

Lemhi County Airport Board Meeting - June 12th, 2017

The meeting was called to order by 18:05 h by Rich Natelson.

Additional board members in attendance were: Don Jakovac, Jim Crawford, Nathan Bills, David Weston, Fred McDonald, Tony Latham, and Bob Duerloo. Lenny Skunberg, and Farrell Steiner of Searle, Hart & Associates were also in attendance.

Minutes from May's meeting were reviewed. A motion was made by Fred to accept the minutes, it was seconded by Jim. It passed unanimously.

Fuel & Facilities Report

Current available fuel:

Avgas - Pump #1 - 6,255 gallons

- Pump #2 - 5,836 gallons

Jet A - 5,370 gallons

Lenny stated that we currently have passed tests. Filters are done, inspection by Phillips passed 100%.

Lenny reported on cutting weeds along the runway and taxi ways.

Runway lights are still running constantly, an increase in power expense hasn't been noticed, but a light has yet to burn out since they've been on constantly. Before, they needed replaced quite frequently.

Rich reported that he'd looked into LED runway lights, they require specialty lenses and heaters, and are cost prohibitive at this point in time.

Financial Report

Bills to be paid were reviewed, Tony made a motion to pay them, it was seconded by Fred, it passed unanimously.

The financials through May 31st were stated as follows:

Cash on hand - \$233,461

Inventory on hand - \$58,000

Accounts Receivable - (\$2,934)

Accounts Payable - \$2,600

Revenue - \$81,661.67

Cost of goods sold - \$40,777

Gross Profit - \$40,884

Ordinary Expenses - \$25,869

Net Operating Income - \$15,014

Don stated that we are currently within budget.

Don presented the updated and final copy of the Financial Oversight Policies & Procedures. A copy is attached to these minutes.

A 2016 year-end audit was presented by Farrell Steiner of Searle, Hart & Associates, PLLC. Year-end income for 2016 was stated as (\$345,547) due to the depreciation in value of overall assets. Don mentioned the difficulty of reflecting that number accurately due to the fact that most improvements are largely funded (up to 95%) by the FAA, and not from revenue generated and held by the airport.

Old Business

Upcoming projects...

FAA is recommending we hold off on including the fuel farm relocation in this project, and include it at a later time to better take advantage of available funding.

It is required that a secondary bid be received from an additional engineering company. A handful of companies were recommended, it was decided that the most local company would be used.

New Business

It was noticed that some new fuel trucks are now parked on the ramp, and the assumption was made that they belong to GemAir. Concerns were expressed that they would be used in competition to the county's fuel sales, as well as the trucks having proper inspections. Fred said he'd talked to Nathan Cuvala, and that he said the board is the sponsor and can set rules to govern the fuel use at the airport. Tony said that fuel trucks have been at the airport for as long as he is aware, but the type and appearance of the new tanker style trucks pose a concern for leakage. He mentioned that the USFS has similar tanker style trucks but that they're parked on leased ground, and it is known that the USFS regulates their equipment. It was mentioned that the FAA should be contacted to ascertain applicable regulations governing the type of truck. Several other concerns arose, such as a CDL being required to drive the truck, proper licensing being required to drive them on the highway, etc. Tony stated that those issues weren't any of our concern. The question of what the intended use for the trucks was raised, with speculation being that they would be used to purchase their own fuel privately. Fred expressed concern about the weight of the fuel truck in relation to the asphalt and its ability to support it. Bob expressed that the biggest concern was that the airport was going to lose a lot of revenue. He stated that the airport is funded and operated based on the profit from fuel sales, and if those sales decrease, then the commissioners would be required to tax everyone in the county in order to generate the revenue required to fund the airport. Bob said that the current fuel-flowage fee is 25 cents per gallon, and that he personally pays it when he brings automotive fuel onto the airport for his personal airplane. He stated that he thought it had been 25 cents for 25-30 years, and that he thought he was the only one doing so. Tony mentioned that the USFS also pays a fuel-flowage fee, but that it is an annual rate, rather than by the gallon. The current USFS fuel-flowage fee is \$2,500 per year. Bob said that he thought that the fuel-flowage fee should equal the county's markup on fuel. Tony said that it could be argued that that was unfair based on other airport's lower fuel-flowage fees, Challis airport was referenced. Don mentioned that based on information received at the conference he attended, that any discrimination factor previously worried about (having two different flowage fees), was a non-factor, and that the

board can discriminate. Don then said that we could procure assistance from an outside source to help in establishing fuel-flowage fees for Salmon's airport. Don stated that our fuel-flowage fee is not written or recorded in writing anywhere. Tony said that it is recorded in the Rules & Regulations, and that the board can set that price from time to time. Don said that that was true, but that there is no set price, but that a price can be set. Fred stated that it needs to be set that no one else can bring fuel onto the airport and for sale to the general public. Everyone agreed. Tony asked who could be solicited as a private consulting firm to aid in establishing these fees. Don met someone at the conference that could potentially help. He said that while we were soliciting help on fuel-flowage fees, that a rent study should be conducted as well to make sure our other fees are in line. He thought that it would cost around \$5,000-\$10,000. It was agreed that an outside source would be a worthwhile expenditure to substantiate any decisions made by the board. Land lease fees were also discussed. It was mentioned that the USFS' lease in McCall was thought to be around \$70,000-\$75,000 per year, and that our current lease with the USFS is somewhere around 25-30 cents per square foot per year. Don also stated that the average land lease for hangars is around 20-25 cents per square foot per year.

Tony made a motion to find a consulting firm to help with determining what our fuel-flowage fees and lease fees should be. It was seconded by Don, it passed unanimously.

Tony agreed to contact the Helena FAA office in regards to what they require by way of fuel tank/truck testing and compliance, and if there is a difference between sizes of trucks, fuel capacity, etc.

Don agreed to contact Nathan Cuvala to ask for recommendations on firms to conduct the study.

It was stated that the airport is currently out of compliance to be able to receive any grant money from the FAA due to there being three camp trailers on the airport parking lot. It is unknown who they belong to or who is staying in them. Nate agreed to contact David at GemAir to find out, and to ask for them to be moved.

The meeting was adjourned at 19:12h.

LEMHI COUNTY AIRPORT

FINANCIAL OVERSIGHT POLICIES AND PROCEDURES

The following document outlines policies and procedures for oversight of the Lemhi County Airport's finances, particularly financial transactions that involve funds from the Federal Aviation Administration or other grant agencies. These policies are implemented by resolution of the Lemhi County Airport Board (the Board) and are subject to review and update at the Board's discretion. At a minimum, these policies shall be reviewed and updated once every three years.

General

The Lemhi County Airport Board is dedicated to managing their finances according to all applicable laws and regulations and these policies are written with this principle in mind. Due to the complexity of grant funding, the Board may require assistance of qualified consultants (legal, accounting, engineering, etc.) and County personnel in overseeing and managing the finances of the Airport. All requests to the Board will be reviewed and approved at the monthly meetings. The Officers of the Board have the authority to approve any immediate requests should they arise between meetings. Any purchases made by the Board for the purpose of the grant will follow the standard policies and procedures for issuance of monthly bills for full Board approval, and the Credit/Debit Card Policy adopted and attached as Exhibit A.

Procurement

All purchases of the Lemhi County Airport are conducted in accordance with Idaho Code, County rules, and FAA regulations where applicable. Procurements will be classified as follows, with the corresponding procurement method.

- Construction Contracts over \$100,000 require a formal bidding process including advertisement in the local newspaper at least twice over a two week period. Plans and Specifications will be available to all potential bidders upon payment of a reasonable fee (or without cost, at the Board's discretion), a bid bond or a 5% bid security is required.
- Construction Contracts of less than \$100,000 but more than \$25,000 require a semi-formal bidding process requiring written price bids.
- Construction of less than \$25,000 requires written price quotes.
- Goods including equipment of \$50,000 or more require a formal bidding process.
- Professional consultant Services are selected on qualifications and not on price. Consultant selection process is required every five years.
- Sole source purchases, such as fuel, will be accomplished on an open market basis. From time to time, the Board will review sole source arrangements to ensure that the best price is being paid.
- Emergency purchases require a declaration of an emergency by the Airport Board Chair or designated alternate. Documentation of the type and nature of the emergency and the goods and services purchased are required. Normal purchasing procedures must be restored as soon as feasible.

- All documents submitted in the Procurement phase will be retained as required by the granting agency and in accordance with the Lemhi County records retention policies.

All decisions regarding procurement efforts shall be made during public meetings of the Board, with the exception of emergency purchases.

Grant Oversight

The Airport has received a significant amount of grant funding, from both the Federal Aviation Administration and the Idaho Division of Aeronautics. The Lemhi County Airport Board recognizes the importance of these funds and takes the responsibility of managing grant funds seriously. The following policies are in place to ensure that grant funds are used appropriately.

- The Board will take responsibility for the oversight of grant funds. The Board may choose to designate a committee for a particular grant with responsibility for this oversight.
- Grant procedures are dictated by each granting agency. The Board shall obtain and review specific grant requirements from each agency and ensure the following through the life of each grant:
 - Grant applications will typically be prepared with the assistance of a consultant. FAA grant applications will be prepared in accordance with FAA Standard Operating Procedure (SOP) 6.0. Grant Applications including the scope of the project, cost estimates and project timelines will be approved at a regular meeting of the Airport Board. As the FAA requires the grant be executed by an authorized county official, the grant application will be signed by a county commissioner.
 - Grant funds will be managed by the Airport Board with the assistance of consultants including but not limited to engineering and accounting firms. Invoices for any services authorized will be submitted to the Airport Board for review and approval. The Board will approve invoices for payment at their regular monthly meetings. Payment will be made with the assistance of an accounting firm if needed. Invoice summary sheets will be prepared with the assistance of a consultant and used by the Airport Board to request federal and state reimbursement. Federal reimbursement will be requested through the Department of Transportation Delphi eInvoicing System.
 - Grant closeouts will be processed by the Airport Board with the assistance of consultants including but not limited to engineering and accounting firms. The Engineering Consultant will prepare a Final Closeout Report in accordance with FAA requirements and submit to the Airport Board and FAA for approval. The financial summary forms will be reviewed by the Airport Board and if required, their accounting firm.
 - Grant records will be maintained by the Airport Board and consultants involved with the grant. As required by 49 CFR 18.42, all grant related documentation will

be retained for a period of three years after the sponsor submits the final payment request.

Payment

Payments shall be made in compliance with Idaho Code and Lemhi County policies. Documentation of payment requests shall be completed before any payment is made. The Lemhi County Airport Board will designate a member of the Board who will be responsible to review all invoices and bills and verify that the amounts invoiced are correct using any of the following methods:

- A review of a packing slip or other indication that the items have been received.
- A recommendation from a consultant detailing a contractor's request for payment and verifying that the items requested are due under the contract.
- A review of the invoice to match items requested for payment.

The Board shall designate a person authorized to approve payments. For payments over \$1,000, approval from two members of the Board will be required.

All airport accounts shall be reconciled regularly in accordance with generally accepted accounting principles.

Emergency Business Plan

In the case of an emergency or disaster (as defined in Idaho Code), an emergency may be declared, which suspends the requirements of purchasing and payment processes outlined herein.

In the case of an emergency declaration, the following succession plan shall apply: Board Chair, then Vice Chair, then Secretary, then Treasurer. If none of these individuals are available, the most senior member of the Board shall take responsibility for the business of the Airport. If no members of the Board are present, control of the Airport's business will be the responsibility of the County, in accordance with the County's emergency plan.

Purchases made during an emergency shall be limited to those purchases absolutely necessary for safe operation of the airport in support of the County and/or other government agency response to the emergency. Detailed expense and payment records shall be maintained for all purchases made during the emergency, including what was purchased, how much was paid, reason for the purchase and the name of the vendor. Records shall be retained as required.

The Airport Board shall develop and maintain an emergency contact list at all times, and update it regularly.

Once an emergency/disaster declaration has been lifted, normal business practices shall resume. The Airport Board shall meet as soon as possible following the emergency/disaster to review the events during the declaration, including all financial decisions made.

Business Communication

The Airport will utilize a mix of manual and electronic methods to conduct its business. Communication with contractors and vendors may be accomplished via written letter, phone and e-mail or other electronic means. Significant conversations regarding contractual and payment issues shall be documented, and documentation retained in accordance with retention policies. Documents shall be retained either in written form or electronically.