



<b>SPOKANE AIRPORT BOARD</b>		
<b>Chair:</b>	Collins Sprague	
<b>Vice Chair:</b>	Nancy Vorhees	
<b>Secretary:</b>	Jennifer West	
<b>Board Members:</b>	Ezra Eckhardt	Max Kuney
	Shelly O'Quinn	Ben Stuckart
<b>Chief Executive Officer:</b>	Lawrence J. Krauter, A.A.E., AICP	

**NOTICE OF AIRPORT BOARD MEETING**

**Tentative Agenda for the July 20, 2017 Board Meeting**

The Airport Board meeting will be held on Thursday, July 20, 2017 at 9:00 a.m. in the Boardroom located at Spokane International Airport, 9000 West Airport Drive, Suite 204, Spokane, Washington 99224.

- A. **Call to Order**
- B. **Roll Call of the Airport Board**
- C. **Employee Recognition – Brian Holland on Completion of Leadership Spokane Program**
- D. **Public Comment/Courtesy of the Floor**
- E. **Approval of Minutes** (6/29/17 regular meeting)
- F. **Financial Report** (Written Report)

**Consent Agenda**  
**(Items #1-4)**

1.	<b>*Approval of Payments/Warrants</b>		
	Construction Warrant Numbers	4286 - 4297	\$ 2,102,835.97
	Operational Warrant Numbers	136362 - 136756	\$2,795,603.04

2. **\*Award Professional Services Agreement – Consulting Engineering Services for Trunk Rail Extension Project – KPFF Consulting Engineers – Spokane International Airport.** In April 2017, Spokane International Airport solicited statements of qualifications (SOQ) from qualified firms for the Trunk Rail Extension Project, resulting in receipt of five submittals. KPFF Consulting Engineers (KPFF) was selected as the most qualified firm to provide services for the project. KPFF's team includes local firm GeoEngineers and Washington-based firm Floyd-Snider, as well as Pacific Railway Enterprises of Riverside, California. Project scoping and fee negotiations began in May 2017 and concluded in early June. An on-site Design Kickoff meeting was held with KPFF on June 26, 2017 to review project schedule, design, permitting, bidding, and other specifics. The project Scope of Work (SOW) includes all planning, engineering, and permitting services necessary to produce plans, specifications, and bidding documents for the project, which will provide rail access to non-aeronautical land owned by the Airport in order to facilitate industrial development. Design and permitting phases are expected to take approximately five months, with construction expected to take between three and four months. The SOW does not include construction phase services. These and other required services may be added later by amendment. The Engineering Committee and Staff recommend award of a Professional Services Agreement to KPFF Consulting Engineers in the amount of \$215,390.00. In addition, Board approval of \$21,500.00 for design contingencies is requested for a total authorization of \$236,890.00.
3. **\*Award Construction Contract – Outside Parking Lot Asphalt Repair Project – National Native American Construction, Inc.–Spokane International Airport.** This project consists of pavement rehabilitation in Sections E, F, and G of the Outside Parking Lot and includes approximately 4,030 SY of asphalt patching along with new pavement markings. Anticipated completion is 30 calendar days from the date of Notice to Proceed. Plans and specifications were prepared by T-O Engineers and the project was bid through the Small Public Works Roster. Two bids were received on June 20, 2017 and the lowest responsive and responsible bid was submitted by National Native American Construction, Inc. (NNAC) in the amount of \$282,389.19 including Washington State Sales Tax. The Engineering Committee and Staff recommend award of a Construction Contract for the Outside Parking Lot Asphalt Repair Project to NNAC in the amount of \$282,389.19 including Washington State Sales Tax. In addition, Board authorization of \$28,000.00 for construction contingencies is requested for a total authorization of \$310,389.19.
4. **\*Approve Procurement – Schulte FX-530 Rotary Cutter – Schulte USA, Inc. – Spokane International Airport.** Airfield Maintenance currently uses two mower decks, a 20' 1999 Rhino, and a 26' 2005 Schulte, to mow approximately 600 acres on the airfield. The proposed 30' Schulte mower deck will improve efficiency and provide better results. The Rhino mower deck will be retained for use on areas of rough ground and landside only. This equipment is available at a significant discount through an intergovernmental cooperative purchase agreement with the Houston-Galveston Area Council (HGAC) Agreement No. GR01-15, which complies with the Airport's procurement policy. The total purchase price for this equipment is \$52,209.51, which includes all optional equipment, freight charges and Washington State Sales Tax. The Engineering Committee and Staff recommend approval to procure one new Schulte FX-530 Rotary Cutter through HGAC Agreement No. GR01-15 from Schulte USA, Inc. in the amount of \$52,209.51, including Washington State sales tax. Board authorization is requested for \$2,600.00 of additional funds for incidental contingencies, for a total authorization of \$54,809.51.

**Regular Agenda**  
**(Items 5-8)**

5. **\*Approval of Resolution #05-17 authorizing the Airport Chief Executive Officer to submit Passenger Facility Charge (PFC) #11 to the Federal Aviation Administration (FAA).** The Passenger Facility Charge (PFC) Program allows the collection of PFC fees of up to \$4.50 for every enplaned passenger at commercial airports controlled by public agencies. The Airport has participated in the PFC Program since 1993, with total authorizations of \$136,101,454 for forty-

eight (48) separate projects. In accordance with 49 CFR 158.23(a) and 158.37(b), the Airport notified air carriers on May 26, 2017 of a proposed PFC application #11 and held a consultation meeting with their representatives on June 28, 2017. The air carriers have until July 28, 2017 to agree or disagree with the projects. Also, per 49 CFR 158.24, the public was notified via a posting on the Airport's website on May 30, 2017 allowing public comment on the proposed projects until July 28, 2017. Please refer to the memo for the seven specific projects included in the application totaling \$16,298,809. The application will be submitted to the FAA on or about July 31, 2017 after the comment period for the public and air carriers has concluded. The FAA will review the application and the projects for a period of not to exceed 120 days. The FAA will approve or disapprove of the application no later than October 31, 2017. This application is estimated to extend the authorized collection period of PFCs through August of 2020. Future applications will extend the collection period as qualified projects are identified. The Finance Committee and Staff recommend the Board authorize the Airport CEO to submit PFC Application #11 to the FAA.

6. **\*Approval of the Lease & Concession Agreement - SHS Heritage Inn of Spokane, LLC - (SIA).** Staff met with Taylor Gibbons, with SVN Cornerstone Real Estate Advisors, and his client, Tharaldson Hospitality Management in September 2016 to discuss their proposed plans to build a Marriott Springfield Suites at the Airport. Gary Tharaldson purchased one (1) hotel in 1982 and today they own and operate 31 hotels in 14 states with 8 additional hotels scheduled to open this year. They recently acquired property in Spokane and at Riverstone in Coeur d'Alene with plans to have hotels completed in 2018. Tharaldson is proposing to construct a four (4) story hotel with 110 rooms on a 2.3 acre site adjacent to the Airport terminal. The term of the agreement is 30 years with one (1) 20-year renewal option. The term shall commence upon issuance of building permit or no later than 4 months from the Airport's approval of the Agreement. The land rent during the construction period (12 months) is \$0.30 per square foot per annum and \$30,056.40. The Land Rent is established for the purpose of assessing the Washington State Leasehold Excise Tax and is subject to adjustment on the 6th year and every 10 years thereafter by an MAI appraisal and adjusted by the Consumer Price Index every other 5 year period. Upon Beneficial Occupancy, Lessee shall pay a Minimum Annual Guarantee (MAG) of \$38,071.44 or 1% of gross revenue, whichever is greater. The MAG shall be adjusted annually based on 75% of the total MAG and fees paid in the previous year. The Percentage Fee shall adjust annually by 1%. The Percentage Fee for years 6-15 shall be 5% and years 16-30 shall be 6%. The Percentage Fees for the renewal option shall be determined by surveying similar size airports with hotel operations. No such adjustments during the term or renewal option shall result in the Percentage Fees being less than the previous year's fees nor shall the adjustment for the renewal option exceed 7%. The Finance Committee and staff recommend approval of the Lease & Concession Agreement with SHS Heritage Inn of Spokane, LLC.
  
7. **\*Approval of the Second Amendment to the Concession Lease Agreement – The Paradies Shops, Inc.** In October 2005, the Board approved the Concession Lease Agreement with The Paradies Shops, Inc. for eight (8) retail locations at the Airport, with square footage totaling 7,590 square feet. The current term for the Concession Lease Agreement expires on January 31, 2018. Paradies requested an extension to the term of the Agreement and after discussion with Staff, it has been agreed that the term shall be extended for three years from February 1, 2018 through January 31, 2021. The term may also be extended for two (2) one (1) year options upon mutual agreement and the Board shall provide Paradies with six months advance written notice of its agreement to exercise each option. This extension will allow the Airport additional time to determine the impact of the TREX project as it relates to the retail concessions program. Paradies has agreed to redevelop the retail locations in the Rotunda consisting of 4,050 square feet. The Riverfront Travelmart and Auntie's Books consisting of 2,650 square feet will be transformed into a "Riverfront Marketplace". Simply Northwest consisting of 1,400 square feet will become a "No Boundaries" clothing and accessories store which Paradies operates in Salt Lake City, Reno and Denver Airports. The total capital investment made by Paradies shall be \$416,440. Effective February 1, 2018 the Minimum Annual Guaranty for the initial year shall increase from \$380,000

to \$430,000 and is subject to adjustment annually thereafter. The percentage rents for all locations shall adjust to 13%. Paradies projects annual retail sales will increase approximately 15% with the new concepts. The Finance Committee and staff recommend approval of the Second Amendment to the Concession Lease Agreement – The Paradies Shops, Inc.

8. **\*Approval of the Felts Field Personal Land Lease Agreement – Norsco Hangars LLC (Felts)**  
The demolition of Building 31 was incorporated into the Construction Contract for the Taxiway/Taxilane improvement project. The site is now available for development and staff developed a Request for Proposals (RFP) soliciting interested parties to lease the parcel for the construction of an aircraft storage hangar. On June 18, 2017 the RFP was publically advertised with proposals due on July 6, 2017. Staff received one responsive proposal from Norsco Hangars LLC and they have proposed building a 6,345 square foot, four bay aircraft storage hangar on the 18,443 square foot site. Norsco intends to commence foundation work as soon as possible with building construction to be done within two to three months based on the lead time for acquiring the building. The Land Lease Agreement shall have a term of twenty five years commencing upon beneficial occupancy or no later September 1, 2017, whichever comes first. The Lessee shall also have a twenty five year option. For the initial five year period, the rental rate shall be \$0.235 per square foot for 18,443 square feet. The rent is subject to adjustment every other five year period by the change in the CPI for the previous five year period and by appraisal every ten years. Norsco Hangars LLC shall pay to the Board annual rent in the amount of \$4,334.11 which does not include Washington State leasehold tax. The Finance Committee and staff recommend approval of the Felts Field Personal Land Lease Agreement with Norsco Hangars LLC.

9. **Staff Reports/Board Member Comments**

- **Chief Executive Officer’s Report (Written Report)**
- **Board Member Comments**

**The Airport Board may take action on other routine business issues as they may arise while the Board is in session.**

10. **Adjourn**

11. **The next regularly scheduled Board meeting is Thursday, August 17, 2017 at the Spokane Airport.**

*Note: The consent agenda (\*) may be considered in a single action. Any Board member or any member of the public in attendance at the meeting may ask for the separation of any item from the consent agenda for individual consideration. Please notify the Board Clerk prior to the start of the meeting if you wish to make such a request.*

*The Spokane Airport Board is committed to providing reasonable accommodations to individuals with disabilities. Individuals requiring reasonable accommodations to attend this meeting should call the Board Clerk at (509) 455-6444 or email at thart@spokaneairports.net at least 48 hours in advance of the meeting to arrange for accommodation.*