



**August 14, 2009
Rocky Mountain Metropolitan Airport
Broomfield, Colorado**

BOARD MEETING

MEMBERS PRESENT:

Harold Patton	Chairman	
Dale Hancock	Vice Chair	arrived 11:09 AM
Dennis Heap	Secretary	
Louis Spera		
Dave Ubell		
Debra Wilcox		

MEMBERS ABSENT:

Joseph Thibodeau

OTHERS PRESENT:

Travis Vallin	Director, CDOT – Division of Aeronautics
Scott Brownlee	CDOT – Division of Aeronautics
Christine Eldridge	CDOT – Division of Aeronautics
TK Gwin	CDOT – Division of Aeronautics
Shahn Sederberg	CDOT – Division of Aeronautics
Kaitlyn Westendorf	CDOT – Division of Aeronautics
Steve Archaubout	Fremont County
Richard Baker	Fremont County
Nick Bellino	Fremont County
Lea Mason	CDOT – Audit Division
Karen Patton	
Skippere Spear	Colorado Office of the Attorney General
Susan Ubell	

1. Meeting commenced at 11:00 A.M. Harold Patton stated that a quorum is present and noted the absence of Joseph Thibodeau. Dale Hancock is expected to arrive shortly.

2. ***APPROVAL OF MINUTES***

Harold Patton advised the Board that he would entertain a MOTION to approve the minutes from the CAB meeting on June 26, 2009. Dave Ubell made the MOTION to approve the minutes and Dennis Heap seconded.

The MOTION carried unanimously.

3. ***AMENDMENTS TO THE AGENDA***

There are no amendments to the agenda.

4. ***BOARD MEMBER REPORTS***

Louis Spera spoke about the on-going improvements to the Pueblo Memorial Airport. Dennis Heap advised the Board about the Front Range Airport 25th Anniversary Celebration on Wednesday, August 19th. Dave Ubell spoke briefly about the continuing 'through the fence' issues at Montrose Regional Airport. Debra Wilcox said that she attended the Pancake Breakfast Fly-In at the Lake County Airport last weekend.

5. ***PUBLIC COMMENTS***

Harold asked Skip Spear from the Attorney General's (AG) Office to address the Board. Skip stated that he is assigned to the Transportation Unit within the AG's Office, which deals exclusively with CDOT matters. Skip wanted to extend his legal assistance to the Colorado Aeronautical Board and the Division of Aeronautics.

6. ***DIRECTOR'S REPORT – TRAVIS VALLIN***

Travis Vallin advised the Board that Nikki Koplitz will be retiring effective August 31st. Travis said that Nikki is in the process of training Kaitlyn Westendorf and Christine Eldridge on her many job duties. Due to the complexity of the fuel tax process, Travis has asked CDOT Executive Director Russ George if he will allow Nikki to come back to work on a

part-time, temporary basis to complete the training. Harold said that Nikki's retirement will be a great loss to the Division. Dale Hancock arrived at this time.

Travis advised the Board that on August 19th, he will be hosting a tour of FAA Denver Center for Senators Udall and Bennet, as well as Congressmen Polis and Perlmutter, to see the impact of the Wide Area Multi-Lateration (WAM) system. On August 20th, Travis will be going to Hayden, where Congressman Salazar will unveil the WAM system as a usable tool into Denver Center.

The Division staff recently attended a luncheon at the Fire Training Facility at Denver International Airport (DIA), which gave the Staff an opportunity to see the new Airport Rescue Fire Fighting (ARFF) truck that was partially funded with CDAG funds.

Lastly, Travis advised the Board that he will be traveling to Washington D.C. the week of August 24th to meet with FAA Officials on Phase II of WAM.

7. BUDGET UPDATE – KAITLYN WESTENDORF

Kaitlyn advised the Board that the Division ended Fiscal Year 2009 with approximately \$4.6 million. Kaitlyn said that our current cash balance, including the reserve, is approximately \$2.5 million. The \$9 million transfer out of the State Infrastructure Bank (SIB) is currently in process, but has not hit the fund yet. Kaitlyn went over the budget sheets (prepared by Nikki Koplitz) that were given to the Board. One of the sheets outlined the Fiscal Year 2010 Budget Administration Breakdown, which was developed as a result of the audit. The auditors recommended that we provide the Administration breakdown and that it be approved by the Board every new fiscal year. Harold stated that he would entertain a MOTION to approve the Administration Budget. Louis Spera made a MOTION to approve this request and Dave Ubell seconded.

The MOTION carried unanimously.

8. EEA AIRVENTURE OSHKOSH 2009 UPDATE – SHAHN SEDERBERG

Shahn Sederberg informed the Board that the estimated attendance was 578,000, which was up 12% over last year. There were more than 10,000 aircraft in attendance, as well as more than 2,600 show planes. Shahn advised that there were 2,200 international visitors from 75 different countries. Shahn said that the event was a huge success and a great way for our Division to showcase and distribute the literature we publish, as well

as promoting tourism and general aviation in Colorado. Shahn said that the budget has not been closed yet on this function, so he plans to brief the Board about the status of the budget at the next meeting. Shahn concluded by showing the Board a short video presentation from the event.

9. *AUDIT RECOMMENDATIONS – TRAVIS VALLIN & LEA MASON*

Travis advised the Board that we had a list of items that needed to be addressed, per the audit, and that some of them need action.

9.1 Definition of Division Administrative Costs: Travis referred to a memo provided to the Board in their packets which outlines the definition. He explained that the Division worked with the Office of Financial Management and Budget to develop the definition. The Division will utilize a definition similar to the one that is applied to the Department of Transportation as a whole, contained in Section 43-1-113(2)(a)(III), C.R.S., which defines personal services, operating expense, indirects, out of state travel and vehicle leases. This definition also addresses specific projects and grants, and how time, travel and operating expenses can be charged to that specific project. Harold asked Lea Mason if she was happy with this definition and she answered “yes”. Dennis Heap made the MOTION to approve this request and Dave Ubell seconded.

The MOTION carried unanimously.

9.2 Fuel Tax Reimbursement Procedure Manual Update: Scott Brownlee notified the Board that Nikki drafted a Fuel Tax Reimbursement Procedure Manual, based on an audit recommendation. This manual will reflect current processes, implement procedures to keep the manual updated regularly in the future and will promote cross-training of staff on the reimbursement process. Travis explained to the Board that there is no need for the Board to take action on this document. The manual is in draft form today, but we hope to have a completed manual to present to the Board at our next meeting.

9.3 Fuel Tax Delinquency Report: Kaitlyn notified the Board that during the audit, it was discovered that some airports were not reporting fuel tax in a timely fashion. At the present time, all airports are current except Yuma. They have been contacted and advised that they need to request the funds that they are entitled to.

9.4 SIB Resolution on Transfer Policies and Procedures: Travis said that the auditors felt that we need to have general guidelines on when we take money out of the Grant Program to put money into the SIB fund and when we can take money out of the SIB fund to put it back into the Grant Program.

TK Gwin said that HB-1066 clarified the fact that we cannot take money out of the SIB that we did not put into the SIB. TK said that the resolution presented to the Board for approval outlines that the Division can transfer money from the SIB into the Grant Program to cover projects that are of statewide significance; and that we can ensure that the money transferred into the SIB will not be used for anything other than aviation purposes. Dennis Heap made the MOTION to approve this request and Louis Spera seconded. However, before a final vote was taken, Debra asked for clarification on the section of the resolution that said: "Whereas, the Colorado Division of Aeronautics (CDOA) may request such a transfer for a project of statewide significance when adequate funds are not available in the Aviation Fund to meet the need". Debra wanted to know how that affects the section just above that, which states: "Whereas, the CDOA may direct the State Treasurer to transfer moneys from the SIB Aviation Account back to the Aviation Fund in an amount not exceeding the amounts previously transferred into the SIB Aviation Account from the Aviation Fund, but only if the transfer is first approved by the CAB and the Transportation Commission". Travis explained that the Division can only extract funds from the SIB that we have actually put into the fund, per Statute, and that *will not change* with this resolution. Debra expressed concern with the way the resolution was written and asked Skip Spear to review the form and get back to her with his opinion; Skip agreed to do so. Debra Wilcox made the MOTION to table this request until the next Board meeting on October 15th and Louis Spera seconded.

The MOTION carried unanimously.

9.5 Target Range of Uncommitted Aviation Fund Balance: TK stated that one of the recommendations of the audit is for the Board to establish a target range for the uncommitted fund balance in the Aviation Fund at the beginning of each fiscal year. The audit recommends that the Board monitor the fund balance throughout the year and take appropriate action if the fund balance is outside the target range. Appropriate action may include increasing or decreasing the funds available in the Grant Program. The Division has the responsibility of providing an initial and ongoing analysis to assist the Board in their responsibility. This analysis will be presented at each CAB meeting. TK said that in researching the history of the Grant Program, anticipated revenues from fuel reports, anticipated amount of grant requests from the Capital Improvement Program and ongoing program requirements, the Staff recommends that for FY 2010, the Board adopt a target range between \$2,500,000 and \$5,000,000. Debra Wilcox made the MOTION to approve this request and Dave Ubell seconded. Dennis Heap asked "what happens if we go outside the target range?" TK said there isn't a penalty if we exceed the target range. Travis said that if we were to go outside the target range either way, the impact is to the Grant Program; it's to a positive impact if you are above, meaning

the Grant Program that year would be larger. On the same token, if we are below the target range, the Grant Program would be smaller that year. Travis stated that the balancer is always the size of the Grant Program. Debra Wilcox suggested that we establish a "Not to Exceed" amount and that if there is a need one year to go over that amount, the Division could bring that request before the Board and the Board would have the ability to go above that "Not to Exceed" amount. Dale Hancock discussed the possibility of setting up the Division as an 'Enterprise', but the Board did not have enough information on how that process works, in regards to the Aviation Fund. Skip Spear will look into Debra and Dale's suggestions and get back to the Board with an opinion. Harold asked that Debra make an amended MOTION to this request. Debra Wilcox made the MOTION to adopt the target range for FY 2010, to research and provide to the Board a general, 'accepted accounting principal' number that would be a "Not to Exceed" percentage of our budget on a go-forward basis and Dennis Heap seconded.

The MOTION carried unanimously.

Harold Patton requested to dismiss the initial MOTION made on this request and the Board voted unanimously to do so.

9.6 Accept and Adopt the Aviation Grant Management Manual: Scott took a moment to update the Board on the audit findings that will be cleared as a result of the revised Manual. Specifically, the Manual will clear all or part of the following audit recommendations:

Recommendation #1 – The Aeronautical Board and the Division of Aeronautics should ensure that State Aviation System Grant Program applications are reviewed and scored consistently and uniformly in accordance with best practices and statutes.

Recommendation #2 – The Division of Aeronautics and the Aeronautical Board should develop criteria, policies, and procedures for managing supplemental and out-of-cycle grant requests.

Recommendation #3 – The Division of Aeronautics should strengthen accountability for the State Aviation System Grant Program.

Recommendation #6 – The Division of Aeronautics and the Aeronautical Board should develop a strategic grant-making approach for the State Aviation System Grant Program.

Recommendation #15 – The Aeronautical Board should strengthen accountability for grants to the Division and include such grants in an overall strategic grant-making process by developing written policies

and procedures.

Scott advised the Board that copies of the Manual previously given to them have recently been revised with a few minor changes. First, there is now language in the Manual to address the timely reporting of fuel tax data, which will be used as one of the criteria when awarding grants to airports. Second, there is reference to risk-based-approach for on-site visits to the airports, which will be further discussed in the next item. Additionally, what was previously referred to as the "Fall Grant Cycle" will now read "Annual Grant Cycle". Once this document is approved, it will be distributed to all Airport Managers and will be posted on our website. Travis added that the draft Manual was presented to Airport Operators at the CAO A Spring 2009 Conference in Gunnison, and additionally was given to a sub-committee of CAO A for review and feedback. Dave Ubell made the MOTION to accept and adopt the Aviation Grant Management Manual and Dennis Heap seconded.

The MOTION carried unanimously.

9.7 On-Site Visit Policy. TK said that as a result of the audit, the Division has formed a policy regarding site visits to construction projects that received CDAG dollars. The purpose of this policy is to ensure that aviation fund money is being used as intended. On-site visits will be conducted to ensure progress, quality and completion of work. At a Board meeting following each Grant Hearing, the Division will use a risk based approach to establish a list of projects that will be visited, pending available travel budget. The following criteria will be used to determine the amount of risk involved with each grant:

- The amount of the grant, \$0 - \$250,000. The higher the amount, the higher the risk.
- FAA oversight on the project. Low risk exists when there is FAA oversight.
- The amount of professional airport staff. The more professional staff, the lower the risk.
- Complexity of the project. The more complex the project is, the higher the risk.
- Engineering oversight. Lower risk with engineer oversight.
- Past project performance. The working relationship and history that has been established between the grantee and the Division will affect the amount of risk.

Based on the above criteria, the Division will use their expertise and institutional knowledge to evaluate the risk of each project and then establish the on-site visit list to be presented to the Board. The projects that are deemed high risk will require a minimum of 2 on-site visits during the duration of the project. On-site visits are only required on construction projects. Projects for equipment purchases, design or

planning are not required to have on-site visits. Debra Wilcox asked if a report would be prepared, based upon the on-site visit and TK responded by saying yes. TK explained that we currently have a form that is filled out any time Staff from the Division visits an airport where a CDAG project is currently taking place and the form is then added to that particular grant file. Debra asked about the low risk projects that have FAA oversight and wanted to know if the FAA can provide us with documentation of their visits and TK said we are already receiving that from the FAA. Debra then asked if we are receiving documentation from the professional airport staff and TK said yes. Louis Spera made the MOTION to approve this policy and Dennis Heap seconded.

The MOTION carried unanimously.

**10. MOVEMENT OF DISCRETIONARY GRANT HEARINGS –
SCOTT BROWNLEE**

Scott informed the Board that the Staff recently analyzed the expenditure of awarded grant funds for the past three grant cycles and discovered that very little activity on the 2008 and 2009 fall grants occurred within the first six months of the money being awarded. The Staff attributes this to the fact that most grant awards are for construction projects that cannot begin until spring or summer. This is especially true of awards for matching FAA grants, which aren't typically received until a few months after the CAB grant awards. In the spring of 2008 the CAB conducted a second 2008 grant cycle as a result of additional fuel tax dollars found during a Department of Revenue audit at DIA. Because these funds were granted much closer to the actual construction season, the funds were expended much quicker than usual and the project cost estimates received during the application process were more accurate. The Division has discussed this suggestion with CAO and FAA and both agree there is potential benefit to moving the grant hearings. The grant hearings will still be far enough ahead of the construction season that projects will not be jeopardized and the Division will rely less on budget projections and more on the actual fund balance when determining the size of the discretionary grant program. Scott said the Division would like to recommend that the regularly scheduled grant hearings currently set for November 5, 2009 be moved to coincide with the CAO Legislative Reception, which will be held in either late January or early February 2010. Dennis Heap made the MOTION to approve this request and Dave Ubell seconded.

The MOTION carried unanimously.

11. STEAMBOAT SPRINGS 09-SBS-01 SCOPE OF WORK CHANGE – SCOTT BROWNLEE

Scott said that during the 2009 Grant Hearings, Steamboat Springs was awarded a grant for wildlife fencing. The grant had two elements, both consisting of wildlife fence, but one was for match on the FAA portion and the other was for overmatch of just state and local money to complete the fence project. The total CDAG amount was \$161,600. The fence was estimated to cost \$360,000. The actual cost to complete the fence will be \$182,438. Steamboat Springs would like to use \$60,000 of the remaining CDAG funds in conjunction with \$15,000 local funds for a total of \$75,000 to complete a 3" mill and fill on the worst pavement areas of their taxiway and ramp. Approximately \$90,000 will still be liquidated back into the aviation fund. As noted on the evaluation form, the newly requested project meets the goals as established in the system plan, is on the CIP and the Staff does support this request. Dave Ubell made the MOTION to approve this request and Debra Wilcox seconded.

The MOTION carried unanimously.

12. PUEBLO 09-PUB-01 SUPPLEMENTAL FUNDING REQUEST – TK GWIN

TK advised the Board that Pueblo has submitted an application for supplemental funding, which is a result of more than anticipated FAA funding on the 2009 grant. The original grant consists of two project elements: matching funds on the FAA ramp project, as well as a state and local fuel farm compliance project. The grant was for \$150,263, of which \$30,263 was for match and the remaining \$120,000 was for the fuel farm. The \$30,263 that Pueblo was awarded was for 2.5% of their anticipated FAA grant of \$1,150,000. Recently, the FAA issued Pueblo the grant in the amount of \$1,303,177. Pueblo is asking for an additional \$4,031 of CDAG funds, which would bring that element to \$34,294 equaling 2.5% of their FAA grant. The Division supports this additional funding request. This project supports the safety and investment goals as established in the 2005 Systems Plan. If this funding is not made available, Pueblo will have to delay the project until it is able to raise the additional funds. Dennis Heap made the MOTION to approve this request and Dave Ubell seconded. Louis Spera abstained from the vote.

The MOTION carried unanimously.

**13. ANIMAS AIR PARK 09-00C-01 GRANT MODIFICATION –
TK GWIN**

TK advised the Board that Animas Air Park has a current grant for a slurry seal on their runway. Due to the shortage of asphalt and asphalt products, the work was not done last year. Animas Air Park had planned on completing the project this construction season. TK said that Animas Air Park, as a practice, files their fuel report on a regular basis but they leave their fuel tax refund in the Aviation Fund to be used as local match for grants. Animas had a little over \$20,000 in the fund when the AG ruling on tax refunds (in response to the audit) resulted in the loss of these funds to Animas. Although the runway is in good shape, deterioration has reached a point that requires a slurry seal. TK said the slurry seal will extend the life of the runway considerably, but failure to install this treatment could result in substantially more decline. The current grant contains \$64,000 of CDAG funds and \$12,500 of local match for a total budget of \$76,500. With the disappearance of the fuel tax refund, this project will not be completed. The Division is requesting authorization from the Board to keep the same project budget of \$76,500, but to provide 100% funding from the Grant Program. This is an important project to the State Airport System and is recommended for approval by the Staff. Louis Spera made the MOTION to approve this request and Dennis Heap seconded.

The MOTION carried unanimously.

**14. PLATTE VALLEY AIR PARK OUT-OF-CYCLE GRANT REQUEST –
SCOTT BROWNLEE**

Scott advised the Board that this request is similar in nature to the Animas Air Park request. Platte Valley Airpark had \$2,456 in the Aviation Fund for fuel tax refund, which could not be returned to the airport in the form of cash, due to the AG ruling on tax refunds. Platte Valley is asking for a grant from the Board the help with runway repairs in the amount they would have received in a refund. Platte Valley is willing to contribute 20% in matching funds and would like to have these repairs done before winter. This project falls in line with safety and maintenance of primary pavements in the Colorado System. The amount of CDAG funds requested for this grant is \$2,456. Dennis Heap made the MOTION to approve this request and Debra Wilcox seconded.

The MOTION carried unanimously.

NOTE: All Grant requests included a standard Grant Evaluation Form and were found by the Staff to be in the best interest of statewide aviation and to support the goals contained in the Colorado Aviation Systems Plan.

15. PROPOSED CALENDAR

Travis and Debra Wilcox will appear before the Legislative Audit Committee on Monday, August 17th, to give an audit update. CDOT Executive Director Russ George and Lea Mason are expected to attend as well.

The next meeting will be an Audit Workshop on October 15th at the Front Range Airport.

16. OTHER MATTERS BY MEMBERS

There were no other matters by members

17. ADJOURNMENT

The meeting adjourned at 12:15 P.M.