



SEDONA-OAK CREEK
AIRPORT AUTHORITY

**Airport Terminal Conference Room
Minutes of the Regular Meeting – November 1, 2021**

Pursuant to A.R.S. §38-431.01(B)

Staff Present: General Manager Ed Rose, Business Manager Nelson Durkee, Assistant Business Manager Patresa Miller, Operations Manager Mike Dearden.

Agenda Item #I. – The meeting was called to order by President Fazzini at 2:30 p.m. immediately followed by the Pledge of Allegiance. The date for the SOCAA Regular meeting was pushed back a week to allow more time to develop and report on on-going projects

Agenda Item #II. – Roll Call. Directors Present: President Pam Fazzini, Vice-President David Cooper, Secretary/Treasurer Scott Schroeder, Timothy Miller, Elizabeth “Betty” Uhrig, and Jerry Barber. **Directors Absent:** Mike Schroeder. The presence of a quorum was confirmed.

Agenda Item #III. – Consent Agenda.

The Consent Agenda included the minutes of the August 23, 2021, Regular Meeting and Executive Session, and the minutes of the October 11, 2021, Special Meeting. President Fazzini asked if anyone wished to remove any items from the Consent Agenda; there was no motion. Secretary/Treasurer Scott Schroeder moved to approve the Consent Agenda as presented; Director Jerry Barber seconded. There was no discussion and the motion carried unanimously.

Agenda Item #IV. – Reports by:

President: Ms. Fazzini reported her re-election to the Board to fill the remainder of her first term was approved by the County Board at its October 20th meeting. She presented Supervisor Donna Michaels the recently completed Economic Impact Statement brochure just prior to the Supervisors’ meeting and Ms. Michaels read out the numbers - 230 jobs created, total compensation to workers of \$10,536,000, and an economic impact of \$32,148,000 attributable to activities at Sedona Airport as of 2019 - as part of the meeting and expressed thanks to the Airport for a job well done. It seems the County is pleased with progress made at the Airport.

SOCOA’s 2022 Budget accompanied by the Annual Report are scheduled to be reviewed and voted on at the Board of Supervisors November 17th meeting. Ms. Fazzini said she would be unable to attend that meeting because of scheduled jury duty, but she invited other Board members to go.

Ms. Fazzini wanted to officially thank Mr. Rose and all the staff for a great Airport Day on October 2nd. The Cessna 195 Fly-In that same weekend resulted in adding a number of beautifully restored airplanes to the static display. There were a total of 48 or 49 Cessna 195s on the ramp.

Ms. Fazzini also commented on the mowers parked in front of the terminal today especially for the benefit of the Board. A picture is worth a thousand words. She is happy to know our employees will be mowing with a machine that is not only more efficient, but much safer to operate.

Vice-President: No report.

Secretary/Treasurer: Deferred to the Business Manager’s report.

General Manager: Mr. Rose provided a detailed report of his recent activities, the highlights which are summarized here.

- The infield drainage project is in design phase with construction expected to begin in Spring 2022.
- A focused planning study for the extension to Taxiway A kicked off October 18th with a discussion of terrain, EMAS application, access for emergency services on Runway 3, addition of Forest Service land to the Airport inventory, and possible relocation of the Airport Loop Trail. Runway closure is expected for a few nights in November to accommodate test drilling. Fill material is available locally from the City; Mr. Rose is consulting with engineers from both parties on quantity, placement, and stockpiling for several near-term projects on the Airport.
- The Annual Report is complete, and a copy was distributed to each Board member.
- The low bid for the Fuel Farm Project underwent review by the engineer, contractor, and staff for “value engineering” and the result was a net reduction of approximately \$334,000 in proposed costs. Fees for services from Stifel & Nicolaus are unchanged.
- Four responses were received in response to the fuel supplier RFP. Staff expects to provide a recommendation by the end of the week of November 5th.
- Mr. Rose worked with staff to develop the 2022 Budget and a Five-Year Capital Plan for non-FAA and/or ADOT funded needs. Two budget workshops were held as part of the process; the Budget and Annual Report have been approved by the SOCAA Board and have been timely submitted to Yavapai County.
- A draft lease was developed and submitted to Harrell/Cooley (Venue on the Mesa) for review and comment.
- Requests for a draft lease for Apex Aviation have been submitted to our attorneys. We should know more after November 9th.
- Mr. Rose thanked Mike Dearden, Al Comello, and Adam Diebel for their contributions to a safe and entertaining Airport Day.
- Mr. Rose is working with the Sedona-Oak Creek Chamber of Commerce and Airport operators to initiate a review and possible update of the Fly Friendly Agreement.
- Mr. Rose addressed the October meeting of EAA at Cottonwood Airport.
- SOCAA is partnering with the Sedona Airport Hangar Owners Association to host and participate in the Toys for Tots campaign again this year. Drop boxes are in the terminal and will be picked up the morning of December 9th.
- Mr. Rose met with Karen Osborne, the Sedona City Manager, to provide her a tour of the Airport and review our economic impact and direction of Airport activities. The two agreed to maintain an open dialog. The City and Airport engineers are currently discussing the possibility of the Airport receiving fill from some of the City’s projects.
- Mr. Rose attended the AZAA Fall Conference in Phoenix and while there, followed up on outstanding business with representatives of FAA and ADOT, particularly the Part 163 approval needed to remove the old CAP structure.
- An application for the Yavapai County ARPA Grants was developed and submitted specific to Airport water and sewer system maintenance and upgrades. Mr. Rose also contacted our engineers to get an updated cost on our fire protection water project.

Mr. Cooper, in reference to the recommendation for a new fuel supplier which Mr. Rose reported he would have the week of November 5th, asked if the recommendation would appear on the agenda of the next Board meeting. Mr. Rose affirmed the recommendation would appear on the Board meeting agenda for approval.

Business Manager: As a result of a previous request to research alternative methods for tenants to pay their airport bills and avoid incurring administrative credit card fees, Mr. Durkee emailed all Airport tenants four options to pay along with instructions as to how each option may be done.

Those options include payment with cash, check, bill pay, or ACH transfer. As a result, two tenants switched from using credit cards to bill pay.

Mr. Durkee was pleased to report operating revenue continues to exceed budget projections with gross profits through the third quarter up 68 percent over budget. Fuel sales as well as airside services are up. Airport commercial tenants seem to be participating in the revenue surge as well based on those tenants who report to us.

Expenses also exceed budget, due mostly to the costs of ongoing litigation and the increased amount of fuel purchased to fulfill demand.

Mr. Durkee submitted the FY2022 Revenue and Expenditure Budget, the Annual Report, the five-Year Airport Capital Improvement Plan, and the SOCAA Five-Year Capital Plan to Yavapai County on October 15th.

The first Paycheck Protection Program (PPP) Loan was fully forgiven by the SBA on July 28th. SBA is now accepting applications for forgiveness of the second PPP loan. Work on that process will be undertaken in the very near future.

Agenda Item #V. – Unfinished Business:

- a. **Presentation to the Board of the Annual Report as Submitted to Yavapai County.** The Report was well received. There were no questions, and no action was taken.

- b. **Consideration of Concessionaire Agreement with Enterprise Car Rentals. Review, discussion, and possible action.** This item was tabled at the August 23, 2021, Regular Meeting. Mr. Rose noted: The Concessionaire Agreement first submitted by Enterprise has been modified to reflect services usually rendered by Airports for car rental companies who do not have a representative on the Airport. The limited services our employees will provide, such as getting a rental car airside, will enable the Airport to better serve its customers. In addition, the Agreement provides that Enterprise will pay a \$200 per month parking fee and a representative of the Airport will meet quarterly with a representative from Enterprise. A ten-day termination clause has been included. The Airport will receive twelve percent of the cost of each rental. When asked, Mr. Dearden answered he is confident of staff's ability to handle the services and to keep accurate records of the transactions.

Mr. Barber moved and Mr. Scott Schroeder seconded to approve the Enterprise Concessionaire Agreement as presented. There was no discussion; the motion passed unanimously.

- c. **Request for an Internal Audit and/or Review of Cash Handling Procedures as Initially Discussed at the June 28, 2021, Regular Meeting and Tabled at the August 23, 2021, Regular Meeting. Review of request, consideration, discussion, and possible action.** This item has been repeatedly tabled because there wasn't adequate time to discuss it at previous meetings.

Mr. Durkee reviewed and summarized the discussions and actions taken at previous Board meetings. At the August 23, 2021, Regular Meeting, Mr. Durkee presented the opinion of Mr. Dave Cospers, our auditor and CPA, that an internal audit was not necessary; minor discrepancies have been corrected.

Subsequent to that meeting, Airport Management conducted a review of cash handling procedures. Except for cash collected at the Overlook parking, all cash reconciliations and sales generally amount to less than \$100 and are always verified against actual cash

collected as entered in the point-of sale system. Further reconciliation occurs monthly when inventory is verified against retail sales.

As assurance, Management decided to install a second camera directly over and behind the cash register at the Overlook. This second camera will supplement a camera which records vehicles as they drive up to the window at the Overlook parking lot and hand cash or credit cards to staff. The videos from these cameras will be reviewed periodically to ensure proper cash handling and adherence to procedures. Cash boxes are reconciled daily; the videos will be maintained for approximately two weeks.

A discussion followed of various issues such as looking into the feasibility of using a phone-based parking application, the impracticality of considered alternatives such as limiting payment to credit cards or sole use of the VenTek system, to resentment of employees who believe they are being unjustly scrutinized and regarded with suspicion. Board members opined the new camera answered concerns regarding oversight of cash handling, provided a measure of safety for employees at the Overlook, and that no one suspected any current employees of mishandling funds. There was general agreement that, for now, no further action needs to be taken.

- d. Report on Repairs Needed to Airport Terminal Building. Update, review, discussion, and possible action.** The terminal building needs repair. Specifically, three glulam beams which extend out the back of the building are suffering from dry rot which compromises structural integrity. Mr. Rose obtained a bid from Dibble Engineering to provide engineering and design for repairs, including preparation of documents for bidding, help with evaluation of cost proposals, coordination and oversight of the building project, and exercise of quality assurance and/or control. Cost of the design portion is estimated at a little over \$26,000, and the construction is estimated at \$75,000 or less. Mr. Rose asked for approval to spend \$110,000, an amount which is included in the FY 2021 budget for Capital Projects. During the discussion that followed, Mr. Miller asked if anyone had checked to see if the repairs were covered by insurance. No one has checked. Mr. Miller also inquired how the beams would be repaired and with what material. Mr. Rose explained the dry rot would first be removed to the extent possible, and then the beams would be filled with an epoxy material and then wrapped. The life-expectancy of the repairs is estimated at 25 years. Mr. Barber inquired as to the remaining life expectancy of the terminal building. Mr. Rose doesn't think the repairs will either shorten or lengthen the useful life of the building, but they are needed to maintain structural integrity of the building which is about 35 years old now.

Director Cooper expressed concern that procedures outlined in our approved Procurement Policy are not being followed. The Board has not been presented with contracts from either Dibble Engineering or bidders. He understands the need for the repairs but doesn't want the Board to get in the habit of approving projects on a cost not-to-exceed basis without seeing any of the documentation. The Board exists to provide oversight, not just to approve bottom-line amounts, but to see the process is being followed as well. When questioned, Mr. Rose said he expected bids to be in by early February 2022. He promised to communicate promptly when he had contracts and/or bids in hand.

Mr. Cooper moved to authorize staff to proceed with negotiating an engineering agreement with Dibble Engineering Structural Group for the terminal repair project and to target the next Regular Board Meeting for review by the Board. The motion was seconded by Mr. Barber. There was no further discussion; the vote in favor was unanimous.

- e. Fuel Farm Project. Update on bids, bid evaluation process, estimates, and financing. Update on bids, bid evaluation process, estimates, and financing. Review, discussion, and possible action.** Mr. Rose reported the lowest bidder was deemed irresponsible because the proposal didn't include all the bid items and the firm

is not a licensed contractor in the State of Arizona. That firm was disqualified by the engineer. The next lowest bidder was KEAR Corporation out of Phoenix. Their bid number was \$4.8 million which included the alternate add-on for the self-fueling element at \$600,000. Mr. Rose said we will dispense with that element right off the top which brings KEAR's bid down to \$4.2 million. Value engineering was performed with our engineer, the contractor, and our staff to identify what might be able to be taken care of in house. \$125,000 worth of items were identified that Mike Dearden and staff can accomplish. Eleven items were removed off the general contractor's list relative to the electrical infrastructure install, resulting in value engineering the amount down to \$246,000 for an additional savings of \$209,000. Many of the costs are fixed, however; the overall savings was about \$334,000. KEAR Corporations bid is good for sixty days. Interest rates have remained relatively stable to date. Stifel won't start looking for lenders until we sign a letter of engagement with them.

Ms. Uhrig asked if it might be prudent to consider adding another pad to the design to accommodate the GAMI low-lead fuel (G100UL) which has been recently approved for three-quarters of general aviation engines. People are starting to look for it and she predicts the demand will grow until, at some point, there will be more demand for the new fuel than for 100 LL. Director Scott Schroeder pointed out currently, the demand for 100 LL is at best steady, but not growing like demand for Jet A. Mr. Rose cautioned we are getting ahead of ourselves and recommended instead of incurring the cost now to maintain both fuels, we wait until more people want G110UL than 100 LL and then switch to the new fuel.

To move forward, numerous documents need to be signed, but none of those documents are ready now and have not been presented to directors for review. Mr. Rose doesn't want any documents signed until we have money behind the project. Mr. Cooper asked for a timeline. Mr. Schroeder explained the process is somewhat akin to the question of what come first, the chicken or the egg, and the timeline is tight. He suggested it might be beneficial if we approve the expenditure of \$50,000 today to engage Stifel to go out and start securing funding for the project with the understanding that we, as a board, collectively agree this is a project that needs to be done. That way, we will find out what kind of terms are out there, and our Business Manager can then decide if we can afford the project. In the meantime, Mr. Rose can start putting his documentation together. No one supported the idea of repeating the bid process. It was suggested Mr. Rose approach KEAR to see if they will extend the length of time they will hold their bid price.

Secretary/Treasurer Scott Schroeder moved to authorize the General Manager to pursue engagement of Stifel Nicolaus & Company and their services in an amount not to exceed \$50,000 to secure funding for the Fuel Farm Project and authorize the Board President to sign said letter of engagement subject to review by our legal counsel. Director Uhrig seconded the motion. There was no further discussion. The vote carried unanimously.

- f. Fuel Farm Project Financing. Update, review, discussion, and possible action.** This agenda item was inadvertently combined with the previous agenda item as the project update was presented and discussed; Project Financing was acted upon under Agenda item "e." Director Cooper asked Mr. Rose if he was keeping the County apprised of progress on the project. Mr. Rose assured the Board the County has been informed since day one through their engineering division which is their designee for capital projects.

Agenda Item #VI. – New Business:

- a. Memorandum of Understanding with City of Sedona Regarding Use of Airport Overlook Parking Lot for Transit Purposes. Review, discussion, and possible action.**

This item was struck from the agenda following receipt of an email this afternoon wherein the City Transit Manager withdrew the City's proposal to re-direct transit service to Dry Creek Road instead of the Airport.

- b. Procedure for Election of Officers at the Annual Meeting. Review, discussion, action.** The procedure, a copy of which was distributed to Board members in the meeting packet, is basically the same used in recent years, with dates amended to reflect this year's calendar. One change, based on the newly amended Bylaws, is to allow voting only by Members who are present, including those who are present electronically. Mr. Durkee will prepare a ballot to be distributed at the meeting to those physically present or electronically to those who are present electronically. All ballots must be cast contemporaneously. Vice-President Cooper moved, and Director Scott Schroeder seconded the motion to approve the Election Procedures as presented. It was noted, nominations must be in writing and submitted to the business office no later than November 29, 2021. There was no discussion; the motion was unanimously approved.

Agenda Item # VII. – Call to the Public. No members of the public came forward to address the Board.

Agenda Item #VIII. – Call for Vote to Convene Executive Session pursuant to A.R.S. §38-431.03(A)(3) and (A)(4). Director Scott Schroeder moved, seconded by Director Uhrig, to convene the Executive Session for consultation with attorneys regarding on-going legal action and to seek advice on a proposed new lease. The motion passed unanimously. The Board convened an Executive Session at 4:04 p.m. Attorneys for the Airport Authority joined the session by telephone. Secretary/Treasurer Scott Schroeder and Director Tim Miller excused themselves and left the session at 4:30 p.m. The Board convened back into Open Session at 4:54 p.m.

Agenda Item #IX. – Possible Action on Items Discussed in Executive Session: There were no motions, and no action was taken.

Agenda Item #X. – Adjournment. There being no further business to come before the Board, President Fazzini requested a motion to adjourn. Director Betty Uhrig so moved, and Director Barber seconded to adjourn the meeting. The meeting was adjourned at 4:54 p.m.

Certified as Accurate and Correct:

Dated this _____ Day of _____ 2020

Sedona Oak-Creek Airport Authority

Minutes Approved

BY: _____
Pamela Fazzini, President
SOCAA Board of Directors

BY: _____
David Cooper, Vice-President
SOCAA Board of Directors