

*DRAFT SUMMARY* MINUTES OF THE REGULAR MEETING OF THE COTTONWOOD AIRPORT COMMISSION OF THE CITY OF COTTONWOOD, ARIZONA, HELD AUGUST 21, 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 6:00 p.m.

Roll call was taken as follows:

Commission Members Present

Aleck Gradijan, Chairman  
Lawrence Minch, Vice Chairman  
John Altizer, Commission Member  
Margaret Austell, Commission Member  
James Moeny, Commission Member  
Bill Tinnin, Commission Member  
Allyson Waak, Commission Member

Commission Members Absent

Staff Members Present

Douglas Bartosh, City Manager  
Tim Costello, Public Works Director  
Barb Herrick, Administrative Coordinator

**PLEDGE OF ALLEGIANCE TO THE FLAG**

Chairman Gradijan led the Pledge of Allegiance.

**APPROVAL OF MINUTES**

Mr. Gradijan asked for comments and approval of the minutes of the regular meeting of the Airport Commission held on July 7, 2008, and the special meeting held on July 24, 2008. There were no comments. Mr. Minch moved to approve the minutes as written and Mr. Tinnin seconded the motion. The vote was in favor of the approval of the minutes.

**BRIEF SUMMARY OF CURRENT EVENTS**

Mr. Costello addressed the commission with an update on the current events at the airport. In his report he noted that he will discuss the financial status of ADOT Aeronautics during the Financial Report. Mr. Costello informed the commission that the fuel truck is no longer in use to serve the public. The fuel truck is being used by Mr. Priggee to fuel the skydiver aircraft. Mr. Priggee had discussed the use of the fuel truck with Mr. Costello and explained that it would be beneficial to his business if he did not have to wait in line to fuel while customers were waiting. Because the demand for the fuel truck was minimal, Mr.

Priggee worked out an arrangement with Mr. Luna for the use of the truck to fuel his own aircraft. Mr. Costello indicated that it is a non-commercial venture and he is not fueling anyone else.

Mr. Gradijan inquired if Mr. Priggee was purchasing the fuel from the Cottonwood Airport. Mr. Costello acknowledged that he was purchasing the fuel from the city.

Mr. Minch wanted to know if he was obligated to buy the fuel from the city. Mr. Costello stated that there is nothing in his lease to say where he should buy his fuel, but he felt we should be competitive with the fuel prices.

Mr. Minch asked if the fuel truck was in compliance with the operations and procedures manual regarding license plates. Mr. Costello stated that he didn't believe that the truck ever had a license plate, it doesn't drive on the streets.

Mr. Minch went on to say that he was concerned about whether there is any insurance on the truck. He also felt that there should be discussion about this issue, and the commission should determine whether we would be setting precedence to allow anyone to have a fuel truck for their aircraft.

Mr. Costello stated that the issue would be checked into, and it could be an agenda item for next meeting.

Ms. Austell inquired if Mark Millar's tank was a different circumstance. Mr. Gradijan indicated that Mr. Millar is outside the perimeter fence, and is a different situation.

Mr. Altizer asked Mr. Luna if he still owned the truck. Mr. Luna replied that he still owns the truck and it is insured.

Mr. Altizer stated that the situation should still be reviewed and possibly have something in writing from the insurance company.

Mr. Moeny explained that automobile insurance is valid for the owner of the vehicle as long as he has command and control of that vehicle, if he does not then it is invalid.

Ms. Austell stated that when Aerobear became FBO managers, anybody that operated the fuel truck was required to watch a video on fuel truck usage and practicalities and then the person would then be insured by the FBO's insurance carrier.

Mr. Moeny stated that a simple binder from the insurance company would resolve the issue of Mr. Priggee using the truck. This discussion ended with the suggestion that the item be brought forward as an agenda item.

Mr. Costello went on to inform the commission that he received a message from the president of the hang glider association that they will be having their annual event on Labor Day weekend. They also stated that they are planning nothing at the airport.

Ms. Waak asked if there was a reason that they did not plan anything at the airport. Mr. Costello stated that they will just use alternative locations to land.

### **CALL TO THE PUBLIC**

There were no comments from the public.

### **UNFINISHED BUSINESS**

#### **Operations and Procedures Manual**

Mr. Gradijan opened the discussion by indicating that all the commission members received the revised edition in the packet and noted that it appears that the changes are exactly what were agreed upon at the last meeting. He also noted that the written ordinance was not available yet.

Mr. Costello provided the commission members with the items that are to be listed in the ordinance. He also stated that he added Item #1 even though it was not discussed in the last meeting. Item #1 stated:

#### **Use of Airport Restricted**

*Only persons authorized by the City or the Fixed Base Operator, engaged in aviation or the support of aviation activities, are permitted to enter the secured area of the airport.*

Mr. Gradijan read a brief paragraph regarding the receipt of public money and how it affects restricting services or the fair treatment of people. In summary, he read that an airport can set conditions for users, and even discriminate against some users as long as the discrimination is just.

After general conversation regarding the direction to be taken, Mr. Bartosh asked if what the commission is proposing is that the whole policy go to the council to be approved in two segments, one as the ordinance and the other to get the council's blessing.

Mr. Costello explained that it would be listed as two separate items to the council. The Operations and Procedures Manual would be presented first for the council acceptance as a public document with no legal bearing and the next item would be the Ordinance.

Mr. Gradijan made the motion to recommend to submit the Operations and Procedures Manual to the city council for approval as written, and additionally make those provisions as noted into ordinance as indicated in the Operations and Procedures Manual.

After discussion regarding the wording of the motion, it was requested that Mr. Gradijan reword the motion. Mr. Gradijan restated the motion as follows: to send the Operations and Procedures Manual to the council for their consideration and approval and we also send those items that need to be an ordinance to the council as a separate item with a recommendation that they be made an ordinance as such.

The motion was seconded by Mr. Minch. The vote in favor was unanimous.

In addition, Mr. Gradijan felt that Mr. Minch should be present at the council meeting and any other commission member that would like to be present. After discussion, it was decided that the commission will look at the final written ordinance before submitting it to council. Therefore, the proposed date for the council agenda would be October 7, 2008.

#### Promotion Committee Report

As chairman of the Promotion Committee, Mr. Moeny stated that the committee met for the first time on July 16. He noted that it was basically an organizational meeting to figure out where we were, where do we want to be, and how do we want to get there. He stated that they have several long-term projects in planning stages, as well as some short-term actions that will be completed. At this time, the second meeting has not been scheduled.

Mr. Gradijan stated that we have realized how important it is that we use the local media to try to promote our airport to the citizens of the community.

Ms. Austell thanked Tom Joseph and Al Gradijan for hosting a summer camp to show kids the airport. Mr. Joseph noted that when the kids first got there, he asked them how many wanted to be pilots and only two raised their hands. After the field trip, he asked the same question and about 80% raised their hands.

#### Financial Report

Mr. Altizer read from a written report and the contents are as follows:

## John Altizer's Report to the Airport Commission Regarding Airport Finances 8/21/08

*As promised, Mr. Rudy Rodriguez, Finance Director for the City of Cottonwood, forwarded me the year end actual income/expenditures for FY 07/08. After reviewing the data, I requested additional details which he provided.*

*The year end numbers range from astounding to alarming. If this were a privately owned business, it would be on the path to Chapter 7.*

*I have elected to delete gas revenue and cost from my analysis because depending on the billing cycle it can skew the numbers. However I can state that there was a positive cash flow of approximately ten thousand dollars from the sale of gas in FY 07/08.*

*After deleting the gas revenue and cost, the year end revenue was \$81,557. The expenditures were \$155,218 or a deficit of \$73,661. According to Mr. Rodriguez, the airport started the year with a reserve of approximately \$62,000.*

*We now have a negative reserve. In other words, we are in the hole thousands and thousands of dollars.*

*What changed? There was an accounting change on Jan 1, 2008 that I was made aware of in advance and passed on to the Commission. That change was to charge the airport for support provided by various departments. I cannot argue against that change because that is a legitimate cost to the supporting departments, but it must be controlled. This accounting change primarily impacts the increase in total indirect costs (\$28,891) which is a significant portion of the deficit.*

*The Engineering Department, beginning in January, charged \$21,313 against the airport for the months January through June. At that rate the charge for FY 08/09 could be projected to be \$42,000 or fifty percent of the total revenues.*

*Utilities were \$16,864*

*Telephone was \$988*

*General Counsel was \$8,878*

*Building M&R was \$3,190*

*Liability Insurance was \$12,916---1300% over budget*

*Equipment Purchase was \$30,352 which was mostly for the self serve and tank repair*

*Airport Improvements were \$4,839, mostly for the hang glider landing area and helipad.*

*Miscellaneous expenses were \$8,281, including \$49.93 for purchases from Trophies Unlimited and \$2,400 for "Bank Statements".*

*This list does not include all expenditures.*

*To put the spending in perspective, the projected income, excluding gas sales, for the current fiscal year would be approximately the same as for last year. That income would*

*cover the projected expenditures for indirect costs and payment on the loan for the City hangars. Profits from gas revenue would have to cover everything else.*

*I think it is the duty and responsibility of this Commission to review this data and make appropriate recommendations to the Airport Manager and City Council in an effort to reduce the operating costs associated with this City asset. According to Mr. Rodriguez, the airport is the only revenue generating asset of the City which has a commission oversight. I suggest that we use our collective knowledge and skills to try to turn this picture around.*

*Furthermore, I recommend that the Commission revisit the previous Commission's position which allows the Airport Manager unfettered authority to spend up to \$10,000 per occurrence without informing and seeking the advice of the Commission.*

*And finally, I recommend that the Commission hold one or more working sessions as soon as practical and include the Airport Manager and Finance Director (who has agreed to attend) to come to grips with this dilemma.*

*I request that this report in its entirety be included in the minutes of the meeting.*

*Respectfully,*

*John W. Altizer  
Chairman, Finance Committee*

Following Mr. Altizer's report, questions were asked regarding the financial report. Mr. Minch wanted to know about the telephone expenses. Mr. Costello explained that the amount of \$988 could be due to the fuel-card system and the installation of the phone line for credit card purchases. The amount of the liability insurance was also discussed.

Mr. Altizer suggested that the Commission have a working session to discuss the expenditures in detail. Mr. Minch made a motion that we have a work session at a convenient date to include the people mentioned by Mr. Altizer. Mr. Gradjan seconded the motion. All members voted in favor of the motion.

The Commission then decided to hold the working session tentatively on September 4, 2008 at 8 a.m. at the Public Works office.

Mr. Costello clarified the Trophies Unlimited purchase by informing the Commission that the name plates for the commission members were purchased there.

Mr. Costello addressed the Commission and shared a letter he received from the director of ADOT Aeronautics. The letter was sent to inform us that because of

the financial problems with the state of Arizona, the state took all the money from the aviation fund. There was \$18.3 million in the fund, and it was taken to be used in the general fund. Mr. Costello talked to the program manager and the main points from the conversation are:

- No new projects in fiscal year 2009
- The loan program is on hold-no new loans for 5 years
- They are hoping to do matches for FAA Grants
- The Pavement Preservation Program – will be pushed back

Mr. Costello stated that we have not received the ADOT matching grant of \$6,200 yet for the electrical upgrade project. The state did want to fund the FAA matching grants. We don't know yet if we will get it.

### Relocation of Terminal Ramp

Mr. Gradijan mentioned that the Commission briefly discussed at the last meeting taking a look at the ramp structure to see if there is a more efficient way to go about it. One of the areas in question is the area in front of Aerobear. Mr. Gradijan asked if we could clear the area up and by changing the radius, it could make space for Mr. Luna and also a less congested area.

By using a projected image of the ramp area, Mr. Costello pointed out the area in question. Mr. Tinnin asked if the spaces were rented or leased tie-downs. Mr. Costello noted that the four spaces in question have been given to Aerobear for mechanical use. It was also noted that Aerobear uses one of the spaces for a rental plane that they lease.

Discussion and ideas were exchanged among the commission members and it was noted that the four spaces allocated to Aerobear were not defined in the lease agreements. It was also suggested that all of the lease agreements need refining.

Mr. Minch made a motion to table the item until Aerobear's contract is up for renewal and try and work out the relocation at that time. The motion was seconded by Mr. Altizer. The motion passed unanimously.

### **NEW BUSINESS**

#### Update on the construction projects: Airfield Electrical Upgrade and Perimeter Road

Mr. Costello updated the commission on the progress of the Airfield Electrical Upgrade Project. He mentioned that the contractors were not working this past week because they have done all the work they can do now, and they are waiting for signs and transformers to arrive.

Mr. Altizer wanted to know if the purchase was by the city or by the contractor. Mr. Costello informed him that it was the contractor.

It was brought up that the contractor was using the dumpster at the airport, instead of their own, and there was a pile of construction material that looked unsightly. Mr. Costello noted that he would discuss the issues with the contractor.

Mr. Costello informed the commission members that he has asked the contractor to prepare a change order proposal to replace the five apron lights. He stated that one of the lights had been hit by lightning and needs to be replaced. The light heads are 20-years old and direct replacements can't be found. If the light heads could be paid for through the grant, the city's cost would be on 5 cents on the dollar. Mr. Costello also mentioned that there is new LED lighting on the market that would replace our 1000 watt bulbs with 200 watt bulbs and would have the same performance. If we could make this work, the city would save a lot on the electric bill. There will be two proposals done, one with LED and one with conventional lighting.

Mr. Altizer stated that even though the deal is a good one, you might not be able to afford it. Mr. Altizer added that the working session will allow us to sort out the spending. He felt that the airport should not blindly spend money.

Mr. Costello had a question for the members on the PAPI's. He asked if they wanted the PAPIs set at 3 degrees, which would be the same as the old PAPIs. Mr. Gradijan stated that 3 degrees is standard, and it works fine.

Mr. Costello also said that he has instructed the contractor to change some of the control schemes in the operations of the PAPIs and the lighting that will save money for the city. He noted that the runway lights can be turned on during the daylight hours, and that is a waste of money. The new control system would incorporate a photo cell that would de-activate the runway circuits in the daylight. The PAPIs would be on all day. Mr. Minch asked if the PAPIs could remain pilot controlled during the day to save energy. Mr. Costello will inquire if this meets standards.

Mr. Costello informed the commission that the Perimeter Road Project was awarded by Council to Arizona Earthmovers, the contractors that are working on the Willard Street Extension Project. The work should begin in about 30-45 days after the contracts have been signed and a pre-construction meeting held.

### Emergency Item

Mr. Minch stated that he felt this item to be an emergency even though it was not on the agenda. Mr. Minch suggested we have a great liability using the ladder at the fueling station. He suggested a replacement ladder with wheels, not casters

and had an example of the type of ladder he would like the city to purchase. The cost of the ladder should be under \$300. Mr. Minch made a motion to purchase a ladder similar to the picture presented, and the cost to be under \$300. The motion was seconded by Ms. Waak. The vote was in favor of the purchase.

#### FUTURE AGENDA ITEMS

Fuel Truck - Vehicle liability  
Electric Gate – Skydive  
Occupancy of Skydive Building  
Shade hangar fascia painting

#### ADJOURNMENT

Ms. Minch made a motion to adjourn the meeting.  
Mr. Altizer seconded the motion. The motion passed unanimously.  
The meeting was adjourned at 7:40 p.m.