

MINUTES FROM THE AIRPORT ADVISORY COMMITTEE MEETING
HELD ON JUNE 18, 2019, AT 7:00 P.M.

MEMBERS PRESENT: Ted Thompson, Skip Sobien, Paul Hibbard, AJ Lewis, Warren Bauer

MEMBERS ABSENT: Bill Best, Tim Healy

REPRESENTATIVES: Public Works Director Rich Urquidi

GUESTS:

TRANSCRIBER: Amy Pearson

MINUTES:

Skip Sobien made a motion to approve the minutes from the May 21, 2019 meeting. AJ Lewis seconded the motion. All in favor, motion carried.

RECOGNIZE PERSONS IN THE AUDIENCE:

Bob Viramontes, the new airport mechanic, was present to observe the meeting.

OLD BUSINESS

Instrument Approach Procedure Changes

AJ emailed the new point of contact and has not received a response. The website lists the project is moving forward as scheduled. Carry forward.

Replacement of Terminal Building

No update. Carry forward.

Airport Drainage

There was one significant rain event that left a lot of water between the hangars and running over the taxiway by Thomas Aviation. Rich explained that was an exceptionally heavy rainfall and that would have been the case regardless. Ted said he would eventually like to get a way to drain water out from in between the hangars so it's not just sitting there soaking in. Carry forward.

ADA Improvements

No update. Carry forward.

Airport License

Rich will follow up with Nina to see if she received a response to her letter. Rich suggested that we put it into the November meeting and he will make sure to have the list of all the licenses going out so that the committee can look through them. Ted asked what happens if we get to November and Alpine Aviation hasn't paid a license fee and then we are onto the next year does he still owe for the two years that he has had the hangar. Rich said that could be put in there and bill it that way. Carry forward.

FAA Funding and Projects

We are short \$43,000 for the project and Toby is hoping to get it from Buhl. Rich is going to clarify with Toby what that is for because he thought the funding was covered already. The project will consist of a nighttime construction starting in September and lasting four weeks. All the data and reports from the AGIS survey have been submitted and upon acceptance the project will close out. Carry forward.

Above Ground Fuel Storage

Ted has the tank at the airport, but the rest of the project has been very challenging, which may turn out to be fortunate. The BLM retardant pit was behind schedule too because they needed to build a containment basin. What they have come up with is a fabric containment basin, called a quickberm, that is used extensively. They laid it on Monday and that will work very well for fuel as well and is the containment system that he will use for the fuel tank. Ted confirmed that it is built for 10% over the maximum capacity of the tank itself. It will take three to four weeks to get the quickberm once ordered. Installation will be very quick. It does take a little bit of site prep such as leveling the ground and laying down sand so that the quickberm can be placed on top of it. It is very similar to an above ground pool. Carry forward.

Aircraft Maintenance Apprenticeship Program

Ted said that they have run into a problem with the cost of insurance for the program. He didn't think the insurance would be much different but it turns out it is a significant difference. Ted said the main issue is the limit of liability that Idaho State might have to have to participate. If they can't cover that then it will likely be cost prohibitive for Ted to do it with our program. The insurance representative told Ted that he would probably have to charge \$3,000 per student and he doesn't know if that is affordable for individuals, but is still trying to work it out. He said that Idaho State doesn't pay that, they pay \$8,000 for the airplanes that they use. Ted would need to make sure that the airplane that they would use for the program can not fly. He said the most common way is to put a very short propeller on it because you still need to taxi it around, but with the short propeller it will never go fast enough to take off. There are still a number of things that need to be worked through to see what's affordable.

Ted thinks there may be some grants to help such as the Idaho Workforce Development Council. He is hoping to get 48 students a year which would make it approximately \$3,000 per student. If you doubled the number of students to 96 per year then the cost would drop to \$1,500 per student but then you run into concerns such as filling all 96 slots and if you don't reach capacity at either number someone has to pay that insurance difference. Ted would like to think that the liability is just for them getting hurt because once they get their certifications we are able to wash our hands of it because it's the FAA examiner that is signing off on their capabilities to do their jobs. Carry forward.

BLM Retardant Pit Improvements

BLM is almost finished with their construction. Ted thinks the SEATS will start to arrive on June 26th or 27th. They are currently installing the quickberm and suspect will be filling it in the next day or two. Ted said if we are trying to satisfy the BLM environmental department regarding the run off at the washpit he thinks this type of berm might be something we can use to capture it so it doesn't go into the ground. He thinks that we could probably get BLM to pay for. Carry forward and add Washpit Runoff to new agenda to replace this topic following next meeting's update.

Jet Fuel Flowage Fees

Ted said that in order for him to put his tank in the city council wanted to have a flowage fee and they agreed on .05 cents per gallon to do that. Ted said that it is his position, since we talked about this over a year ago about ways to pay for putting the city's tank back in service that if one pays, all pay in terms of flowage fees and he thinks that is the only fair way to do that. On top of that we have BLM and Forest Service helicopters coming in firefighting always wanting/expecting to pay a flowage fee but we don't have an ordinance that allows Ted to collect. All he does is collects a parking fee from the fuel truck which is the same as the helicopters and is \$25.00, potentially leaving money on the table. Ted said again that if one pays, all should pay in terms of the jet fuel and thinks that is the only fair way the city can do that.

Paul asked what the city council said a flowage fee was by definition since it was approved. Ted said it was .05 cents per gallon.

AJ said his rationale for tabling it was because he wanted to find out exactly why we decided at this time to implement the .05 cent flowage fee. AJ read the minutes from the two city council meetings where Thompson Aviation presented their fuel tank idea and the .05 cent fuel flowage fee was presented. The .05 cents came about as part of the lease agreement that Thompson Aviation entered into with city council to put the fuel tanks out on a plot of land. In exchange the lease agreement that he was given was \$50 per year which is substantially lower than anyone else on the airport is paying. At one point the statement was made that fair is fair, and AJ agrees, but at \$50 a year it is substantially lower than any other entity on the airport is paying so it seems to AJ that Thompson Aviation is trying to take the terms of the contract that they negotiated in good faith with the city council and extend those terms to other people who had no representation with city council or an opportunity to give their input. If it was a way for the city to make money and to raise revenue AJ would be all for it, but the .05 cents specifically came about because of a lease agreement that they entered into with Thompson Aviation then to AJ that seems unfair to extend that contract to someone else.

Ted said first of all that it is not correct that he is paying a far lower lease when you determine it in rate. Ted said that it is .05 cents a square foot for empty land that is not plottable that's not even for lease. Ted said that everyone else is also paying .05 cents a square foot for their property so that is why it is \$50.00. Ted said he did not ask for the flowage fee; he didn't want to pay it, but Ted said he doesn't have a lease if he doesn't. AJ said that Thompson Aviation still agreed to it. Ted said that he didn't have a choice; it was either agree to it or don't put the tank in. Ted said that he said at a meeting a year ago that if he has to pay a flowage fee than everyone should have to pay a flowage fee because it's only fair.

AJ tried to go back to the terms but Ted said that AJ was misrepresenting the terms and that the \$50 is not relevant because it is .05 cents a square foot. The land that the tank is going on is lawn that cannot be leased for any other purpose. AJ tried explaining that the .05 cent flowage fee came about as part of the lease agreement with Thompson Aviation to install the fuel tank with city council. Thomas Brothers or Bybee did not enter into that agreement so because the .05 cents was only because the lease was being entered into it should stay with the person who entered into the lease. If the city wanted to go about and say we want .05 cents from everybody pumping fuel out there to raise money for the city or airport improvements he would be all for it. He said as it was stated that Thompson Aviation is paying this so everyone else should have to pay it he thinks that is unfair. Ted said that he doesn't get a lease if he doesn't agree to that; he didn't want it. AJ asked if he told council that.

Paul said that it almost doesn't matter what we wanted or didn't want it is what has happened. What he wants to know is specifically what is the definition of the flowage fee when it was instituted and what were the terms in which it was instituted. Paul said that if it is only written in Ted's lease and that is the only place that talks about a flowage fee and describes it in any detail Paul would like to see it because that makes it a legal matter.

Ted would like to see that flowage fee entered into all future leases. He would also like to see it as part of the license that if you are pumping jet fuel or if you are going to operate here some type of ordinance or resolution that says if you pump jet fuel at the Mountain Home Airport that you pay a flowage fee. AJ asked aside from Thompson Aviation who is pumping jet fuel at the airport. Ted said that Thomas Aviation, Bybee, Forest Service, and BLM all are. AJ asked if they are selling it. Ted said they are selling it to their customers as a service. Paul said if they are pumping fuel on the airport he understands they are doing it for profit. AJ said yes, but their lease is substantially more than \$50 per year. Paul said that it's a matter of if it is at the same rate per square foot as everyone else. It doesn't matter what their lease is because it does not impact what the flowage fee would be if it was applied universally. And that is the question; is it applied universally.

AJ said that Thompson Aviation still went to city council and negotiated the low rate of \$50 per year and the city said they would also like the .05 cent flowage fee to make sure the city is making revenue and he

agreed to it. Now the question is if we are going to take the terms of that contract that was negotiated between two entities and extend it to everyone else at the airport it is not fair.

Paul said that they are talking about two separate issues. The old business that Thompson Aviation entered into a lease that says I have a flowage fee is closed. He doesn't believe there are any grounds currently to extend that to everyone else. Ted said as the airport administrator he would like to have a flowage fee extended to everyone else is new business. It has nothing to do with the Thompson Aviation or anything else, it is a matter of if we should propose to city council to extend the flowage fee to all businesses that pump fuel on the airport. Before we go there we need a legal interpretation of what the flowage fee is and who it applies to. If it is just Thompson Aviation and Ted's lease then that's what it is. If the city, when they did this, intended for all fuel to have it then we need to apply it to all fuel. If they didn't intend to do it, and you're proposing that we do this, then it is a new business that needs to go before the city council. AJ agrees if the city wants to do it specifically to raise money for the airport he knows of other airports that do it as well.

Warren said that Thomas Brothers brings their own fuel up from Gooding and Bybee gets it from a local distributor. Ted said he has no idea where Bybee gets it because he has never seen a fuel truck there. Ted said he doesn't know if it is jet fuel or diesel. Paul said that is another important factor to know exactly what they have. Ted said if it's going into a turbine engine plane then it needs to have a flowage fee. Rich said that it is important for the airport to know who is storing what fuel especially for the fire department if they are responding to a call out there. Paul said the city has the authority to charge whatever they want for the commerce that happens at the airport. If people bring gas cans on the airport and put it into their airplane they have the authority to say "I need to tax you on that flowage because you are pouring it in an airplane on my tarmac." There are reasons why the city could do that and certainly have the authority to do so, the question is are we going to do it. If so, how do you administer and enforce it. You can say you're going to do it all you want as in the case with the airport licensing but you if you don't enforce that ordinance or resolution then it doesn't exist.

AJ's whole concern is why this matter came about and the .05 cents came about because of Ted's lease agreement. Ted said it was because the city insisted on the flowage fee. AJ said it they want to make it a separate issue then he supports that, but to just say that because Ted has to pay it, everyone should pay it isn't right. Paul said that as proprietor he is allowed and has a reason to say that I think I was strongarmed into this flowage fee and we are to accomplish something that is good for the city and good for my business, it's good for everybody and I'm the one that is having to pay; as a proprietor he has every right to say that. The question is legally does it apply to everybody and someone such as a lawyer who can review the city council's determination can answer that.

Rich said that we can just say that we want to have a new fee. If we want to have improvements, look at building new hangars to try and keep revenue at the airport, that's the purpose. AJ said that he is okay with that if the city says this is how we are going to raise revenue at the airport because a lot of other airports do it as well. To him it was brought up very much as "I'm paying it, I want everyone else to pay it." Paul said the spark doesn't matter; is the fire valid is the question. Do we institute a flowage fee for everybody or just new businesses and grandfather other people and say you don't have to do it but new guys will have to that is all up to city council.

Rich said that it is a new agenda item and does this group think that this is something that would be important at the airport for future improvements. Paul added that if it is, how are we going to apply it. Are we going to grandfather other business that are already in their leases or do we say anyone who is renewing their lease or has a new lease needs to pay it. We have to figure out exactly what we want to recommend to city council and then have them decide if they want to approve it.

Warren said he has a problem with Thomas Brothers bringing fuel in from another airport and making money off of our airport. AJ asked where we get our fuel. Ted said that he primarily gets it out of the

terminal in Boise. He did get some from Thomas Aviation last year because the terminal in Boise couldn't provide it. Ted said he doesn't like it either. Warren said the point he is making is that Ted sells fuel out there to operate the airport and it seems like if Thomas Brothers brings their fuel, which they buy at a discount, do they write that discount off and then bring it up to Mountain Home and put it in their aircraft and go out and make money with it. AJ asked if there is a place for them to get fuel here. Ted said yes, they can get fuel from Thompson Aviation, aka Ted.

AJ said we are just going full circle because Thompson Aviation gets their fuel from Boise so what is the difference if you go to Boise direct or you buy it third party via Thompson Aviation. Ted said the difference is the price you buy it at. Paul said that every jurisdiction that has taxing authority can tax whatever they want to so it doesn't matter but if the product was taxed previously when it was produced, when it was combined, when it was packaged, when it was transported, when it was distributed, when it was delivered all those things can have tax associated with them. The fact that it came from Gooding or Boise or where ever is moot to the question does this jurisdiction have the authority to tax the distribution of fuel into airplanes on the tarmac; yes or no. If they do and they want to then you can. AJ said that he understands that.

Ted said that they had three SEATS on the airport that came in for training this week. He said two of them bought gas from him and the third one pumped his own gas from a trailer. Ted said that the city gets nothing from that third one. Paul made the point that the city endures all the risk of spills from the distribution of the fuel on the city's property. Paul told Ted to be careful as Thompson Aviation he needs to understand that if the city decides to establish a flowage fee for all the users that is going to be on top of your lease, unless they specifically exclude you. Your lease says you get this and so if they establish a new one it may be on top of what you already have. Ted said no, his lease will need to be excluded from that. He said that he is happy to pay the same fee that anyone else pays, if everyone is paying. Paul said then it will definitely lead to the deal of why are we doing this. Are we trying to make fair fair or did we make a mistake when we did your lease and should we have done this to everyone or is this just a new thing we are going to do for all new leases as there are implications.

Warren asked if the flowage fee that Ted negotiated is out of all the fuel that comes out of the airport for Ted. Ted said no, it is just for jet fuel and only from that tank is the way it is written. Paul asked if he takes the fuel from that tank and put it into a trailer and distributes it to someone from the trailer are you exempt from the flowage fee. Ted said no because he pumped it out of that tank originally and it would only be taxed one time. If Thomas Aviation bought fuel from that tank when that fuel came out of that tank it gets a .05 cent per gallon flowage fee, there is no flowage fee beyond that. It will only be taxed one time.

Skip said that if there is now a flowage fee applied to the remainder of the airport then you will also have to apply that flowage fee to your other tanks. Ted said not necessarily. Skip asked why not. Ted asked if he wants to charge everyone who puts fuel into their airplanes from a gas can? Skip said that Ted has two trucks and a 2,000 gallon tank that don't have a flowage fee applied to them. Ted said those will get filled from the storage tank. Skip said unless they don't. In other words you have them directly filled and skip the storage tank. Ted said yes, that is the way it is written right now. He could continue to buy gas from Baird Oil and put it into those tanks versus the big tank and not owe a flowage fee because it was written to only apply to the one storage tank.

AJ asked if Thompson Aviation might be shooting themselves in the foot a little bit. Ted expressed that he couldn't get gas from Boise at one time so he bought it from Thomas Brothers. So now if they find out that they have to pay a flowage fee on top of that why would they sell to him again, wouldn't they just stop? Ted said that AJ is making a good point, he doesn't want to have to do this. He didn't want the flowage fee in the first place, but he didn't get a lease agreement if he didn't.

Warren confirmed that we are talking about just jet fuel. Ted said yes, just jet fuel. He said that there are a lot of different ways that we can do this. He said that it was decided during a council meeting which probably wasn't the right way to do it. The right way is when it comes out of the truck and goes into an airplane is when the flowage fee gets assessed that way it doesn't really matter what goes into that tank or comes out of it, it's when it goes into the airplane is when it should be assessed. Rich said that he is guessing that they would likely amend the lease to say this is the way it will be assessed now. Rich said that it was never the intent to pay .10 cents, .05 when it came out of the tank and .05 when it went into the plane. Paul asked if Ted had done any research as to what other local airports are doing. Ted said he did but did not bring that information with him. He said that he knows Nampa has flowage fees for both avgas and jet fuel. Paul said that it would be interesting to see how other cities have worded that requirement and established it to use as a benchmark. Ted said that flowage fees have to go into an airport improvement fund, it cannot go into the general fund.

Paul asked if the committee wanted to make a proposal to the city council for flowage fees. Ted said that he thinks it would be worth getting all the operators together with the city council and figure it out. Paul said that they should get together with this committee and the committee then forward a recommendation to the council. Rich said that the topic was posted properly on the agenda, but did think it may be something to post at the airport so that other operators know flowage fees would be discussed at the next meeting. AJ said that was one of his biggest issues is that none of the other operators were made aware of it. Paul said he felt this was the venue where the operators should meet and then we decide if we want to make a recommendation to the council. Paul said that council would likely want to have their own hearing and the same operators could voice their opinions to council. Rich said that the council would have to have a hearing because it is a new fee. Ted feels the proper motion to make this evening would be to have the next airport committee meeting be a public hearing. Rich said that a notice should be posted in the terminal and to talk it up to the operators.

Skip asked if it would be a valid argument that if you are going to do it on jet fuel you should be doing it on avgas too. Rich thought that it should be on any fuel if we are truly looking for airport improvements such as a terminal building and hangars as we have to have some sort of revenue at the airport. The council has been really good at making sure that we have enough money to take care of grant match fees and things like that, but there may not be a big push to find \$100,000 from the general fund to build a terminal. Paul thinks that where we get our gas distributed from is intertwined with this flowage fee, so that flowage fee could disappear and the price could stay the same if you find a distributor that is less expensive. For example, why is Gooding getting their gas for less. Ted said because they are able to buy in quantity. They can buy wholesale versus retail then you are going to get a much better price. Ted said this storage tank helps with that because you can buy a tanker load of fuel instead of 1,000 gallons at a time. Paul asked what is the price benefit per gallon that you see when buying a tankerload instead of a portion? Ted said that there is a significant difference.

Paul asked if it would cover a .05 cent per gallon flowage fee. Ted said it does, but you can't necessarily pass that tax onto the consumer. BLM will pay what they have to pay, but will insist that is the same price that everyone else pays. Ted may be chasing away other customers that can get that for .05 cents cheaper in Boise because they sell so much more that they don't need as much per gallon as a small operation like his. He said that is the real problem with a flowage fee on avgas. Ted said that the reason he agreed to the flowage fee is because most of the sales right now are from BLM so he thinks he can add that on without too much difficulty, but still has to be charging a fair price. If he is .05 cents more than Boise, he may be losing other customers and he needs some of that traffic particularly in the wintertime. You can't necessarily as a business owner always pass that tax on to customers. He is hopeful but he is not sure. He is also depending on jet fuel to finance everything else that he is trying to do at the airport and there is no expansion without jet fuel. Right now he without getting his jet fuel at a wholesale price it's a struggle and .05 cents a gallon does make a difference to a small business.

Ted said that he would prefer not to have any discussion about avgas flowage fees at the meeting. AJ asked why not. Ted said it's unenforceable. For example, an operator only brings a five-gallon gas can, Ted's margins are extremely small right now just to stay competitive. He has no idea how Gooding and Jerome can afford to sell it for what they are right now. He also explained that the operators for those types of airplanes are working on a margin anyway. Turbine-powered airplanes are generally corporate operators who is less likely to be hurt by that, but still look for the best price.

Ted made a motion to post a public hearing and invite turbine-powered operators to discuss potential jet fuel flowage fees at the Mountain Home Airport. Paul seconded the motion.

Ted Thompson	AYE
Skip Sobien	AYE
Warren Bauer	AYE
Paul Hibbard	AYE
AJ Lewis	NAY

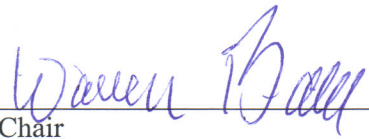
Motion passed. Carry forward.

NEW BUSINESS

GENERAL COMMITTEE DISCUSSION

ADJOURN

There being no further business to come before the committee, Ted Thompson made a motion to adjourn the meeting. Skip Sobien seconded the motion. All in favor and the meeting was adjourned at 7:51 P.M.


Chair

AGENDA ITEMS FOR JULY 16, 2019 MEETING

OLD BUSINESS

Instrument Approach Procedure Changes
Replacement of Terminal Building
Airport Drainage
ADA Improvements
Airport License
FAA Funding and Projects
Above Ground Fuel Storage
Aircraft Maintenance Apprenticeship Program
Jet Fuel Flowage Fees

NEW BUSINESS

Public Hearing for Proposed Jet Fuel Flowage Fees
Washpit Runoff