

CARSON CITY AIRPORT AUTHORITY
Minutes of the November 16, 2011 Meeting

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A regular meeting of the Carson City Airport Authority was scheduled for 6:00 p.m. on Wednesday, November 16, 2011, in the Community Center Sierra Room, 851 East William Street, Carson City, Nevada.

PRESENT: Chairperson Harlow Norvell
Member Alex Carter
Member Teresa DiLoreto-Long
Member Ray Saylo
Member Marcus Thomason
Member Guy Williams

STAFF: Steve Tackes, Airport Counsel
Jim Clague, Airport Engineer
Tim Rowe, Airport Manager
Tamar Warren, Recording Secretary

NOTE: A recording of these proceedings, the Airport Authority's agenda materials, and any written comments or documentation provided to the recording secretary during the meeting are part of the public record. These materials are available for review, in the Clerk's Office, during regular business hours.

A. CALL TO ORDER AND DETERMINATION OF QUORUM (6:01:44) – Chairperson Norvell called the meeting to order at 6:01 p.m. Roll was called; a quorum was present. Vice Chairperson Kelly was absent.

B. PLEDGE OF ALLEGIANCE: (6:02:18) – Chairperson Norvell led the Pledge of Allegiance.

(6:02:51) – Chairperson Norvell welcomed Member Williams to the Authority.

C. ACTION ON APPROVAL OF PAST MINUTES (6:03:17) – Chairperson Norvell introduced the item. **Member Saylo moved to approve the minutes of the October 19, 2011 meeting. The motion was seconded by Member Thomason. Motion carried 5-0-1 with Member Carter abstaining, as he was not present at that meeting.**

D. MODIFICATION OF AGENDA (6:04:27) – There were no modifications to the agenda.

E. PUBLIC COMMENT (6:04:41) – Chairperson Norvell entertained public comment, however, none was forthcoming.

F. CONSENT AGENDA (6:05:12) – There were no items on the consent agenda.

G. PUBLIC HEARING ITEMS:

1. DISCUSSION AND POSSIBLE ACTION REGARDING APPROVAL OF THE CARSON CITY AIRPORT AUTHORITY AUDIT FOR FY 2010/2011. (6:05:23) – Chairperson Norvell introduced the item and noted that a copy of the audit was available in the Airport Manager's office. He then invited Beth Kohn-Cole, Partner, Kohn Colodny, LLP, to elaborate. Ms. Kohn explained that a letter to management had been reviewed by Member Carter, in his role as treasurer, summarizing a proposed adjustment. She stated that the 2011 general fund expenditures for approximately \$3 Million had been generated. She added that the program revenue grants and charges for services total were \$2.7 Million, expending \$332,000 more than budgeted, the majority of which were matches to FAA grants. Ms. Kohn noted that \$149,000 in general revenue was generated from property taxes, leaving a deficit of \$182,000. She

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encouraged “watching” the relatively low fund balance. She stated that they had met with the Department of Taxation and had given them advance notice of this occurrence. Ms. Kohn also noted that they had no audit findings, although one item was not included in the full reporting package since the amount was under the \$10,000 required threshold. She called this “an isolated problem where the grant was overbilled about \$6,200 and it had to do with the fuel relocation cost”. She explained that the former Airport Manager had billed the amount twice, and it would be repaid with coordinated efforts by Mr. Clague and Member Carter. Member Carter offered to share the details with anyone who was interested. It was noted that Mr. Rowe had not seen bound copies of the audit intended for the Authority members and Ms. Kohn offered to follow up with Mr. Rowe. Chairperson Norvell entertained public comment; however, none was forthcoming. Member Thomason received confirmation that each member of the Authority would receive a bound copy of the audit. Mr. Tackes verified that he had attached a draft copy of the audit to his briefing memo. Discussion ensued whether the audit should be approved now or after members’ receipt of bound copies. Member Carter and Chairperson Norvell noted that they had reviewed the final copy. Member Williams stated he had seen the e-mail copy and did not see any cause for concern. Member Saylo did not see any reason not to go on. Ms. Kohn confirmed that there were no compliance issues in connection with Nevada Revised Statutes, nor any audit findings. Member Thomason and Member DiLoreto-Long also did not have any concerns about the audit. **Member Carter moved to approve the audit presented by Ms. Kohn. Member Saylo seconded the motion. Motion carried 6-0.**

2. DISCUSSION AND POSSIBLE ACTION REGARDING THE SALE OF EXCESS ROCK AT THE CARSON CITY AIRPORT. (6:16:06) – Chairperson Norvell introduced the item and stated that the Airport Authority had declared the rock as surplus personal property in July, 2010. Mr. Rowe referred to the Airport Manager’s Briefing, incorporated into the record, and noted that several companies had offered to purchase the excess rock; however due to a complaint, he had decided to “err on the side of caution and place the rock up for bid, to comply with the provisions of Nevada Revised Statute (NRS) 332.185”, calling it ambiguous. Mr. Rowe explained that on November 3, 2011, an agreement was signed with Rapid Construction to remove 12,000 tons of the 200,000 -250,000 tons of rock. He expected the Airport to generate \$13,500 - \$15,000 of revenue from this sale, adding that a special permit was not required, because one already existed for “the hill removal project”. Mr. Rowe also noted that a smaller rock pile would be used by the Carson City School District to prevent flooding at the Carson High School. He expected to see the rock go to bid in December. Chairperson Norvell interpreted the details of the NRS to the viewers and outlined the formal bid thresholds, noting that the Authority had “not been outside of that requirement”. Mr. Tackes clarified that for any sale of rock for over \$50,000, a request for bids should be issued, with a closing date, after which the Authority would award the bid, based on the Airport Manager’s recommendation. Chairperson Norvell recommended establishing a minimum bid offer by Mr. Rowe. Member Carter reminded the Authority that any revenue generated by the bid process would supplement the low cash reserve. In response to a question by Chairperson Norvell, Mr. Tackes advised taking action to authorize the Airport Manager to issue a notice of bids, to put the process in place. He added that Granite Construction was interested in purchasing a large amount of the rock, which was contingent upon receiving several jobs requiring the rock in question. In response to Member Thomason’s question, Mr. Rowe stated that some of the rock would be transported by Rapid Construction “as is”, and some would have to be broken up on site to “make it transportable” on weekdays, between 7 a.m. and 5 p.m. He added that a notice would be issued regarding dust created, even though the company would control the dust via water trucks. Mr. Tackes stated that he had given Mr. Rowe a formal agreement to be used for the sale of the rock, specifying the buyers’ responsibilities including dust control and time requirements for rock removal. Mr. Tackes explained that Granite Construction had been interested in purchasing the rock for certain projects which had not materialized. Member Saylo received confirmation that any rock sold for under \$25,000 would be considered personal property and could be sold by Mr. Rowe; any amount exceeding \$25,000 but under \$50,000 would require the receipt of two prices by the Airport Manager; any amount over \$50,000 would require a formal bid process. Chairperson Norvell entertained public comment.

(6:34:28) – Erich Laetsch introduced himself as a semi-retired engineer and a businessman, noting that he was not a “rock expert”. Mr. Laetsch explained that he was not aware of the authorization given to the Airport Manager to sell the rock. He believed that the rock could produce around \$250,000 to \$1,000,000 in profits and recommended not proceeding with the “bulk sale” and the sale of excess material to contractors who did not have an existing agreement. He suggested conducting a market study by Mr. Rowe, to identify potential customers and the market value of high end materials. Mr. Laetsch disclosed that he had done research outside Northern Nevada and gave examples of his findings, outlining

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different values for different types of rock. He also offered his assistance to the Airport Manager, and called the rock sale a “terrific business opportunity”. Mr. Laetsch noted that the rock in its rough form would most likely fetch \$1 per ton. However, he believed that different contractors who needed select types of rock would pay differently. He suggested \$2 per ton for road construction rock, and \$20-\$30 per ton for rip rap to be used in erosion control projects, based on his conversations with a Department of Transportation engineer, conservatively estimating its value at \$600,000. Chairperson Norvell noted that five years ago a special use permit for an on-site crusher had been denied due to intense opposition from the community. He added that they Authority had to be responsible with its capital investment and community efforts. Mr. Laetsch suggested a discount when buyers sort the rock offsite, and not sell the rock in bulk. Mr. Clague believed that if the rock value was high, there would be inquiries from other contractors for the rock. Discussion ensued regarding the rock value. Member Williams suggested making “a series of phone calls immediately”, as he believed that the weather would halt construction efforts in the winter. Member Saylo suggested waiting 60 or 90 days for the market assessment results. He proposed contacting a “rock broker”, however, he cautioned against using “airport capital” for such a project. Member Thomason noted that the information received from Mr. Laetsch was overwhelming and, as a new member, he wished to explore the issue further. However, he cautioned against causing significant disruption to the airport and the community, especially when on-site processing of the rock was concerned. Mr. Clague clarified that a special use permit would be required to process the rock, and Member Thomason’s concerns would be addressed at that time. Chairperson Norvell expressed concern regarding the obligations to the community living in the vicinity of the airport. In response to a question by Member Thomason, Mr. Clague clarified that if the rock was not sold, a grading plan was in effect to spread the rock “all around in the east end”. Member DiLoreto-Long received clarification that in July 2010, the Airport Authority had given the Airport Manager authority “to make the best disposition of that rock possible”, and that the issue was being revisited because there was a challenge to the interpretation of the Nevada Revised Statute (NRS). She also suggested amending the agreement to require buyers of the rock to make the second half payment prior to removing the rock from the premises. Member Carter believed that some of the material should be used for airport projects. Chairperson Norvell called for additional public comments, and when none were forthcoming, a motion.

(7:41:45) – **Member Saylo moved “to instruct the Airport Manager to hold off for the next 90 days, until the February 2012 Airport Authority meeting, on any further sale of the rock, do a market study in the area of the rock, and determine what the real value is and then report back to us in that meeting”.** Member DiLoreto-Long suggested addressing the issue in the January meeting, to be ready for the construction season. Discussion ensued regarding restricting further sales. **Member Saylo modified his motion “to instruct the Airport Manager to conduct a market survey concerning the materials that we have and have been trying to sell, and report to us in the next meeting in December, and again in January, as to what the status is. And also of the possible sales that may occur during that time period, so they can be brought to the Board for approval. At the end of the 60-day period the Board would discuss the NRS issue and be able to instruct the Airport Manager on how we want to dispose of the rock.”** The motion was seconded by Member DiLoreto-Long. Motion carried 6-0.

3. DISCUSSION AND POSSIBLE ACTION REGARDING NON COMPLIANCE OF INSURANCE PROVISIONS CONTAINED IN THE MENTORS/WEAVER LEASE. (7:47:06) – Chairperson Norvell introduced the item. Mr. Rowe referred to the Airport Manger’s Briefing; incorporated into the record, and noted that proof of liability insurance from lease holders had not been tracked properly in the past. He noted that most tenants had complied with his request and had updated their documents with the exception of three tenants. After receipt of his certified letters requesting the information, the two tenants had responded., but Mr. Rowe noted that he had not received documentation from Weaver Aircraft. He explained that a third and final notice had been mailed to Weaver Aircraft on October 21, 2011, and in turn, through Mr. Tackes, he had received a general liability declaration dated September 9, 2011, however, “no binder or other information was included” regarding the \$1,000,000 liability. Mr. Rowe stated that he had received a proof of liability insurance from Weaver Aircraft, through Mr. Tackes, on November 10, 2011, after publishing this meeting’s agenda, effective that day. Chairperson Norvell requested tracking whether the lease holders had fire insurance.

4. DISCUSSION AND ACTION TO APPROVE A CLASS 2 FBO REQUEST FROM AUMIE DEVOLL TO CONDUCT FLIGHT SCHOOL ACTIVITIES (AIRCRAFT FLIGHT TRAINING, AIRCRAFT RENTALS AND SALES OF PILOT SUPPLIES AND ACCESSORIES) TO BE CONDUCTED FROM THE

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STERLING AIR CLASS 1 FBO FACILITIES. (7:52:00) – Chairperson Norvell introduced the item and stated that this item would be continued in the December 20, 2011 meeting.

5. DISCUSSION AND POSSIBLE ACTION REGARDING INSTALLING A NEW REMOTE CARD READER SYSTEM FOR AIRPORT GATES DUE TO LIMITED PROGRAMMABLE SPACE WITHIN THE EXISTING SYSTEM. (7:52:25) – Chairperson Norvell introduced the item. Mr. Rowe explained that the card reader system at the airport was capable of storing data on 1,000 cards. In order to issue new cards, Gary Province, Airport Maintenance, had deleted unused card numbers, amounting to 30 percent, according to Mr. Rowe. He noted that the gate readers were at capacity and would require modernization, adding that he had received a quote for \$15,727 from Artistic Fence for all four gates, with the possibility of being funded by the FAA. Chairperson Norvell detailed the tedious process involving adding and deleting cards using the current readers. Mr. Clague corrected that a complete replacement of the gates and the fences would be required to qualify for FAA funding. In response to a question by Member Williams, Mr. Rowe clarified that a single number could not be issued to several users within a company. Discussion ensued regarding multiple gate access, capacity, and card ownership. It was agreed to place this modernization project on hold until FAA funding for the entire project was received.

6. DISCUSSION AND POSSIBLE ACTION REGARDING AN ANNUAL 5% INCREASE IN HOURLY RATE FOR AIRPORT MAINTENANCE TECHNICIAN GARY PROVINCE. (8:08:44) – Chairperson Norvell introduced the item. Mr. Rowe gave background, outlined in the Airport Manager’s Briefing and incorporated into the record. He also outlined Mr. Province’s key accomplishments, added responsibilities, and cost saving efforts, adding that the five percent increase would be equivalent to the minimum starting rate at nearby airports. Member Carter agreed with Mr. Rowe and listed additional accomplishment by Mr. Province. In response to Member DiLoreto-Long’s question, Mr. Tackes explained that an adopted process for employee reviews did not exist. Chairperson Norvell noted that he had been using performance appraisal forms used by the City and Member Saylo. Member DiLoreto-Long suggested submitting performance appraisals to the Authority members. Mr. Tackes confirmed that hiring and compensation decisions would be made by the Authority. Members Thomason and Williams stated their support to the Airport Manager’s recommendation. Member Saylo agreed that Mr. Province was deserving of the increase; however, he reminded the Authority that no pay increases were issued to City employees this year or last year, adding that some City employees had even received wage reductions. Chairperson Norvell entertained public comments. Ginna Reyes, President of El Aero Services, asked about the budget impact regarding overtime. **Member Williams moved to adopt the Airport Manger’s recommendation to award Mr. Province a 90 cent per hour raise. The motion was seconded by Member Thomason. Motion carried 5-1.**

7. DISCUSSION AND POSSIBLE ACTION ON ITEMS RELATED TO THE CARSON CITY AIRPORT TAXIWAY D WEST PROJECT (FAA AIP NO. 3-32-0004-21), INCLUDING MONTHLY STATUS REPORTS, POTENTIAL CHANGES TO THE WORK OR WORK SCHEDULE, CONSTRUCTION CHANGE ORDERS, AND OTHER RELATED ITEMS (8:26:35) – Chairperson Norvell introduced the item. Mr. Clague announced that the project had been completed and a financial summary had been provided to the Authority members. He noted two change orders that had been approved by the FAA today, and said that as of last Friday, the project was approximately \$24,000 under budget and ahead of schedule.

H. AIRPORT ENGINEER’S REPORT (8:27:44) – Chairperson Norvell introduced the item. Mr. Clague referred to his report, incorporated into the record, and explained that the Airport Layout Plan (ALP) would be presented to the FAA along with the final report for Taxiway D. He also distributed a Lease Parcel Map indicating the location of each occupied and potential lease on the airport. Mr. Clague noted several discrepancies in the FAA’s allocations and the actual project costs.

I. AIRPORT MANAGER’S REPORT (8:36:34) – Chairperson Norvell introduced the item. Mr. Rowe informed the Authority that the snowplow was in the possession of the Nevada Department of Transportation for “corrections” and would be returned next week.

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J. LEGAL COUNSEL'S REPORT (8:37:17) – Chairperson Norvell introduced the item. Mr. Tackes stated that a scan of 75 percent of the current airport leases indicated that all except one required fire insurance, but the details varied based on the age of each lease. He also noted that the Albatross lien sale was set for 9 a.m. on December 1, 2011 in the airport manager's office.

K. TREASURER'S REPORT (8:43:36) – Chairperson Norvell introduced the item. Member Carter distributed a budget report and expressed concern about upcoming overtime. He suggested finding ways to minimize it. He also stated that the account balance was \$427,706.

L. REPORT FROM AUTHORITY MEMBERS (8:45:15) – Chairperson Norvell introduced the item. Member Williams reported that during his interview, he was asked by the Board of Supervisors how the Authority would interface with the school system. He noted that he had met with the Gifted Education Program administration, whose mandate was to reach out to parts of the community to enhance education outside the school. Member Williams stated he would work with the schools to create a pilot program with 20 students, beginning next spring. He noted that he would require volunteer help since the school has no funds to pay instructors or materials.

M. PUBLIC COMMENT (8:50:52) – Chairperson Norvell introduced the item. Robert Dickinson, introduced himself as a member of the EAA Chapter 403 in Carson City, gave a brief description of the Young Eagles volunteer program and noted that a 601 Zodiac was donated to their chapter. He also announced an upcoming safety seminar by the FAA, and offered his organization's help to Member Williams, who reminded the Authority that the school district would not allow students to fly.

N. AGENDA ITEMS FOR NEXT REGULAR MEETING (8:55:39) – Chairperson Norvell introduced the item. There were no agenda item requests.

O. ACTION ON ADJOURNMENT (8:55:46) – Chairperson Norvell suggested a motion. **Member DiLoreto-Long moved to adjourn. The motion was seconded by Member Saylo. The meeting was adjourned at 8:57 p.m.**

The Minutes of the November 16, 2011 Carson City Airport Authority meeting are so approved this 18th day of January, 2012.

HARLOW NORVELL, Chair