

Lemhi County Airport Board Meeting - August 14th, 2017

The meeting was called to order by Richard Natelson at 18:00 h

Additional board members in attendance were: Don Jakovac, Jim Crawford, Nathan Bills, David Weston, Fred McDonald, Tony Latham, and Bob Duerloo. Nathan Cuvala with TO Engineers, Lenny Skunberg, Melvin Wagoner and Laura Nichols from AvCenter/McCall Aviation, David Schroeder with GemAir, as well as Dick Williams were also present.

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

Fuel & Facilities Report

Current available fuel:

Avgas - Pump #1 - 4,672 gallons

- Pump #2 - 3,471 gallons

Jet A - 6,244 gallons

New parts on Jet pump arrived, have been installed, and is functioning properly.

New AWOS is slightly garbled on the phone, on the radio it sounds clear, however is missing some data.

REIL light was changed, it seems to be better.

Line test was done last week, everything checked out.

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 July 31st were stated as follows:

Cash on hand - \$197,908

Inventory on hand - \$70,097

Accounts Receivable - \$53,309

Accounts Payable - \$19,762

Revenue - \$221,875

Cost of goods sold - \$153,520

Gross Profit - \$68,354

Ordinary Expenses - \$37,727

Net Ordinary Income - \$30,627

Don stated the internet service provider has quoted \$34.95 per month if we sign a 2 or 4 year agreement.

Old Business

Nathan Cuvala with TO Engineers presented an update on upcoming projects, including the supplemental wind cone and regulator, as well as the apron rehabilitation project, and future fuel farm. Bids have been received, the bid from Ray's Heating & Cooling was significantly lower, Nathan has a recommendation of award to be forwarded to the FAA to await their concurrence. Once that is received back, we can move forward. An independent fee estimate has also been received, TO was within 1% on wind cone, and 4% on the rest of the project, it is required that they be within 10%. The projects will continue to move forward. Nathan stated that due to the FAA funding structure and allocated funds from state apportionment, he recommends we wait for an additional year on moving forward with the fuel system, we should have access to additional funding this way. Bob asked about the specifications of the proposed fuel farm upgrade. Nathan explained that several options would be available, i.e. Jet and Avgas separated, all in one, pumps at an island, etc. Specifics to be decided this winter. Nathan also stated that the grant offer is to be sent to the FAA, once turned around it will be approved and ready to go. In regards to the apron work, Laura from McCall air asked about functionality of the ramp during the updating process, Nathan assured it would be done in phases to allow for continued use. Paperwork needed to further projects along was signed by Rich.

RVs in the airport parking lot - Tony reported that in the Rules & Regulations, **Section IV: Motor Vehicle Regulations, 2. Long Term Parking, C.** it states, "*Recreational Vehicles, camp trailers and the like shall not be stored anywhere on the airport.*" Further discussion was held in regards to camping on the airport to include a recommendation by Fred that land be purchased and designated as a camping area. Tony expressed concern for and opposition to government agencies competing with businesses and private entities. Specific reference was also given to the airport being in competition to RV parks and camping sites that charge a fee to campers. Don recommended a letter be written requesting the cited regulation be followed. Nate asked if letters should be written to all people owning or storing RVs on the airport, expressing concern for discrimination. It is known that there are at least two other RVs being stored on the airport either in hangars or elsewhere. Non-aeronautical use of hangars was also discussed, there are known hangars being used without any aeronautical use which is against FAA regulation and puts the airport at risk for losing FAA/Federal funding. Dick Williams commented that in Nampa, there were RVs stored legally at the airport, but those hangars were used primarily for aviation use. A potential change was briefly discussed to the regulation to possibly allow RVs being stored in hangars. It was also mentioned that the issue in regards to non-aeronautical use of hangars be further discussed at a later time, and that the issue needs to be rectified. Laura Nichols asked if a tail number is required to lease a hangar. At this time, Lemhi County Airport is not requiring a tail number to lease a hangar. For now, it was decided that a letter needs to be sent to GemAir in regards to the RVs parked in the airport parking lot. Nate was asked to write it, and Rich would sign it

The revenue study was briefly discussed, it still has not been received, Don agreed to contact Michael Hodges with ABS to ask about a timeframe on the study's completion.

Follow up in regards to outside fuel being brought onto the airport - Tony did some research in regards to fuel regulations, and reported on some of the requirements the airport must comply with in the event that fuel is brought on to the field and directly transferred to a fuel truck. Tony also expressed concern for fuel leakage, and reported that he checked GemAir's fuel trucks and took a video of a fuel leak he noticed on one truck, and that he thought there may be up to three

leaks on another GemAir truck. He then said that they needed to be removed from Lemhi County property. Tony questioned David Schroeder about the leak, David said he'd look into it and take care of it, and that it was just filled the day before. David also asked if trucks from any other FBOs were checked. Tony said he checked McCall Aviation's trucks, and that he found a wet spot under the truck but not a leak. Tony told David that he didn't know how much fuel had leaked from GemAir's truck, but regardless of the quantity, it was unacceptable. David concurred. David then pointed out that by nature, airplanes, etc will drip and leak oil and fuel periodically. He also pointed out that since Spring of this year, there are three new fuel trucks on the airport, which currently have cat litter underneath them in an attempt to absorb the leaks. Tony said he had seen the cat litter under the trucks, and that it was wet, but that he couldn't find any leaks on any other the other trucks. David said he'd take care of it right away. Fred asked how many gallons the trucks hold, stating he was worried about the amount of weight on the asphalt. Tony asked David about the wheel loading of the trucks. David said he wasn't certain, but that his director of maintenance could put together all the information and that he'd be happy to share it was the board. David also asked if any of the other FBO's trucks had been questioned in regards to the same issues. Tony stated that the focus right now was on this. David asked Nathan Cuvala of TO engineers in regards to the wheel loading, and the structure of the asphalt, Nathan explained that wheel loading figures in regards to aircraft are different than trucks due to the size and amount of their points of contact. Fred expressed concern that historically there have been a few small trucks, now there are bigger trucks. David stated that his concern was that some trucks have been leaking for months, and no concern was expressed, and his truck leaked within 24 hours of being filled and was called out on it. Rich stated that the final concern was that on trucks on the field should be leaking. Tony stated that there wasn't a big issue with the other FBO's trucks. Melvin from McCall Aviation said that if his trucks are leaking he too wants to know about it. Melvin then said that his idea was similar to GemAir's in that he'd like to buy tanker loads of fuel and pay the fuel flowage fee. He recommended splitting a load of fuel with the county to share freight costs. Fred apposed the idea claiming it would be helping the airport's competition. Melvin disagreed, quoting Tony's earlier comment in regards to government competing with private entities. Fred stated that the airport is funded solely by fuel sales, and FBOs bringing on their own fuel competes with the airport's ability to generate revenue. Rich proposed two ways to deal with the issue; first, a fuel flowage fee be imposed immediately upon the fuel entering the airport; second, it be prohibited. Nathan explained that the airport cannot prohibit the right to sale fuel, but that the trucks being used need to meet regulated standards. He also stated that the airport being owned by the county, and also owning the fuel sales, that they could maintain exclusive right to sale fuel. Melvin explained that as per the regulation of exclusive right, that employees of the county would have to maintain the fuel, etc. to maintain the exclusive right to sale fuel. He also explained that to run an FBO, one really needs to be able to purchase wholesale fuel, which isn't an option here. He stated that he wants to be able to have fuel delivered to Salmon and transferred to his trucks. Don asked about insurance to hold Lemhi County harmless should and incident occur. Laura explained the program currently being used in McCall to ascertain the fuel transfers happen in a safe manner, and according to regulation. Fred said that Lemhi County needs something on hand to cover them in an event of an accident. Don stated that on our pumps, we know the testing is being done. On outside fuel, it is unknown to the county if the testing has been done or not. Rich asked how to proceed. Fred mentioned that the upcoming revenue study could offer some help. Don stated that the annual quantity of gallons sold is known (roughly 80,000 gallons), as well as the operational costs and needed annual revenue to sustain the airport (roughly \$60,000). Don explained a proposition to calculate fuel flowage by dividing the previous year's operational costs by the number of gallons pumped (in this example

the fuel flowage fee would be 75 cents per gallon). Melvin explained that they'd be willing to pay the current 25 cents per gallon fuel flowage fee, and that currently the fuel supplier is collecting and forwarding that fee in McCall. Fred asked Melvin if his trucks were currently full. He said no. Fred asked why he didn't just let the county fill them up for him. Melvin said that he'd be happy to do that, but it costs him about \$1.25 more per gallon to buy it from Lemhi County. Don explained that he feels the jet fuel is marked up too high, and that the board needs to consider lowering the price of jet fuel. Rich stated that the board needs to decide on a set fuel flowage fee, and that the recommendation from the revenue study should be taken into consideration. Don said that a fuel flowage fee needs to be set if FBOs are going to be bringing fuel onto the airport, and that while current land leases are too low and may need raised, that for the time being fuel profit needs to be sufficient to maintain the airport's budget. Tony reiterated his stance on government agencies competing with private industry, expressing his desire for the county to not be involved in fuel sales, but that in four years, he's lost track of how many FBOs have come and gone. Rich asked for a motion on the fuel flowage fee, it was expressed by many that the revenue study would substantially help the decision making process. Don recommended a temporary fee be put in place while the revenue study's completion was awaited. David asked what the current fuel flowage fee was imposed on the USFS. Don explained that it is a fixed fee for helicopter use during fire season. Tony said that it was passed last January, and that it was based on the fact that a tanker could be brought in, then withdrawn the same day to be moved, and that the use and wear on the airport they impose is extremely minimal. Don said that as per the calculation, it should be approximately 78 cents per gallon, but going by what had been collected historically, it would be 25 cents per gallon. Melvin said that in Nampa, McCall, etc. they pay 8 cents per gallon. Don replied that our revenue in relation to our operational expenses scenario is different. Fred stated that FBOs wanting to bring on their own fuel is a new scenario for the airport. David expressed that he'd rather not bring on his own fuel. Don explained that after the planned apron project, that the needed revenue would go down, and that fuel prices would certainly drop at that time. Laura shared that in McCall, the current land lease rate is 35 cents per square foot. Currently Lemhi County Airport charges 10 cents per square foot. Bob expressed that the fuel flowage fee should equal the margin made on a gallon of fuel sold at retail, Tony agreed.

Tony made a motion to increase the fuel flowage fee to 78 cents per gallon, with a sunset of 60 days, or upon receipt of revenue study from Michael Hodges, whichever comes first.

David expressed that he can fuel his trucks in Challis for 6 cents per gallon, and assumed that McCall would also purchase more fuel in Salmon if the price were more competitive, even though they own the fuel sales in McCall. He expressed that if the fuel price in Salmon was more attractive to McCall Aviation, their purchases of fuel in Salmon would increase, thus increasing the airports volume of gallons sold. Don stated that if David did go forward with purchasing fuel elsewhere, that the board would still collect the revenue somewhere. Don asked David if he had any solutions in regards to generating revenue from other avenues. David stated that there are over \$10,000 in property taxes generated annually on the airport (paid by hangar owners), that do not go to the airport. Don stated that the board intended to work on that. Don also said that as land leases are reviewed, that an additional \$10,000 could be generated, which in turn would all be reflected in a lower cost of fuel.

Tony referred back to his motion, and it was seconded by Fred.

David expressed concern for the USFS fuel flowage being \$2,500 per year, and that a 25 cent per gallon fee is imposed on FBOs, and an increase to 78 cents per gallon fee is being proposed. Nate expressed concern that too much emphasis was being placed on increasing prices and fees to offset FBOs buying fuel elsewhere in an effort to recapture lost revenue from losing the FBOs fuel business. Tony asked what Nate proposed, he responded that the board should be trying to assist and help all of the commercial operators that make our airport function. Nate stated that one can't force another into doing business with them by imposing fees and/or taxes on them in the event that they choose to do business with someone else. Tony asked how much avgas was in Boise. David said it is \$4.00 per gallon. It was stated that Lemhi County's price is currently \$4.82. Don mentioned a possible tiered structure for bulk fuel purchasing, and also mentioned that a decrease to jet fuel soon was feasible. Rich stated that the fuel flowage could be left at 25 cents awaiting the return of the revenue study, and recommended Michael be given a deadline. Don said that leaving the flowage fee at 25 cents for 60 days awaiting the study wouldn't hurt the financial position of the airport. Tony asked Nathan what our share of the funding would be on the upcoming projects. It is 5% for this year, he thought it could be as high as \$300,000, but that it could be stretched out over two years. Melvin mentioned that the comments being made by McCall Aviation and GemAir would be echoed by Middle Fork, as well as any other commercial operators. He explained that as an FBO, if he is trying to resell fuel and make any money, he can't accomplish that with his cost being as high as it is in Salmon. The customer has no incentive to buy it from him if the pump retail price is more than a dollar less than his retail price.

Nate made a motion to leave the flowage fee at 25 cents per gallon, and ask Michael to have the revenue study returned within 30 days.

Tony clarified his motion that the 78 cent flowage fee would sunset at 60 days or upon receipt of the revenue study. Fred seconded the motion, it passed 6 votes to 2. Laura asked if the flowage fee would be retroactive to the first of the month. Tony explained that it went into effect as of the vote today.

The meeting was adjourned at 19:40 h.