

Lemhi County Airport Board Meeting - November 13th, 2017

The meeting was called to order by Richard Natelson board chairman at 18:02 h.

Additional board members in attendance were: Don Jakovac, Jim Crawford, Nathan Bills, David Weston, Fred McDonald, Dean Shiner, and Bob Duerloo. Lenny Skunberg, Dan Schroeder, Joann Wolters, David Schroeder, and Jo Schroeder with GemAir were also present.

Minutes from October's meeting were reviewed. David made a motion to approve the minutes, Jim seconded the motion. It passed unanimously.

Fuel & Facilities Report

Current available fuel:

Avgas - Pump #1 - 3,819 gallons

- Pump #2 - 4,788 gallons

Jet A - 6,399 gallons

Lenny reported that the Jet pump has had some issues with the breaker being tripped on occasion.

Lights are working, however a couple of threshold lights are missing, and the beacon is also not working. PAPI's are working. REIL is also working.

Lenny requested a set of forks for the tractor. Don said he'd look into how much they'd cost.

Financial Report

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

The financials through October 31st were stated as follows:

Cash on hand - \$201,899

Inventory on hand - \$53,910

Accounts Receivable - \$1,069

Accounts Payable - \$2,500

Revenue - \$305,619

Cost of goods sold - \$220,489

Gross Profit - \$85,129

Ordinary Expenses - \$56,601

Net Ordinary Income - \$28,528

Don stated that we were budgeted to have \$39,000 in net income at this point.

Old Business

Fire Marshal Report - The report from the State Fire Marshal's inspection was reviewed, issues needed to be complied with were discussed and plans were made to fall into compliance

Fred made a motion to purchase a fuel tank for the tractor found by Don. It would cost \$400, it would be mounted in the bed of the pickup owned by the airport. It was seconded by Jim. It passed unanimously.

The propane tank along the road needs to be protected by bollards.

All hangars need to be addressed properly. Fred will procure the correct numbers for each hangar. Nate will draft a letter to send to all hangar owners requesting they post the number on their hangars.

Fuel trucks are required to be parked 50 feet from parked airplanes or taxi ways. Jim agreed to call the Fire Marshal and Don will call Nathan at TO to request clarification on the definition of taxi way, and further direction on complying with fuel truck parking.

FAA Compliance Inspection Report - The FAA visited the airport in September. Issues were reviewed regarding the their report. Lenny said we are short one runway light, we're awaiting Idaho State Aeronautics. Some taxi way markers are too high, Lenny has pounded them down, the needed replacements are coming. The irrigation ditch was cleaned out in the spring, the debris was left on the ditch bank, it has now been hauled off.

Deer are still on the airport, the fish and game said they'd bring some trail cameras out to verify that the deer gate is working.

Airport Improvements - Lenny reported that the testing done by TO Engineers for now has been completed.

New Business

Gem Air - David Schroeder addressed the board. His written statement is attached. Rich stated that the statement would be reviewed by the board.

Fred stated that the information pertinent to the airport board should be located onsite in a lockable filing cabinet. It should include leases, insurance information, FAA Compliance Manual, Airport Master Plan, etc. so as to make the functioning of the airport board business to be handled in a more effective way.

Other - Fred introduced Dean Shiner. Dean stated that county commissioner Rick Schnider appointed him to the board.

The meeting was adjourned at 19:00 h.

November 13, 2017

Members of the Lemhi County Airport Board,

Thank you for allowing us, Gem Air, the opportunity to speak.

This board, under direction of Lemhi County, is charged with the management of the Lemhi County Airport, which receives public funds from the Federal Aviation Administration. As such, the board is subject to very specific rules and regulations designed to protect all users.

We know that this is a volunteer board. We know you are good people, and we can appreciate that you have other things in life that demand your time and attention. It's not always easy to volunteer for anything, let alone a public board, and we do understand that as we have served as board volunteers also. The airport and all its users depend on you providing responsible leadership for this public resource, and we thank you for your service.

Currently, we have a number of concerns regarding several decisions and actions made by the airport board or on its behalf. The purpose of this address is to bring forth 3 issues that highlight our concerns. We hope that by openly discussing these issues, they can also be openly resolved.

Concern # 1: Discount to McCall Aviation on County fuel.

Recently, a single buyer, McCall Aviation, was given an exclusive discount on County fuel. The decision to grant a discount was not agreed upon in a public meeting, nor voted on by the airport board, and what was disclosed publically about the transaction was not actually what occurred. This started in the August, 2017 board meeting and continued through the October 2017 board meeting.

To refresh everyone's memory of past board meetings, I'll quote the airport board minutes from September 2017, which summarize most of what happened in August and September:

"In August's meeting, a motion passed to increase the fuel flowage fee for privately procured fuel brought onto the airport from 25 cents per gallon to 78 cents per gallon. Gem Air purchased a load of fuel days prior to the meeting under the terms of the previous 25 cent per gallon flowage fee. Before the meeting was adjourned, McCall Aviation requested they be allowed to bring a load of privately procured fuel onto the field at the previous 25 cent per gallon flowage fee, but were turned down under the ruling that the flowage fee had just been changed. After the meeting, it was later noticed that as per the Rules & Regulations of Lemhi County airport, that a newly introduced rule does not go into effect for 10 days from the time it is voted on. In September's meeting, Don explained that to compensate, he took care of the issue, and that Mrs. Allen from Allen accounting would adjust the price from her end. The fuel was pumped out of Lemhi County's tanks." (emphasis added).

Not included in the September minutes is the rest of the discussion, during which I pointed out problems with the airport's special price adjustment. I was assured by a couple of board members that no discount existed, and McCall Aviation produced an invoice that showed fuel purchased at regular prices. Because I had been assured no exclusive discount existed, I assumed there was no need for further concern .

However, after that September meeting, I learned that the exclusive discount had indeed been granted. This was shocking to discover, as the board and McCall Aviation had just assured openly that no exclusive discount existed. The discount was confirmed in the official minutes of the October board meeting. The minutes show that Don stated the airport sold fuel to McCall at cost plus 25 cents per gallon and the board did not need to vote to execute the sale because it was allowed under the 10 day grace period rule.

“Don stated that the minutes needed to be amended to clarify that the fuel sold to McCall Aviation at cost plus 25 cents (addressed in September minutes) [and] that a vote was not needed due to the “ten-day rule.” (Lemhi County Airport Board October 2017 Minutes)

In our own research of this issue, we have confirmed with the billing office for the airport that a discount was given to McCall Aviation on county fuel at the price of cost + \$.40 per gallon, not the cost + \$.25 noted in the October minutes. You should all have recently received an emailed copy of the invoice showing that rate. A concerning lack of transparency and accountability is evident in that the public and the un-involved Board members were given an incorrect price during the last meeting.

A breakdown of our specific concerns with the above:

It's incorrect that the 10-day grace period rule negated the need for a board vote on the matter. According to the official minutes above, the fuel was purchased from County pumps. A flowage fee is a fee on fuel that is independently brought onto the airport and that is NOT purchased from the County pumps. Therefore, that 10-day grace period was only valid for fuel which McCall Aviation might have purchased on it's own from a third party located off of the airport.

That means the fuel price given to McCall Aviation was simply a new fuel price the board was granting, and according to Open Meeting Law, it should have been discussed and voted on. This error may have been unintentional, as board members were told that the 10-day rule applied. However, it's the Board's responsibility to understand how the rules apply and question information to ensure accuracy.

The minutes show that the public and the board was not given an accurate account of the discount. It seems only a few board members and McCall Aviation knew of the true fuel pricing. This is one of the reasons Open Meeting Laws exist – real transparency and accountability is more likely if the entire board is involved with a decision, rather than just a few individuals.

Some board members, and the purchaser McCall Aviation, stated in the board meeting that the discount didn't exist. But it does. Coupled with the fact that the decision was handled outside open meetings, it's hard not to view this as an effort to hide what was going on so that someone wouldn't "interfere" ..

The discount was given to only one operator. The other commercial operators in Salmon, Gem Air and Middle Fork Aviation, were never allowed to participate in this fuel discount. As we've recently pointed out in discussions regarding fuel flowage fees, this violates the FAA's Airport Compliance Manual which simply does not allow the County to charge different rates to similar operators.

So we have a problem with the discount. But while we do view that as a serious concern that needs to be addressed, the larger concern is that decisions are being made outside public board meetings. These decisions seem to be made only by a few individuals while the public and the rest of the board is left without much understanding of what is happening. Additionally, these decisions made outside the board are being ratified retroactively. That doesn't give the board a real chance to discuss or oppose the action, because it's already been taken.

There are other examples of business being done by individual board members outside of board meetings. For example, Don called Gem Air's fuel supplier in August and told the supplier to directly charge Gem Air fuel flowage fees of \$0.78 per gallon and remit it directly to the Lemhi County Airport.

This was done without an open meeting agenda item, discussion, vote, or even common courtesy notification to Gem Air. It wasn't until the next board meeting, weeks later, that the board considered approving such an action. This represents an after-the-fact ratification of a decision that should have been openly discussed at a public meeting *prior* to the action being taken. Voting to approve future action doesn't negate the fact that the past action was taken without the necessary approval.

Concern #2: Conflict of Interest Concerns

Lemhi County Airport awarded Central Idaho Asphalt, owned by board member Don Jackovac, \$24,000 worth of business in 2016. It is great that this business was awarded to a local company. However, the concerning observations about this are as follows:

Airport board-approved minutes show that Don was the board member suggesting that the airport needed repair work. Don is also the business owner who was awarded the work. Don is also the treasurer responsible for making budgets that account for the funds to pay for such work. There is no evidence that the work was put out to competitive bid, effectively assuring that the work would be awarded to Don. Further, Don declared openly at the April 2016 Airport Board meeting that he was only on the board because he expected to be granted the asphalt work on the airport and that if anyone had a problem with that then he would leave the board.

Again, it is pleasing that airport work is awarded to local business. However, the way this transaction was handled raises ethical flags, and highlights a need to be more mindful of the

clear conflicts of interests related to self-dealing. When a board member is going out for business related to the airport, they should not be involved with the decision to grant the work, or budget the work, or recommend the work.

Concern #3: FAA Airport Compliance Manual Compliance Issues

Most of the issues regarding the Airport Compliance manual have been brought up before. By addressing them again today, we hope that the board will work diligently to resolve these issues. It is actually critical to all the airport users, not just Gem Air, that the airport take action to be compliant, because the airport's future federal funding requires it.

1. The board has received email notification from the Helena FAA office stating that fuel flowage fees must be equitable between helicopter and fixed-wing operators. This issue has been brought up multiple months in a row, but no action has been taken to rectify the situation or acknowledge the FAA's information.
2. As previously discussed, land lease rates are at less than half of the market rates. The Lemhi County Airport's own Master Plan states that:

“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).

The airport board isn't following the Airport's own Master Plan or Federal Regulations. This concern has been brought to the attention of the board several months in a row. The board has acknowledged that the problem exists but has taken no action to rectify it. Again, the airport must follow the FAA Compliance Manual to be eligible for Federal Funding. This is a critical time to be in compliance. As you all know, the airport has multi-million dollar projects scheduled over the next year which may not be funded unless the airport is in compliance.

In conclusion, we make the following requests:

- We request that the board respond to each concern outlined above, to include
 - Business being done outside of board meetings
 - Conflicts of interest in regards to how work is awarded to board members
 - FAA Compliance Manual issues in regard to revenue and flowage fees
- We request that, if they haven't already, each board member read and become familiar with the FAA Airport Compliance Manual:
https://www.faa.gov/airports/resources/publications/orders/compliance_5190_6/
- We request that, if they haven't already, each board member read Idaho Code 74-201-208 , or the Idaho Open Meeting Manual, a reader-friendly version of the Idaho Code:
<http://www.ag.idaho.gov/publications/legalManuals/OpenMeeting.pdf>

We realize that all these issues are complicated. We understand that not all issues will be immediately resolved. But we do want to see the board taking our concerns seriously. We will help in any way we can to work with you on any of these issues.

We will be speaking to the County Commissioners about all of the above, and asking that one of them regularly attend airport board meetings. It is in all of our best interest for them to become and remain current on what's going on with the airport, as it is a very valuable community resource.

Thank you for the opportunity to speak.

Sincerely,

David Schroeder
And Gem Air