461,782.60 which includes \$438,693 in grants in the year ending 6/30/07. He cautioned that grants should be scrutinized by the Airport Commission for benefit to the airport. Mr. Altizer noted this year the city paid out approximately \$23,000 in matching funds for approximately \$461,000 in grant-funded expenditures. He suggested caution in seeking future grant funds due to the percentage of matching funds the city would be required to pay. Mr. Altizer recommended a detailed examination of existing grants, grants applied for but not funded, and grants included in the five-year plan.

Mr. Altizer urged the commission to use cost benefit analysis, review the airport revenues and expenses monthly and adjust any significant variances immediately. He reminded the commission of Ordinance 505, Section 2.96.070 paragraph 8, directs the commission to recommend to the City Council policies governing annual budgeting.

Mr. Altizer noted that he had discussed with Mr. Rodriguez the charges for city employees to handle the landscape maintenance at the Cottonwood Airport. In the past the airport was not charged but this is projected to change. Cost of city employee and contract labor (such as attorney fees) will be charged to the airport. Mr. Altizer suggested careful scrutiny of these charges to prevent budget overruns. He suggested the commission ask for a more clearly defined description of indirect costs, and be advised in advance by the city of any changes in policy.

Mr. Altizer closed his comments with a thank you to Mr. Rodriguez for his time and cooperation in providing data for the financial report.

Ms. Austell asked Mr. Altizer how much the T-hangars cost, based on paying out \$23,000 a year. Mr. Altizer replied that this was a 20 year note. He estimated the original cost of over \$100,000 but did not have exact figures.

Mr. Minch noted that monthly statements would clarify the financial situation. He also asked what the airport received from the \$460,000 worth of work done from grant money. Mr. Costello replied that there were two purchases of land adjacent to the airport. One acre, zoned industrial, was purchased near the north end of Mingus Avenue, off of the end of the runway to protect the approach to the runway. Three acres were purchased along the southwest property line of the airport in a swath 100 feet wide and 1000 feet long to give the airport more space parallel to the runway to accommodate expansion plans in the master plan.

Mr. Altizer recommended that a member of the Airport Commission participate in the fiscal year 08-09 budget process now.

Mr. Minch asked if there are financial figures available that are newer than year 06/07. Mr. Altizer volunteered to obtain year to date figures followed by monthly reports.

Mr. Minch made a motion to empower Mr. Altizer to get the best available budget and expenditure figures to be presented at the next Airport Commission meeting. Ms. Austell seconded the motion. The motion passed unanimously.

Ms. Austell asked Mr. Costello if he had current budget figures. Mr. Costello stated he did have them and agreed to give copies to Mr. Altizer and the commission.

Mr. Gradijan thanked Mr. Altizer for his work on the financial report. He then appointed Mr. Altizer to be the commission's representative to the city budgeting process. Ms. Waak asked Mr. Costello how available the financial information is. Mr. Costello replied that it was available monthly and agreed to provide statements in the Airport Commission meeting packets.

Discussion followed on the form of participation of an airport commission representative in the city budgeting process. Mr. Bartosh suggested the possibility of attending the budget goals working session on Thursday with the City Council. He also invited Airport Commission members to attend sessions of the city's Capital Improvements Projects committee meetings in which projected projects are discussed.

Mr. Minch suggested Mr. Altizer attend the meetings as the Airport Commission representative. Mr. Altizer agreed and Mr. Gradijan declared a policy decision to empower him to do so.

Mr. Altizer asked the commission to clarify their request for his services. Mr. Minch replied that financial analysis is needed. It was agreed that Mr. Altizer would obtain data from the City Finance Department for financial analysis and provide reports to the Airport Commission.

### NEW BUSINESS

#### Consideration of a New Meeting Time

Mr. Gradijan made a motion to move the meeting start time to 6:00pm for future regular meetings of the Cottonwood Airport Commission.

Mr. Tinnin seconded the motion. The motion passed unanimously.

#### Discussion of Perimeter Road Project

Mr. Costello stated that the cyclone fence was originally installed with grant money from a project that predates the establishment of the Cottonwood Airport Commission. The first phase of the project was the automatic gate. He reported on the current problem of revegetation prohibiting access to the fence on the western property line. Referring to a projection of a plan submitted by Z&H Engineering, Inc., Mr. Costello described a proposed 15 ft. wide granular roadway that starts at the apron, runs around the windsock area and follows the fence to the big wash. Included in the project is application of herbicide to stop the re-growth of vegetation along the fence. Mr. Costello commented on the benefits of the proposed granular roadway as follows: control of vegetation that blocks access to the fence along the west side, material placed at the bottom of the fence will deter wildlife from slipping under the fence, city crews will have an access route that can be used instead of the taxiway.

Mr. Costello noted there is a \$95,600 balance remaining on the grant. If the grant money is used, the City of Cottonwood would be required to match 2.5 cents on the dollar for its share of the cost. Mr. Gradijan asked if the grant requires the money to be used for a perimeter road. Mr. Costello replied to the affirmative.

Mr. Priggee asked if the gravel from the new roadway would adversely affect the operations at the helipad, and would a helicopter parked at the pad obstruct access the roadway. Mr. Costello replied this is a possibility and that the roadway should be moved farther away from the helipad.

Mr. Tinnin noted the enhanced security of having access to driving along the fence.

Mr. Altizer asked if dirt generated during the project would impact the hangars. Mr. Costello replied to the negative.

Mr. Gradijan asked if the matching cost to be paid by the city would be between \$2,500 to \$3,000. Mr. Costello agreed.

Mr. Gradijan made a motion that the Airport Commission approve moving forward with the project and create a recommendation to the City Council. Ms. Waak seconded the motion. The motion passed unanimously.

#### FUTURE AGENDA ITEMS

1. Discussion of the Operations and Procedures Manual.
2. Financial report update.
3. Discussion of recommendations for a land lease contract with Mr. Larry Green.

#### ADJOURNMENT

Mr. Thompson moved to adjourn the meeting.

Mr. Minch seconded the motion. The motion passed unanimously.

The meeting was adjourned at 8:10 p.m.