

*DRAFT SUMMARY* MINUTES OF THE SPECIAL WORK SESSION OF THE COTTONWOOD AIRPORT COMMISSION OF THE CITY OF COTTONWOOD, ARIZONA, HELD SEPTEMBER 5, 2008 AT THE PUBLIC WORKS BUILDING, 1490 W. MINGUS AVENUE, COTTONWOOD, ARIZONA.

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Chairman Gradijan called the meeting to order at 8:30 a.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 (arrived late)  
James Moeny, Commission Member  
Bill Tinnin, Commission Member  
Allyson Waak, Commission Member

Commission Members Absent

Staff Members Present

Tim Costello, Public Works Director  
Rudy Rodriguez, Finance Director (Arrived late)

**RESPONSIBILITY FOR DEVELOPMENT OF THE ADVERTISEMENT FOR BIDS AND FOR DRAFTING THE NEW FBO CONTRACT**

While waiting for Mr. Rodriguez, Mr. Gradijan suggested that the commission move to Item VI because it would not involve Mr. Rodriguez. In the opening statement Mr. Gradijan presented the opinion that the commission wanted to prepare the original language of the contract and the advertising, and he then asked for comments. Mr. Minch felt that the attorneys would handle the language of the contract, but he felt that the commission should be involved with the items to be put into the contract.

Mr. Costello stated that he felt that their request would fall within the responsibilities of the commission. Mr. Costello elaborated by saying that the FBO contract would be up in February, 2009 and the commission is discussing how they would like to proceed in February.

Mr. Gradijan stated that he had a couple of thoughts – the first being that he felt that they do not need to wait until February to do something. He felt that the commission should notify the current operator of what their intentions are, whether it is to terminate the contract or put it up for re-bid. Mr. Gradijan felt that they are in a bind, because the contract expires February 8, 2009 and the hangar lease expires a year later.

Mr. Minch felt that they are “jumping the gun” and felt that his contract will not end on February 8, because he has fulfilled his contract.

After general conversation, Mr. Gradijan requested that a legal opinion to determine if the contract can be terminated.

Mr. Minch stated that he made the motion that if he continues to operate as per the contract and pays off the amount that is owed, and unless I am losing it, the contract will continue until the end of the original term. He went on to say that maybe it was changed in the minutes, but that was the motion that was made.

Mr. Costello stated that even if you did, technically the agreement was made at the City Council level.

Ms. Waak asked if it was the City Council’s decision as to the future of the agreement.

Mr. Costello stated that we are looking at is to get a legal interpretation of the wording for the extension of the original contract for another year.

Mr. Altizer stated that when the contract is renegotiated and a new contract is negotiated, the first contract does not mean anything.

Mr. Altizer stated that we need an official interpretation of the end date of the contract and what are the responsibilities and/or obligations are with respect to extending the contract.

After considerable discussion, it was noted by Mr. Gradijan that the commission should not be making legal decisions that should be the job of the city attorney. Mr. Gradijan also noted that in the future if we wanted to attract a new FBO we should have the whole package together and we have a problem because of the separation between the hangar agreement and the FBO contract.

Mr. Rodriguez stated that they are paying on time now, but a letter had to be sent out from our attorney threatening eviction if they are late one more time.

Mr. Tinnin wanted to know if they were evicted, how it would be handled in the interim because of the hangar lease.

Mr. Altizer responded that he felt that some of the additional airport expenses are a result of the fact that the FBO is not doing their job. He stated that if the FBO contract was terminated we probably would not lose any service.

Mr. Gradijan stated that we need to get an opinion from the attorney and then determine if the services provided by the FBO could be covered by the Public Works Department in the interim, if necessary.

Mr. Costello responded by saying that the department has theorized the possibility because the FBO could leave with short notice. Mr. Costello stated that it would probably be a half-time job that would include opening and closing the building every day and covering the weekends. We would prefer the FBO to do the job, but if we had to do it, it would be covered.

Mr. Minch asked Mr. Rodriguez if the FBO was behind in payment for the FBO and the hangar. Mr. Rodriguez stated that the letter was sent in reference to the hangar lease.

Discussion continued regarding the terms of the FBO contract and what payments are made to the FBO. Mr. Rodriguez informed the commission that the FBO contract allows the FBO to receive twenty-five cents for every gallon of fuel that is sold. They are also receiving more for tie-downs than they have ever received. Mr. Rodriguez also stated that the city is not charging the airport as much as they really should be.

Mr. Minch added that there is no way you can say he is not doing his job, unless you have documentation.

Mr. Gradijan stated that according to the contract you do not even have to have just cause.

Mr. Minch noted that we definitely need a determination from the attorney. He also stated that he felt that the commission should be involved in any future contracts and then the attorney can do the final cleanup.

Ms. Waak wanted to know when the last letter had been sent. Mr. Rodriguez did not have a date, but said it was in the last couple of months.

Mr. Altizer felt that the attorney should respond in writing as to what his position is regarding the term of the contract.

In summary, Mr. Gradijan stated that they should get an opinion from the attorney. Mr. Gradijan went on to say that if everyone agrees, (the commission, the attorney, and the city) to not renew the contract, a 90-day notice prior to the date of renewal should be given to the FBO indicating that we do not intend to renew the contract.

Mr. Costello mentioned that there are a few items to be thinking about regarding the revising of the contract, such as responsibility of the fuel system, additional hangar site, and tie-down responsibility.

## **DISCUSSION OF AIRPORT BUDGET**

Mr. Altizer addressed the commission and stated that after reviewing the year-end budget report and discussions with Mr. Rodriguez he was concerned as to how the airport could pay for itself. He went on to say that he has asked for Mr. Rodriguez's help

on how the city views the airport budget and how can we improve the operations at the airport.

Mr. Rodriguez noted that he worked with Brian Mickelsen and at that time the city was funding most of the airport, and a lot of the work was not being charged to the airport. About six years ago it was decided to experiment with the funding. As a general rule, most small airports are not self-sufficient and they are general fund supported. Our experiment was to see if the airport could be self-sufficient. Mr. Rodriguez stated that the experiment has not been successful because Brian did not want to charge back work to the airport that was done by other departments. The airport has not been a huge burden to the city. In the last few months, we have been charging Tim's time to the airport because it has been consuming a large part of his time, in addition to some of the staff time also. The Finance Department has been spending additional time in billing and collections and that time has not been charged to the airport. Mr. Rodriguez stated that in his opinion he feels that the airport will need some funds from the general fund and that can be supported.

Mr. Gradijan noted that most small airports that operate in the black can do so by having industrial parks at the airport. Mr. Gradijan asked Mr. Rodriguez which way he would prefer the airport to be operated. Mr. Rodriguez responded by saying he was like it to be self-sufficient, in a perfect world. He went on to say that for many years the airport has been run on a "shoestring" budget, and there were a lot of things to be done. We can either back off on the things that need to get done, or we make a list and prioritize what should be done.

Mr. Altizer wanted to discuss the existing budget. He felt that there were items that were too high and others that seem low. Mr. Altizer wanted to discuss the current budget and then create a target budget to work towards.

Mr. Tinnin asked if there could be any other way to generate income for the airport.

Mr. Rodriguez indicated that during the budget process that usually begins in January of each year, all options should be visited. Mr. Rodriguez suggested that the airport follow the normal course of the budget as it is now because of the possibility of FBO changes that could change the entire budget. Instead of making a change now and go to council and then possibly changes again in February, Mr. Rodriguez suggested monitoring the revenues and expenditures now and in January we will be prepared to make suggestions on where we would like to be with the budget.

Mr. Rodriguez stated that the mayor and city council are aware of how important it is to the city to attract activity to generate revenue.

Mr. Gradijan stated that one of the best ways to generate revenue is through hangars and that would be a steady income. Another source of income would be to put overrides on sales that the FBO makes.

Mr. Tinnin asked if the funds from permits issued to do business at the airport was deposited in the airport fund. Mr. Costello stated that the funds were deposited in the general fund, and that there is no charge for doing business at the airport.

Mr. Gradijan mentioned that the Civil Air Patrol was also interested in our airport. We should consider talking to them again.

After general discussion, Mr. Gradijan stated that in our discussion we also covered Item IV on the agenda.

Mr. Minch noted that we never made any conclusions on the budget, but he felt that what Rudy said was a good idea to try to develop some plan as to what we want to spend money on and also a list of projects or expenditures in the order of their importance. When we have to go to council, we will have some basis for the numbers we will be giving them and where we are headed for the year.

Mr. Rodriguez said they always welcome an extra set of eyes to go over the monthly expenditures list to correct any mistakes. Mr. Rodriguez also suggested that each commission member work on a priority list for another work session to get us started for the future.

Mr. Altizer stated that as a result of Mr. Rodriguez's input, does the commission want to continue with the Finance Committee, or should it be ignored. He suggested that it be discussed at the next commission meeting.

Mr. Minch again made the suggestion that the commission should follow what Rudy suggested to develop some plan and a list, but we should not ignore the budget.

Ms. Waak asked if the list of priorities was to be an agenda item for the next meeting. Mr. Rodriguez felt that it did not need to be an agenda item, but direct the lists to Tim to compile and save a lot of time for all involved.

Mr. Gradijan summarized by stating that he agreed with Mr. Minch's comment that we need to establish the priorities. Mr. Gradijan also agreed that Mr. Altizer should be the Finance Committee. Mr. Gradijan also stated that things do not change month-to-month, and suggested that the report to the commission be done quarterly.

Mr. Tinnin asked for a list of the priorities as they are right now. Mr. Costello noted that the list right now is the fascia around the hangar, and a sign for the fueling station. Mr. Costello stated that all the little projects add up.

Mr. Tinnin asked the commission and Mr. Costello to keep in mind the fact that the Civil Air Patrol might be available to help with some of the projects.

Mr. Minch felt that the commission was finished with addressing the issue of a monthly or quarterly financial report. Mr. Minch stated that he felt we needed a detailed quarterly report, but also needed a monthly report or overview if it would be available.

Mr. Gradijan noted that all we need is a monthly copy of the expenses. Mr. Rodriguez stated that a monthly copy of the revenues and expenditures could be provided.

Mr. Minch stated that he knew someone that might be able to do the fascia work. Mr. Costello noted that to have a contractor do the work, it would be very costly.

General discussion took place regarding the amounts budgeted for the airport and how they have increased over the years.

Mr. Rodriguez went on to explain that it is hard to adjust budgets for the many different departments. The budget for each department is balanced out to account for the basic needs and if an emergency arises it will be dealt with using contingency money. Mr. Rodriguez stated that during the budget process they do not deal with the "what if's".

Mr. Gradijan went on to recap where the commission is going. First, everyone will be establishing a budget. In addition, the commission members will receive a copy of the revenues and expenditures report monthly from the Finance Department. If Mr. Altizer feels that it is necessary to report on any item during that month he will do so; otherwise, he will give a formal quarterly report. With regards to the FBO we will be getting a legal opinion as to what the city's position wants to be and the attorney's position wants to be. Mr. Gradijan also stated that we definitely want to give a 90-notice.

**REVISIT THE AUTHORITY OF THE AIRPORT MANAGER TO SPEND UP TO \$10,000 PER ITEM WITHOUT ADVICE AND CONSENT OF THE AIRPORT COMMISSION**

Mr. Altizer directed a question to Mr. Costello and asked if there is any way he could at least inform the commission of any expense that would be over \$1,000 so we would be informed of the expense.

Mr. Costello noted that one of the most difficult things is dealing with contracts. For example, we are now doing the electrical upgrade and it is a 60-day contract. If changes are necessary, the responses have to be timely. If the work is elective repair and not an emergency, Mr. Costello stated that he has no problem informing the commission of the expenditure.

Mr. Altizer asked if there is any reason why that contract is not funneled through the commission chairman or the finance committee. Mr. Costello responded by stating that the contracts are brought before the commission. For example, Mr. Costello had a change order request for the contract in the amount of \$19,000.

Mr. Altizer made the comment that the commission does not know about the contracts until after they're let.

Mr. Costello responded by saying that comment was not true. The contract was presented to the commission numerous times and the change order in the amount of \$19,000 is the first change order for the electrical upgrade.

Mr. Altizer also stated that the commission should not be presented with a thick contract at a meeting, but we should have more time to review a contract.

Mr. Costello stated that he would hope the commission would not want to look at the contract. The contracts are put together by our engineers and they are thick and generally filled with standard FAA requirements. Mr. Costello noted that the commission would really be more interested in the content and what the work to be done is and the cost.

Mr. Altizer made the point that how can the commission have any responsibility for anything if they do not proactively engage in decisions about contracts or what grants to go for. He also said that we don't want to get involved into another gate problem because the gate didn't work, and then we had to spend a lot of money to fix it.

Mr. Costello stated that he did not follow Mr. Altizer's statement and he felt the gate situation was not that bad. The wind was bending the gate, and it was fixed.

Mr. Gradijan noted that the bottom line is that when it comes to spending money over a certain percentage we want to put more heads in the loop.

Mr. Costello noted that he will have the information before the next meeting. The information is in draft mode right now and it was discussed at the last meeting, but after doing the math to replace the apron lighting and the anti-collision lighting on the beacon, the payback at 95% federal will be in 3 months. It will then continue be a money saver on the electric bill each month.

Mr. Altizer stated that this item is why he wanted to call this meeting. He went on to say that in your household budget if you didn't have the money to invest, you would have to continue to pay the amount each month.

Mr. Rodriguez stated that if it is something necessary and essential and you don't have the money, you could go to the council and ask for the matching funds.

Mr. Costello noted that he would be asking for \$700 to save \$2000 each and every year.

Mr. Gradijan noted that the issue with the agenda item is whether we want to stay with the \$10,000 limit.

Mr. Rodriguez stated that the city does have a purchasing policy and it seems that the guidelines for the policy work fine. He went on to say that the listing of all the things that need to be done, should go a long way with keeping the committee informed of all the things that need to be done and those that are completed.

Mr. Minch asked Mr. Costello if he was going to do the change order. Mr. Costello commented that he felt it was a smart thing to do. Mr. Minch stated that he felt that they did not need to vote on it at the next meeting.

Mr. Costello also explained one other element of the change order and that would be the supplemental wind cone for \$3,000. The engineer noted that the wind cone on the north end was in the wrong spot per standards. The correct location would be down the runway 300-500 feet. It had been there in the past but pilots complained they couldn't find it at that location.

Mr. Minch stated that he would suggest keeping the \$3,000 and leaving the wind cone where it is. The commission members were all in agreement.

Mr. Costello noted that the next item was vault controller modification and that is tied in with the runway lighting. Mr. Costello reviewed each item with the change order.

#### ADJOURNMENT

No motions for adjournment were made for the work session.