

Lemhi County Airport Board Meeting - October 9th, 2017

The meeting was called to order by Richard Natelson board chairman at 17:58 h

Additional board members in attendance were: Don Jakovac, Jim Crawford, Nathan Bills, David Weston, Fred McDonald, Tony Latham, and Bob Duerloo. Lenny Skunberg, Melvin Wagoner from AvCenter/McCall Aviation, Dave Shallow with Middle Fork Aviation, Dan Schroeder, Joann Wolters, David Schroeder, and Jo Schroeder with GemAir were also present. Paul and Cheryl Chartrand, and Jim Bob Infanger, hangar owners, were present as well.

Minutes from September's meeting were reviewed. Don stated that the minutes needed to be amended to clarify that on the fuel sold to McCall Aviation at cost plus 25 cents (addressed in September's minutes), that a vote was not needed due to the "ten-day rule" in the Rules & Regulations. Also, it was failed to be recorded in September's minutes that a motion was made, seconded and approved to collect fuel flowage fees owed by commercial operators to Lemhi County Airport, directly from the fuel wholesaler. A motion was made by Tony to accept the minutes as amended, it was seconded by Fred. It passed unanimously.

Fuel & Facilities Report

Current available fuel:

Avgas - Pump #1 - 4,574 gallons
 - Pump #2 - 5,327 gallons
Jet A - 7,545 gallons

Lenny reported on maintenance due on the tractor in preparation for the snow removal season.

There are still deer on the airport. A concept for a deer gate has been presented and will be used to get the deer out and keep them out.

An award was presented by Phillips 66 for 'Operational Excellence' due to an excellent inspection on fueling system.

Financial Report

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

The financials through September 30th were stated as follows:

Cash on hand - \$232,229
Inventory on hand - \$79,244
Accounts Receivable - \$1,927
Accounts Payable - \$43,768

Revenue - \$295,264
Cost of goods sold - \$207,474
Gross Profit - \$87,790
Ordinary Expenses - \$54,338
Net Ordinary Income - \$33,452

It was asked if the grant is accounted for on the financials. Don stated that it is.

Old Business

Airport Improvements - Jim Bob Infanger with Ray's stated the materials have been ordered, the paperwork will all get sent to Nathan Cuvala and that the work should all be done before the end of December (including the transformer and supplemental wind cone).

Don reported on information received from Nathan Cuvala of TO Engineers regarding the geotechnical survey, which includes core drilling to test the base in preparation for the apron rehabilitation project. It will take place in late October and will require the runway be shut down temporarily.

Campers at the Airport - Discussion was held in regards to allowing camping on the airport. Tony made a motion to allow campers related to aviation to stay a maximum of five consecutive days on airport property. Don seconded it, it passed unanimously.

Fuel Flowage/commercial fuel pricing - Don proposed going to a cost plus 35 cents per gallon margin, plus 15 cents per gallon maintenance cost. A motion was made to price fuel sold to commercial operators at cost plus 35 cents (markup), plus 15 cents (maintenance) on jet and av gas. A 50 cent per gallon fuel flowage fee will be charged on any and all fuel privately purchased and brought onto the airport, payable to the Lemhi County Airport.

David from GemAir inquired regarding the fuel flowage fee charged to FBOs being different from the fuel flowage fee imposed on the fuel brought on by the USFS. GemAir stated they'd contacted the FAA office in Helena who in turn contacted the Seattle office in regards to the matter, and they were told that in reference to the FAA's Airport Compliance Manual, that varying rates cannot be charged to similar operators. Rich stated that he'd spoken with the FAA in regards to the matter and that he'd been given a different answer, that due to the nature of helicopters not imposing the same wear on the airport, that a differing fuel flowage can be charged.

Jim Bob Infanger, citizen and hangar owner, spoke briefly regarding his appreciation of the board, the airport facility, and the commercial operators who help in keeping the airport utilized to generate needed revenue to maintain the airport. He spoke of the lack of traffic at the airport before GemAir opened back up for business. He commented on a large locally owned business in Salmon who years ago was faced with trials that forced them to move their operation to Idaho Falls due to lack of support from local government, taking many jobs and revenue out of Salmon. He expressed willingness to assist in anyway he could to help the commercial operators to succeed and keep growing so that the community and our airport can continue to be maintained and grow.

Cheryl Chartrand, citizen and hangar owner, commented positively on the services that the airport provides to our community. She spoke of the importance of supporting commercial operators to aid in their success as to not encourage them to look for a more affordable airport to operate out of. Loss of a large FBO drastically reduces the use of the airfield and revenue generated both for the airport and the community.

Rich explained that due to the fact that the county does not help support the airport financially, that the board is left to maintain it solely from the profit on fuel sales. Fred stated that the cost of running the airport has increased over the years, so the loss in fuel sales by FBOs wanting to privately procure their own fuel is costly to the airports budget.

Bob stated that each user of the airport supports it equitably based on their fuel purchases.

David disagreed stating that FBOs always try to buy their fuel at home where it is cheapest. He said that GemAir being the largest purchaser of fuel from Lemhi County contributes a much larger portion of the maintenance on the field than other commercial operators who are based on other airports, but fly in and out of Salmon's airport without purchasing anything. He explained that as a commercial operator, he is charged fees and expenses by the other airports where he operates. Lemhi County Airport currently does not collect anything from commercial operators who fly in and use our airport, even though they too are a user of the airport.

David was asked if he had any ideas as to how the airport could generate more revenue. He stated he had emailed a proposal to Rich, Don, and Nate (see attached). He explained that due to the fact that the airport doesn't receive any financial help from the taxpayers, that fees collected from airport users should be higher, however the lease rates are half what they should be, and in situations where fees could be collected, they aren't being collected at all.

Much discussion was held regarding additional options to collect revenue including land lease rates being brought up to fair market value, petitioning county commissioners to aid the airport financially by allocating the property taxes collected on airport property to be returned to the airport, imposing fees on commercial operators who use our airport, but are not based here and don't spend any money here to support the airfield, imposing landing fees on larger aircraft, imposing fees on med-evac aircraft, etc.

JoAnn and Jo both expressed a desire to assist and help the airport in anyway in regards to helping raise additional funds, petitioning the commissioners for assistance, etc. Jim Bob and Cheryl also shared the same sentiment.

Nate asked if a committee needed to be formed to head up the overhauling of the leases in an effort to get rates to where they should be. David quoted a section of the Master Plan expressing concern for the airports loss of federal funding due to failure to keep fees collected at a fair market value:

"The Master Plan re-states FAA Grant Assurance #24 on page 6-15: "It is the responsibility of an airport sponsor to ensure that the airport receives the fair market value of the products it offers, the property leases and the services it provides. In fact, FAA Grant Assurance #24 requires this.... At a minimum, the airport should continually evaluate the regional market value for similar services and fees at competing airports annually" (*Lemhi County Airport Master Plan Update Narrative Report August 2011*. 6-15 paragraph 6-4)."

Melvin asked if current leases contain a clause requiring an annual rate review. He was told no. Current leases do reserve the right to raise the rent annually by 10 percent, however the board has not done so.

New Business

Airport Inspection by Fire Marshal - Don reported that the State Fire Marshal came and did an inspection. Various small issues were asked to be rectified, (see attached). Don stated he'd send out the report to each FBO.

Jet A Pricing - Don proposed reducing markup on the pump price of Jet A fuel to taking the average as per AirNav, then reducing that number by 7% (rather than 2%). Don made a motion to change the Jet A pricing as proposed, it was seconded by Tony, it passed unanimously.

Non-aviation use of hangars - Jim made a proposition as taken from FAA 14 CR Chapter 1 (Docket N. FAA 2014-0463), attached below. Tony made a motion to accept points one and two of Jim's proposal. It was seconded by Fred. The motion passed.

The meeting was adjourned at 19:26 h.

Lemhi County Airport Financial Summary

Observing the national network of airports, the industry standard is for airport costs to be spread between it's users. Users include those that operate businesses on the airport, operate aircraft on the airport, own or lease property on the airport, or rely on the airport for commerce, tourism, med-evac, firefighting, etc. Currently the County provides no financial assistance to the operation of its airport. Given that the airport is a public use airport and every resident in the county benefits from its existence, the first and strongest financial recommendation is for the County to provide financial assistance to its airport. If the county is unwilling to support the airport that supports its community, the airport will be forced to impose fees higher than the industry average on the rest of the airport users, putting the airport at a severe disadvantage to neighboring airports trying to attract commerce and business to their communities.

The brief recommendations that follow could provide more than \$32,000 annually to the income of the airport. First, the Lemhi County Airport has a Master plan which provides some good and required guidance for the Airport board.

The Master Plan re-states FAA Grant Assurance #24 on page 6-15: "It is the responsibility of an airport sponsor to ensure that the airport receives the fair market value of the products it offers, the property leases and the services it provides. In fact, FAA Grant Assurance #24 requires this.... At a minimum, the airport should continually evaluate the regional market value for similar services and fees at competing airports annually" (*Lemhi County Airport Master Plan Update Narrative Report August 2011*. 6-15 paragraph 6-4).

Page 6-15 and 6-16 in the Master plan list some existing and possible revenue streams for the airport:

- Fuel flowage fees
- Landing fees
- Licenses for various types of operations
 - Fixed base operators
 - Agriculture operations
 - Aerial ambulance operations
 - Firefighting operations
 - Skydiving operations
- Over-night parking charges
- Other for fee services

With the guidance from the Master Plan and the FAA compliance manual, below are some accessible revenue improvements for the Airport.

- Lobby airport generated property taxes to be returned to the airport: This will increase annual income by \$10,000
- Increase land lease rates regional average of \$0.20/sqft. This will increase annual income \$8,800.
- Licenses for non-signatory commercial operators: \$500 per operator. This will increase annual income \$3,000.
- Landing fees for larger/faster aircraft over 9,500 pounds gross weight (the reason for the most recent runway improvements) of \$2.00/thousand pounds. Gem Air will help collect this fee for the County. This will increase annual income by \$2,850.
- Nightly/Monthly/Annual parking fees for visiting commercial and private aircraft. Gem Air will help collect these fees for the County. This will increase annual income by \$3,000.
- Allow Gem Air to host a pilot lounge. This will save the County \$3,700 per year
- Place the USFS contractors on a per gallon fuel flowage fee. This will likely increase income by more than \$1,000 per year.

The possible revenue paths above will increase annual revenue by \$32,350.

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DEAN CAMERON
Director

KNUTE SANDAHL
State Fire Marshal

6 Oct. 2017

Lemhi Airport Board
And
Lemhi County Fire Protection District

On October 5th I did a fire safety inspection of the airport in Salmon in company with Sherm Dickens. Listed below is some of the issues I saw:

AV Fuel trucks

Jet 4 fuel truck- Replace plastic portable container with metal safety can, mark containers for easy identification of contents. 5704.3

Middle Fork Aviation Fuel trucks

Pickup fueling truck – properly sign tank or truck with DOT label. (IFC 5704.2.3) Emergency vent on this tank is inoperable whereas it has a tight fitting cap and is locked in place.

Flatbed fuel truck- properly mark with DOT labels

Fueling island

Replace old warning/directional sign between pumps.

Replace grounding cables or test for continuity

General

In Southwest corner in hanger area is a portable standing fuel container. This container is not marked with content signage and is not provided with secondary containment, and should have thermal protection of metal stand. This tank set up is only allowed for farms and construction sites in the fire code.

There is a propane tank next to a building alongside the entry road this tank needs bump protection to protect it from vehicle traffic.

Several hangers have old chemical drums alongside the buildings, if this is lease property I would have these removed so the airport does not get stuck for environmental remediation if it becomes an issue.

Designate and mark hangers for identification for emergency responders.

Though I could not find a reference in the fire code I would have fuel trucks chocked when parked or fueling. Diesel trucks when on fire have a tendency to chug and move. The fire code requires parked fuel trucks to be 50' from parked planes or plane taxi paths. At present some of the fuel trucks are parked against the curb near the FBO, planes also pull up in front of the FBO so as to do business inside. This practice creates a conflict with the 50' rule. I feel you should consider designating parking areas for fuel trucks and marking these.

Verl Jarvie – State Fire Marshal Deputy

A handwritten signature in cursive script that reads "Verl Jarvie". The signature is written in black ink and is positioned below the typed name.

PROPOSAL CONCERNING NON-AERONAUTIC USE OF HANGARS

I propose the following excerpts from the Final Policy of the FAA 14 CR Chapter 1 (Docket N. FAA 2014-0463) Policy on the Non-Aeronautical Use of Airport Hangars be adopted as Lemhi County Airport policy:

1 - Hangars located on airport property must be used for an aeronautical purpose, or be available for use for an aeronautical purpose, unless approved by the Lemhi County Airport Board.

2 - Lemhi County Airport Board will not consider non-aeronautical items to interfere with the aeronautical use of hangars unless the items impede the movement of aircraft in and out of the hangar or displace the aeronautical contents of the hangar.

3 - Lemhi County Airport Board may approve non-aeronautical use of a hangar when there is no current aviation demand for hangar space. Such non-aeronautical use of hangars must be on a month-to-month leasing plan and a non-aeronautical fair market value rental fee must be charged.

It is noted that prior FAA approval of non-aeronautical use of hangars is required, as is the charging of non-aeronautical fair market value rental fees. The average local charge per square foot for non-aeronautical storage is \$3.10 monthly/\$36.76 yearly.

Prompt Pay Discount Card

Prompt Pay Discount cards will be for any person, firm, or corporation who rents or leases at the airport facility and who conducts an approved commercial aviation business using the airport as an operating base. Cards will be issued, or transferred at the discretion of Salmon Airport Committee. Purpose of the prompt pay discount card is to encourage and assist business activity located on Lemhi County Airport. All existing discount cards as of October 1, 2015 will be allowed until cancelled or closed. The following are current existing discount cards - Lenny's Airmotive, McCall Aviation, Gem Air, Middle Fork Aviation, Jim Bob Infanger, Ted O'Malley Aviation.

As of October 1, 2017 discount cards will be an allowed charge account for fuel that will be priced at Lemhi County fuel cost plus .15 cents cost to operate fuel farm and a .35 cents airport operational markup to the user if account is paid in full by the 15th of the month for the previous months charges of fuel. Any accounts past due will have a late pay fee of \$50.00 and an on going interest charge of 1 1/2% per month. Discount card charge accounts may be closed at any time by Salmon Airport Committee if determined necessary.

The prompt pay discount may change if margins on fuel pricing adversely affect the ability to maintain airport operations.

Example:	<u>Avgas</u>	<u>Jet A</u>
Fuel cost delivered	3.99	2.71
Fuel Farm cost	.15	.15
Airport operation markup	<u>.35</u>	<u>.35</u>
Fuel price paid promptly	4.49	3.21

Salmon Airport Committee Fuel Pricing Policy

Salmon Airport Committee seeks to maintain competitive prices for fuel at Lemhi County Airport (KSMN) using the following fuel pricing policy procedure. Salmon Airport Committee will utilize AirNav.com to establish fair market value to price fuel using local area (airnav.com/local.html) and Northwest Mountain region (airnav.com/report.html) average prices. The lower average of local or region will be used to establish price and then reduce it another 2% on Avgas and 7% on Jet A.

Example: AirNav.com Average Prices on 9/30/15

	<u>Local</u>		<u>Northwest Mountain</u>
Avgas	5.19		5.31
Jet A	4.50		4.39
Lower Average	5.19 avgas		4.39 jet-a
2% off	<u>-.10</u>	7% off	<u>-.31</u>
KSMN fuel price	5.09		4.08

Fuel prices will be checked and set on a monthly basis on or near the first of the month. Fuel price volatility may cause prices to change more or less frequently depending on market conditions.