

**NOTICE OF A REGULAR MEETING
OF
THE FRIEDMAN MEMORIAL AIRPORT AUTHORITY**

PLEASE TAKE NOTICE that a regular meeting of the Friedman Memorial Airport Authority shall be held Tuesday, January 31, 2017 at 5:30 p.m. at the old Blaine County Courthouse Meeting Room Hailey, Idaho. All matters shall be considered Joint Decision Matters unless otherwise noted. The proposed Agenda for the meeting is as follows:

**AGENDA
January 31, 2017**

- I. APPROVE AGENDA**
- II. PUBLIC COMMENT (10 Minutes Allotted)**
- III. FMAA FINANCIAL STATEMENTS & OTHER FINANCIAL INFORMATION YEAR ENDED SEPTEMBER 30, 2016 –**
Motion to Approve Draft Financial Statements - Attachment #1 DISCUSS/PUBLIC COMMENT/ACTION
- IV. FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:**
A. January 3, 2017 Regular Meeting – Motion to Approve - Attachment #2 ACTION
- V. REPORTS**
 - A. Chairman Report DISCUSSION
 - B. Blaine County Report DISCUSSION
 - C. City of Hailey Report DISCUSSION
 - D. Airport Manager Report DISCUSSION
 - E. Communications Director Report (Centerlyne) – No Report DISCUSSION
 - F. Fly Sun Valley Alliance Report DISCUSSION
- VI. AIRPORT STAFF BRIEF (5 Minutes Allotted)**
 - A. Noise Complaints
 - B. Parking Lot Update
 - C. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data – Attachments #3 - #5
 - D. Airport Commercial Flight Interruptions
 - E. Review Correspondence – Attachment #6
- VII. OLD BUSINESS**
 - A. **AIRPORT COMMITTEE(S)**
 - a. Voluntary Noise Abatement Program Review Committee DISCUSSION
 - B. **CONSTRUCTION and CAPITAL Projects**
 - a. Runway Safety Area Improvements Project - Update DISCUSSION
 - b. Runway Pavement Maintenance – Update DISCUSSION
 - c. Terminal Air Carrier Apron and Parking Lot Improvements – Motion to Approve Draft Amendment #1 to Work Order 16-03 Attachments #7, #8 DISCUSS/PUBLIC COMMENT/ACTION
 - d. Terminal Airline Ticketing Office Improvements – Update Attachment #9 DISCUSSION
 - C. **AIRPORT PLANNING Projects**
 - a. Noise Modeling – Update DISCUSS/DIRECT
 - b. Airport Master Plan – Update DISCUSSION
- VIII. NEW BUSINESS**
 - A. Election of Officers DISCUSSION
- IX. PUBLIC COMMENT**
- X. EXECUTIVE SESSION – I.C. §74-206 (c) To acquire an interest in real property which is not owned by a public agency**
I.C. §74-206 (f) To communicate with legal counsel to discuss legal ramifications for controversy imminently likely to be litigated
- XI. ADJOURNMENT**

III. FMAA FINANCIAL STATEMENTS & OTHER FINANCIAL INFORMATION YEAR ENDED SEPTEMBER 30, 2016 – Motion to Approve Draft Financial Statements – Attachment #1

Attachment #1 is the draft Friedman Memorial Airport Authority Financial Statements and Other Financial Information for the Year Ended September 30, 2016. A portion of the Financial Statements is the Management Discussion and Analysis (MD&A) letter.

Mr. Brad Hodges and Simmons and Clubb, prepared the audit, and Rexroat, Harberd & Associates prepared the financial statements. Ms. Laurie Harberd from Rexroat, Harberd & Associates and will be in attendance at the meeting to present the financials and be available to answer any questions the Board may have.

BOARD ACTION: 1. Discuss/Public Comment/Action
 Approve the draft financial statements and direct Staff/Auditor to finalize for distribution to appropriate government agencies.

IV. FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:

A. January 3, 2017 Regular Meeting – Motion to Approve - Attachment #2

BOARD ACTION: 1. Action

V. REPORTS

A. Chairman Report

This item is on the agenda to permit a Chairman report if appropriate.

BOARD ACTION: 1. Discussion

B. Blaine County Report

This item is on the agenda to permit a County report if appropriate.

BOARD ACTION: 1. Discussion

C. City of Hailey Report

This item is on the agenda to permit a City report if appropriate.

BOARD ACTION: 1. Discussion

D. Airport Manager Report

This item is on the agenda to permit an Airport Manager report if appropriate.

BOARD ACTION: 1. Discussion

E. Communications Director Report (Centerlyne)

No report

BOARD ACTION: 1. Discussion

F. Fly Sun Valley Alliance Report

This item is on the agenda to permit a report if appropriate.

BOARD ACTION: 1. Discussion

VI. AIRPORT STAFF BRIEF - (5 Minutes Allotted)

A. Noise Complaints

LOCATION	DATE	TIME	AIRCRAFT TYPE	INCIDENT DESCRIPTION	ACTION TAKEN
Halley	1/21/2016	3:30 pm	UNK	Caller reported "a shrilling noise for a long period of time."	Unable to determine the cause of the complaint. May have been thrust reversers from a jet aircraft.

B. Parking Lot Update

THE CAR PARK GROSS/NET REVENUES						
Month	FY 2015 Gross	FY 2015 Net	FY 2016 Gross	FY 2016 Net	FY 2017 Gross	FY 2017 Net
December	\$23,436.00	\$12,277.71	\$24,201.90	\$12,902.34	\$29,838.00	\$17,380.28

C. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data - Attachments #3 - #5

Attachment #3 is Friedman Memorial Airport Profit & Loss Budget vs. Actual. **Attachment #4** is 2001 - 2016 ATCT Traffic Operations data comparison by month. **Attachment #5** is 2016 Enplanement, Deplanement and Seat Occupancy data. The following revenue and expense analysis is provided for Board information and review:

November 2015/2016

Total Non-Federal Revenue	November, 2016	\$123,137.43
Total Non-Federal Revenue	November, 2015	\$113,205.61
Total Non-Federal Revenue	FY '17 thru November	\$411,156.28
Total Non-Federal Revenue	FY '16 thru November	\$378,717.39
Total Non-Federal Expenses	November, 2016	\$184,922.15
Total Non-Federal Expenses	November, 2015	\$239,090.52
Total Non-Federal Expenses	FY '17 thru November	\$469,549.38
Total Non-Federal Expenses	FY '16 thru November	\$493,331.77
Net Income to Include Federal Programs	FY '17 thru November	\$-75,317.92
Net Income to include Federal Programs	FY '16 thru November	\$-354,092.50

D. Airport Commercial Flight Interruptions: December 27 through January 24, 2016

AIRLINE	FLIGHT CANCELLATIONS/MAJOR DELAYS	FLIGHT DIVERSIONS
Horizon Air	Unavailable	Unavailable
SkyWest (Delta and United)	Unavailable	Unavailable

E. Review Correspondence – Attachment #6

Attachment #6 is information included for Board review.

VII. OLD BUSINESS

A. AIRPORT COMMITTEE(S)

a. Voluntary Noise Abatement Program Review Committee

The Voluntary Noise Abatement Review Committee has held two public outreach meetings; one in Hailey on January 12 and the other in Bellevue on January 19. The third meeting in Ketchum was reschedule to February 2 due to weather on its originally scheduled date of January 10.

The committee chairman will brief the Board on the outcomes of the Hailey and Bellevue meetings at this FMAA meeting.

BOARD ACTION: 1. Discussion

B. CONSTRUCTION and CAPITAL Projects

a. Runway Safety Area Improvements Project – Update

Coordination with the FAA regarding the AIP '041 grant closeout documentation is ongoing and should be complete soon. No presentation or discussion of this item is anticipated at the meeting.

BOARD ACTION: 1. Discussion

b. Runway Pavement Maintenance – Update

Staff and consultants have selected the following dates to close the airport for runway maintenance: June 5-7, 2017. Coordination with airlines and users is underway. No presentation or discussion of this item is anticipated at the meeting.

BOARD ACTION: 1. Discussion

c. Terminal Air Carrier Apron and Parking Lot Improvements – Update Attachments #7, #8

Based on input received from the Board at the January 3 meeting and a meeting with the FMAA Design Committee on January 20, a new concept for the parking lot improvements has been developed. The latest concept is included at Attachment #7 and will be presented and discussed at the meeting. This discussion will include a request for direction from the board to proceed with design of the project, in order to meet bidding and construction deadlines.

Due to the severe weather experienced at the airport recently, Staff noticed a drainage problem at Taxiway B-3. This taxiway does not drain efficiently and water accumulates and freezes on the pavement surface. Correction of this issue will be incorporated into the apron project.

An amendment to T-O Engineers' work order for this project is necessary to design and incorporate the parking and access improvements into the project. Only initial concept evaluation for the parking lot was included in the original work order, so that the actual design effort could be identified accurately. Additional work related to design of drainage improvements at Taxiway B-3 is also necessary to incorporate that work into the project. A draft amendment is included at **Attachment #8** for Board review and approval, with proposed fees attached.

BOARD ACTION: 1. Discussion/Public Comment/Action
 Approval of Amendment #1 to Work Order 16-03

d. Terminal Airline Ticketing Office Improvements – Update – Attachment #9

As mentioned in the Jan. 3 meeting, RLB developed two additional schemes based on TSA and their baggage handling system engineer's comments. These new schemes, Schemes J and K, were presented to the Design Review Committee on January 20. The committee discussed the merits of each scheme and selected Scheme K as the new preferred alternative. Scheme K is included as **Attachment #9**.

Schemes J and K were also provided to the TSA for additional review and feedback. Staff participated in a conference call on January 24 with several TSA local and HQ representatives to discuss the new schemes and additional feedback was provided by TSA. Staff will work with RLB to incorporate the additional comments. Once revised, additional coordination with TSA will be accomplished to discuss potential funding options.

BOARD ACTION: 1. Discussion

C. AIRPORT PLANNING Projects

a. Noise Modeling – Update

Noise modeling efforts continue by the consultant. As discussed at the January 3 FMAA meeting, Staff provided the consultant a significant amount of data that is being used to generate the model. The first phase of the modeling effort will be the establishment of a baseline for the airport. Staff has been coordinating with the consultant over the past few weeks answering questions and verifying certain assumptions. The baseline model is expected to be complete and provided to Staff for initial review by the end of January.

The scope of work for the project provides for three modeling scenarios including the initial baseline. The additional two scenarios have yet to be determined. Staff is seeking the Board's input, direction, and preference regarding the remaining two scenarios.

BOARD ACTION: 1. Discuss/Direct

b. Airport Master Plan – Update

Mead & Hunt delivered draft Chapter G, Environmental Review, to airport staff in January. This chapter provides guidance on future environmental studies that will be required to implement projects described in the Master Plan, and presents existing and

future noise contours associated with forecast operational levels. Mead & Hunt also delivered a Master Plan Executive Summary document to airport staff in January.

Staff has reviewed draft Chapter G and the executive summary and provided comments back to Mead & Hunt. Final quality review and formatting on all Master Plan chapters will be complete in early February and a full draft of the narrative report will be provided to the Board immediately thereafter. In addition to the draft narrative report, T-O Engineers is finalizing the full draft ALP drawing set. The full draft drawing set will also be submitted to the Board in early February.

Approval of the updated ALP drawing set and final Master Plan report will be requested from the Board in March. Following Board approval, these documents will be submitted for FAA review and approval.

T-O Engineers delivered the draft updated Airport Layout Plan (ALP) Sheet to the Board in electronic and hard copy formats the week after the January 3 meeting. Staff is seeking any comments the Board may have regarding the ALP Sheet at this meeting. Any comments will be incorporated into the draft drawing set. As a reminder, the ALP sheet reflects the 20-year conceptual development plan accepted in Chapter D.

BOARD ACTION: 1. Discussion

VIII. NEW BUSINESS

A. Election of Officers

The Amended and Restated By-Laws of the Friedman Memorial Airport Authority Board of Commissioners states, "The Board shall elect its Chairman, Vice Chairman, Secretary and Treasurer by a majority vote of the members of the Board. This election shall take place during the regular meeting of the Board in March in every odd-numbered year unless the Board, by majority vote, selects a different date for the election".

This is a friendly reminder that this item will be forthcoming at the March FMAA meeting.

BOARD ACTION: 1. Discussion

IX. PUBLIC COMMENT

X. EXECUTIVE SESSION - I.C. §74-206 (c) To acquire an interest in real property which is not owned by a public agency

I.C. §74-206 (f) To communicate with legal counsel to discuss legal ramifications for controversy imminently likely to be litigated

XI. ADJOURNMENT

DRAFT

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION**

September 30, 2016

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Independent Auditor's Report

To the Board
Friedman Memorial Airport Authority
Halley, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the Friedman Memorial Airport Authority (Authority), as of and for the years ended September 30, 2016 and 2015, and the related notes to the financial statements, as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of September 30, 2016 and 2015, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, and budgetary comparison information identified in the accompanying table of contents be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the GASB who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquires of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audits of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards, is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements. The schedule of revenue, expenditures and changes in net position – budget and actual and reconciliation of budgetary basis to GAAP and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 1, 2017, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Simmons Clubb & Hodges, CPAs, PLLC
Certified Public Accountants

Boise, Idaho
February 1, 2017

Management's Discussion and Analysis

The following Management's Discussion and Analysis (MD&A) of the Friedman Memorial Airport Authority's (the Authority) financial performance provides an introduction to the financial statements for the fiscal year ended September 30, 2016. The information contained in the MD&A should be considered in conjunction with information contained in the Authority's financial statements.

Friedman Memorial Airport is located in the City of Hailey, within Blaine County. Blaine County is located in central Idaho, in an area known as the Wood River Valley. The Big Wood River runs from north to south between the Smoky, Pioneer and Boulder Mountains. Friedman Memorial Airport is located immediately south of the central business district of Hailey and approximately two miles north of the City of Bellevue. State Highway 75 runs directly adjacent to the east side of the Airport, southeast to northwest through the cities of Bellevue and Hailey, with Ketchum/Sun Valley 11 miles to the north and Twin Falls 75 miles to the south.

As has been discussed in previous MD&A, beginning in fiscal year 2013, the Authority initiated substantial steps to improve the existing airport. These improvements were the culmination of an aggressive approach to the implementation of "Alternative 6", which included an FAA Safety Risk Management study and the approval of five Modification to Standards (MOS) to accommodate an achievable solution to the congressional mandated safety standards at the airport by the end of calendar year 2015. These modifications consider and limit the size of aircraft to those that currently utilize Friedman rather than making alterations that would fully achieve a C-III compliant airport. \$34 million dollars in improvements were completed at the airport by the end of fiscal year 2015 to meet this mandate and include a standard Runway Safety Area (RSA), a full length parallel Taxiway Bravo, and an expansion of the airport passenger terminal and associated air carrier aircraft parking apron. Substantial construction was complete by the end of the first quarter of fiscal year 2016. In the fourth quarter of fiscal year 2016, the Authority approved additional funds for construction of a new concession space inside the terminal. Construction rolled into fiscal year 2017 with full project close out in fiscal year 2017.

The Authority has been committed to partnering with the community and the FAA to improve air service and safety at the current site while also maintaining that the airport may need to be relocated in the future. This philosophy has been deemed the "Dual Path Forward" and is the preferred approach to addressing the airport within our community. The dual path approach supports the communities desire to maintain or increase air service, improves safety and reliability at the existing airport and enables the Authority to continue researching other alternatives.

The Authority is in the final stages of an airport master plan update. In addition to studying and planning for the future at the existing site, the master plan also studied potential replacement sites and include the development of a 20 year capital development plan with cost estimates for maintaining and enhancing the current airport as well as a replacement site. The cost estimate for a replacement site indicates significant local investment will be required. The Authority is committed to continue the endeavor to relocate the airport when and if an acceptable site can be identified and funding can be secured.

As with fiscal year 2015, fiscal year 2016 proved to be a successful year for all three current air carriers that service Friedman. Expanded flight schedules in the summer of fiscal year 2016 saw increased enplanements. Increased service will also be realized during the 2016-2017 winter with additional flights between Friedman and Denver, Los Angeles, Salt Lake City, San Francisco, Seattle, and new direct service to Portland. The Portland service was made possible through the use of the DOT small community air service grant awarded in fiscal year 2016. With the assistance of a local non-profit air service organization, the Authority is committed to maintaining and improving air service at Friedman.

Operationally, fiscal year 2016 saw the Authority and staff focus on maintenance and upkeep of our new facilities. Our new and expanded facilities resulted in increased maintenance and operations (O&M) expenses. Adjustments in our budget to address these increased expenses are expected to continue into fiscal years 2017 and 2018.

Looking ahead, the airport master plan has identified immediate priorities for the Authority to focus on including potential acquisition of land south of the airport for runway approach protection and an additional air carrier apron aircraft parking space to accommodate our increased commercial air service activity. Additional reconfiguration and improvements to our access roads and vehicle parking lots are also planned.

All financial and operational indications are that the overall economy continues to stabilize and improve. Fiscal year 2016 reflects continued recovery and also demonstrates the need for a viable airport with reliable air service. Historically, inconvenience due to frequent flight cancellations and diversions is an often stated concern and the reason for travelers to be reluctant to return to SUN. This concern has not gone without consideration and the Authority and the community will continue to identify ways to improve service and reliability. Alaska Airlines has taken a major step in improving reliability at our airport with the implementation of a new proprietary instrument approach procedure allowing them to land in low ceiling and visibility conditions.

Overview of the Financial Statements

The Authority's financial statements are prepared on the accrual basis in accordance with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB). The Authority is structured as a single enterprise fund with revenues recognized when earned, not when received. Expenses are recognized when incurred, not when paid. See the notes to the financial statements for a summary of the Authority's significant accounting policies.

Following this MD&A are the basic financial statements of the Authority, together with the notes, which are essential to a full understanding of the data contained in the financial statements. The Authority's basic financial statements are designed to provide readers with a broad overview of the Authority's finances.

The *Statements of Net Position* present information on all the Authority's assets, deferred outflows of resources, liabilities, deferred inflows of resources and net position. Over time, increases or decreases in net position may serve as useful indicators of whether the Authority's financial position is improving or deteriorating.

The *Statements of Revenue, Expenses and Changes in Net Position* present information showing how the Authority's net position changed during the year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future periods.

The *Statements of Cash Flows* relates to the flows of cash and cash equivalents. Consequently, only transactions that affect the Authority's cash accounts are recorded in this statement. A reconciliation is provided at the bottom of the *Statements of Cash Flows* to assist in understanding the difference between cash flows, operating activities and operating income.

In addition to the basic financial statements and accompanying notes, this report also presents the *Schedule of Revenue, Expenditures and Changes in Net Position Budget & Actual* and the *Reconciliation of Budgetary Basis to GAAP* as supplementary information.

Financial Analysis of the Authority as a Whole

The changes in net position over time serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$57,751,744 as of September 30, 2016, a decrease of \$836 from September 30, 2015.

A condensed summary of the Authority's financial position at September 30th is shown below.

	<u>2016</u>	<u>2015</u>	Increase (Decrease)	Percentage Change
ASSETS:				
Current Assets	\$ 2,479,364	\$ 5,353,058	\$(2,873,694)	-53.7%
Capital Assets	<u>55,637,540</u>	<u>55,248,643</u>	<u>388,897</u>	.7%
Total Assets	<u>58,116,904</u>	<u>60,601,701</u>	<u>(2,484,797)</u>	-4.1%
LIABILITIES:				
Current Liabilities	268,928	2,590,658	(2,321,730)	-89.6%
Noncurrent Liabilities	<u>96,232</u>	<u>258,463</u>	<u>(162,231)</u>	-62.8%
Total Liabilities	<u>365,160</u>	<u>2,849,121</u>	<u>(2,483,961)</u>	-87.2%
NET POSITION:				
Invested in capital assets	55,637,540	55,248,643	388,897	.7%
Restricted	6,189	13,913	(7,724)	-55.5%
Unrestricted	<u>2,108,015</u>	<u>2,490,024</u>	<u>(382,009)</u>	-15.3%
Net Position	<u>\$57,751,744</u>	<u>\$57,752,580</u>	<u>\$ 836</u>	0.0%

The largest portion of the Authority's net position is invested in capital assets (e.g. land, buildings, improvements and equipment). No outstanding debt is attributable to these assets. The Authority uses its capital assets to provide services to its aviation partners, passengers and fixed-base operators. This requirement includes the obligation to preserve and maintain airport facilities in a safe and serviceable condition and includes the responsibility to operate the aeronautical facilities and common use areas for the benefit of the public. Consequently, these assets are not available for future spending.

The Authority's unrestricted net position is available to meet current and future obligations. The Authority anticipates that these funds will be needed to pay future capital expenditures and maintain adequate levels of working capital.

The Authority's restricted net position represents an amount required to be set aside as a performance bond by a communications use lease with the Bureau of Land Management (BLM) and Passenger Facility Charges (PFC) collections. The BLM funds are restricted as they must be held for the duration of the lease which terminates on December 31, 2031. The PFC funds are collected and are restricted to funding designated capital projects.

A condensed summary of the Authority's revenue, expenses and changes in net position for the fiscal year ending September 30th is shown below.

	<u>2016</u>	<u>2015</u>	Increase (Decrease)	Percentage Change
Operating Revenue	\$3,131,310	\$ 2,667,525	\$ 463,785	17.4%
Operating Expenses	<u>4,764,942</u>	<u>4,759,353</u>	<u>5,589</u>	.1%
Operating (income/loss)	(1,633,632)	(2,091,828)	458,196	21.9%
Non-operating Revenue (Expenses)	310,445	(4,199,037)	4,509,482	107.4%
Capital Contributions	<u>1,322,351</u>	<u>19,554,437</u>	<u>(18,232,086)</u>	-93.2%
Changes in net position	(836)	13,263,572	(13,264,408)	-100.0%
Beginning net position	<u>57,752,580</u>	<u>44,489,008</u>	<u>13,263,572</u>	29.8%
Ending net position	<u>\$57,751,744</u>	<u>\$57,752,580</u>	<u>\$ (836)</u>	0.0%

Operating revenue increased 17.4% from the prior fiscal year which is primarily due to an increase of 20.9% in Rents, fees, commissions and leases revenue; an increase of 18.1% in Fuel flowage fees revenue; and an increase of 16.4% in Automobile rental revenue.

Operating expenses increased by only .1% over the prior fiscal year.

Comparison of Budget and Actual Results

No amendments were made to the Authority's *Budgeted Revenue, Expenses and Changes in Net Position* during the fiscal year ending September 30, 2016. A summary of operating revenue and expenses based on the actual budgetary basis is shown below.

	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
Total Operating Revenue	\$2,951,419	\$3,131,310	\$ 179,891
Total Operating Expenses	<u>2,366,948</u>	<u>2,543,591</u>	<u>(176,643)</u>
Operating Income (loss)	<u>\$ 584,471</u>	<u>\$ 587,719</u>	<u>\$ 3,248</u>

Actual results reported above may differ from the actual results as reported in the *Statement of Revenue, Expenses and Changes in Net Position* for the following reasons:

1. Accruals of compensated absences are not budgeted.
2. Depreciation is a non-cash item and therefore not budgeted.
3. Passenger Facility Charges (PFC) are budgeted based on receipts but may be deferred for GAAP.
4. Interest earned on PFCs are budgeted as interest but reportable as PFC revenue for GAAP.
5. Capital asset purchases are budgeted but are an asset instead of an expense for GAAP.

The Authority's budget philosophy is to conservatively estimate revenue while, at the same time, making certain that budgeted operating expenses are not understated.

Capital Acquisitions and Construction Activities

The capital assets of the Authority are those assets that are used in the performance of the Authority's functions. At September 30, 2016, net capital assets totaled \$55,637,540. The Authority acquired or constructed more than \$2.5 million in capital assets this year as detailed in Note 3 of the Notes to the Basic Financial Statements.

Long-term Liabilities

The only long-term liability is for compensated absences, which represents vacation, comp time and 25% of sick leave, which has been accrued but will be paid in future periods as used or on termination of employment. The total liability at September 30, 2016, was \$172,599. The total liability decrease is related to benefits paid out to two longtime employees that ended their employment during the fiscal year. Currently, the Authority has no other long-term debt outstanding nor are there any plans to incur any long-term debt.

Requests for Information

This financial report is designed to provide the Authority's Board, management, investors, creditors and customers with a general view of the Authority's net position and results of operations. Questions concerning any information contained in this report may be directed to the Airport Manager, 1616 Airport Circle, Halley, ID 83333.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF NET POSITION
ENTERPRISE FUND
September 30, 2016 and 2015**

ASSETS	<u>2016</u>	<u>2015</u>
Current Assets:		
Cash and cash equivalents	\$ 2,025,885	\$ 2,449,757
Operating accounts receivable	171,292	145,337
Due from other governments	271,041	2,739,956
Interest receivable	770	287
Prepaid expenses	4,187	3,808
Restricted cash and cash equivalents:		
BLM	5,913	5,828
Passenger Facility Charges	276	8,085
Total Current Assets	<u>2,479,364</u>	<u>5,353,058</u>
Noncurrent Assets:		
Capital assets:		
Land	6,712,067	6,712,067
Construction in progress	12,603,136	32,751,280
Airfield, buildings, equipment, improvements, plans and studies	<u>54,552,526</u>	<u>31,878,131</u>
	73,867,729	71,341,478
Accumulated depreciation	<u>(18,230,189)</u>	<u>(16,092,835)</u>
Total Capital Assets	<u>55,637,540</u>	<u>55,248,643</u>
 Total Assets	 <u>58,116,904</u>	 <u>60,601,701</u>
LIABILITIES		
Current Liabilities:		
Trade accounts payable	68,621	250,032
Payable City of Halley	2,466	5,708
Accounts payable for capital improvements	117,337	2,229,289
Accrued payroll and benefits	3,137	6,565
Customer deposits	1,000	2,000
Accrued compensated absences	<u>76,367</u>	<u>97,064</u>
Total Current Liabilities	268,928	2,590,658
Noncurrent Liabilities:		
Long-term accrued compensated absences	<u>96,232</u>	<u>258,463</u>
Total Liabilities	<u>365,160</u>	<u>2,849,121</u>
DEFERRED INFLOWS OF RESOURCES		
Deferred revenue - Passenger Facility Charges	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>
NET POSITION		
Invested in capital assets	55,637,540	55,248,643
Restricted	6,189	13,913
Unrestricted	2,108,015	2,490,024
Total Net Position	<u>\$ 57,751,744</u>	<u>\$ 57,752,580</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF REVENUE, EXPENSES AND CHANGES IN NET POSITION
ENTERPRISE FUND**

For the Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
Operating Revenue:		
Airlines	\$ 266,364	\$ 238,108
Automobile rental	595,982	512,038
Auto parking	197,501	199,841
Rents, fees, commissions and leases	1,814,634	1,500,520
Fuel flowage fees	254,836	216,149
Other operating revenue	1,993	869
Total Operating Revenue	<u>3,131,310</u>	<u>2,667,525</u>
Operating Expenses:		
Employee wages, benefits and taxes	1,313,193	1,394,176
Supplies	200,607	128,690
Utilities	120,081	99,796
Services and contracts	571,626	385,111
Repairs and maintenance	148,038	111,655
Insurance	58,788	67,173
Other operating expense	153,340	282,173
Depreciation	2,199,289	2,290,579
Total Operating Expenses	<u>4,764,942</u>	<u>4,759,353</u>
Operating Income (Loss)	<u>(1,633,632)</u>	<u>(2,091,828)</u>
Nonoperating Revenue (Expenses):		
Passenger Facility Charges	303,132	302,173
Interest income	7,313	6,319
Federal grants	-	279,354
Impairment loss	-	(4,786,883)
Total Nonoperating Revenue and (Expenses)	<u>310,445</u>	<u>(4,199,037)</u>
Income (Loss) before Capital Contributions	<u>(1,323,187)</u>	<u>(6,290,865)</u>
Capital Contributions	<u>1,322,351</u>	<u>19,554,437</u>
Change in Net Position	(836)	13,263,572
Net Position, Beginning of Year	<u>57,752,580</u>	<u>44,489,008</u>
Net Position, End of Year	<u>\$ 57,751,744</u>	<u>\$ 57,752,580</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF CASH FLOWS
ENTERPRISE FUND**

For the Years Ended September 30, 2016 and 2015

	<u>2016</u>	<u>2015</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,101,536	\$ 2,644,322
Cash payments for employees' services and benefits	(1,499,549)	(1,344,921)
Cash payments to suppliers for goods and services	(1,437,492)	(1,181,182)
Net cash provided (used) by operating activities	<u>184,495</u>	<u>118,219</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grants	<u>194,206</u>	<u>305,795</u>
Net cash provided (used) by noncapital financing activities	<u>194,206</u>	<u>305,795</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(4,700,138)	(21,220,326)
Grants and other amounts received for the purchase of capital assets	3,599,879	18,215,313
Passenger facility charges received for the purchase of capital assets	303,132	274,519
Net cash provided (used) by capital and related financing activities	<u>(797,127)</u>	<u>(2,730,494)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	<u>6,830</u>	<u>6,032</u>
Net cash provided (used) by investing activities	<u>6,830</u>	<u>6,032</u>
Net increase (decrease) in cash and cash equivalents	(431,596)	(2,300,448)
Balances - beginning of the year	<u>2,463,670</u>	<u>4,764,118</u>
Balances - end of the year	<u>\$ 2,032,074</u>	<u>\$ 2,463,670</u>
RECONCILIATION OF CASH BALANCES TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 2,025,885	\$ 2,449,757
Restricted cash and cash equivalents:		
BLM	5,913	5,828
Passenger Facility Charges	276	8,085
	<u>\$ 2,032,074</u>	<u>\$ 2,463,670</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	<u>\$ (1,633,632)</u>	<u>\$ (2,091,828)</u>
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,199,289	2,290,579
Change in assets and liabilities:		
(Increase) decrease in operating accounts receivable	(25,955)	(22,803)
(Increase) decrease in due from other governments (non-capital portion)	(2,819)	-
(Increase) decrease in prepaid expenses	(379)	(702)
Increase (decrease) in accounts payable trade	(184,653)	(105,882)
Increase (decrease) in accrued payroll and benefits	(3,428)	1,344
Increase (decrease) in customer deposits	(1,000)	(400)
Increase (decrease) in accrued compensated absences	(182,928)	47,911
Total Adjustment and Changes	<u>1,798,127</u>	<u>2,210,047</u>
Net cash provided (used) by operating activities	<u>\$ 184,495</u>	<u>\$ 118,219</u>

See Accompanying Notes to Financial Statements

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2016

Note 1. Summary of Significant Accounting Policies

1-A. Organization and Reporting Entity

Organization

Effective October 1, 1994, Blaine County, Idaho and the City of Hailey, Idaho entered into a Joint Powers Agreement creating the Friedman Memorial Airport Authority (Authority) for the purpose of operating and managing airport activities in Blaine County, Idaho. The Authority is a public entity of the State of Idaho and therefore the Authority's income is exempt from Federal and Idaho income taxes. The Authority is governed by a seven-member board with three members representing Blaine County, three members representing the City of Hailey and one member who is unanimously selected by the other four members. The Authority has hired employees to provide for the day-to-day operations and management.

Pursuant to the Joint Powers Agreement, all buildings, improvements, facilities, equipment, and personal property used by the Authority were conveyed by Blaine County and the City of Hailey to the Authority for use and benefit of the Authority and title thereof shall be held by the Authority. Upon termination of this Agreement, title to all buildings, improvements, facilities, equipment and personal property held by the Authority shall vest jointly in Blaine County and the City of Hailey.

Reporting Entity

Generally accepted accounting principles require government financial statements to include the primary government and its component units. Component units of a governmental entity are legally separate entities for which the primary government is considered to be financially accountable and for which the nature and significance of their relationship with the primary government are such that exclusion would cause the combined financial statements to be misleading or incomplete. The primary government is considered to be financially accountable if it appoints a majority of an organization's governing body and imposes its will on that organization. The primary government may also be financially accountable if an organization is fiscally dependent on the primary government, regardless of the authority of the organization's governing board.

Based on the application of the criteria set forth by the Governmental Accounting Standards Board, management has determined that the Authority does not have component units. Accordingly, the accompanying financial statements include only the operations of the Friedman Memorial Airport Authority.

1-B. Measurement Focus, Basis of Accounting

The Friedman Memorial Airport Authority's financial statements have been prepared using the accrual basis of accounting. Under this method, revenue and receivables are recognized when services are provided and expense and liabilities are recorded at the time goods and services are received.

The Authority's accounting policies conform to generally accepted accounting principles applicable to proprietary funds of governmental units. Proprietary funds use the economic resources measurement focus. With this measurement focus, all assets and liabilities associated with the operation of these funds are included on the statement of net assets.

Proprietary operating revenue, such as charges for services, result from exchange transactions associated with the principal activity of the operating unit. Exchange transactions are those in which each party receives and gives up essentially equal values. Nonoperating revenues, such as interest or capital contributions, result from nonexchange transactions or ancillary activities. Nonexchange transactions, in which the Authority gives (or receives) value without directly receiving (or giving) value in exchange, include grants, donations and passenger facility charges (PFC's). Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. PFC's along with related interest earnings are recorded as deferred revenue until authorized for matching payments on construction projects under an FAA approved Application to Use. Once authorized to use, PFC receipts are recognized and recorded as nonoperating revenue in the year collected.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016

1-C. Assets, Liabilities and Equity

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include cash in bank accounts and funds deposited in the State Treasurer's Local Government Investment Pool. Because the State Treasurer's Local Government Investment Pool is sufficiently liquid to permit withdrawal of cash at any time without prior notice or penalty, equity in the pool is deemed to be a cash equivalent. These funds are carried at cost which is not materially different than fair value.

Accounts Receivable

Based upon past experience, uncollectible receivables are deemed immaterial by management and no allowance has been provided.

Prepaid Expenses

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

Capital Assets

Capital assets are stated at cost. Donated capital assets are recorded at their estimated fair market value when received. Only assets with a value over \$1,500 are capitalized. The Authority does include the cost of all infrastructure assets in capital assets. Assets held under capital leases are recorded at the lower of fair market value or the present value of future lease payments and amortized over the estimated life of the asset. Depreciation is calculated by the straight-line method over the estimated useful life of the depreciable property as follows:

Building and Improvements	4 to 50 years
Airfield and general improvements	4 to 25 years
Office equipment	2 to 10 years
Maintenance equipment and vehicles	2 to 20 years
Assessments, plans and studies	4 to 20 years

Restricted Cash – BLM

This cash represents an amount required to be set aside as a performance bond by a communications use lease with the Bureau of Land Management. These funds are restricted as they must be held for the duration of the lease which terminates on December 31, 2031.

Restricted Cash – Passenger Facility Charges Funds

This cash represents Passenger Facility Charges (PFC) collections based on an approved FAA application to "impose" such charges on enplaned passengers at the Airport. These funds are restricted to funding designated capital projects.

Use of Restricted Resources

The Authority's policy is to first apply restricted resources when an eligible expenditure is made for which both restricted and unrestricted net assets are available.

Budget

The Airport is required by state law to adopt an annual budget. The budgetary basis is accrual but differs from the basis of accounting used for the financial statements in the following ways:

1. Accruals of compensated absences are not budgeted.
2. Depreciation is a non-cash item and therefore not budgeted.
3. Passenger Facility Charges (PFC) are budgeted based on receipts but may be deferred for GAAP.
4. Interest earned on PFCs is budgeted as interest but reportable as PFC revenue for GAAP.
5. Capital asset purchases are budgeted but are reported as an asset instead of as an expense for GAAP.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

Compensated Absences

All employees receive 96 hours of sick leave per year with no maximum accrual. Vacation is received based on years of service. Those having one to two years of service receive 80 hours of vacation annually and the hours received increase 8 hours per year for every two years of service. Compensated absences consist of accrued vacation, comp time and 25% of accrued sick leave that would be paid upon termination of employment.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Reclassifications

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation in the current year financial statements.

1-D. Subsequent Events

Management has evaluated subsequent events through the date on the independent auditors' report, the date on which financial statements were available to be issued.

Note 2. Deposits and Investments

The following is a reconciliation of the Authority's deposit and investment balances as of September 30, 2016 and 2015:

	<u>2016</u>	<u>2015</u>
Cash on hand	\$ 50	\$ 50
Bank deposits	6,189	14,405
Repurchase agreement	430,852	860,238
State of Idaho Local Government Investment Pool	<u>1,594,983</u>	<u>1,588,977</u>
	<u>\$ 2,032,074</u>	<u>\$ 2,463,670</u>

The Authority invests in the State of Idaho Local Government Investment Pool. These funds can be liquidated at cost as needed and are carried at cost which is not materially different than fair value. The invested amounts at year end are as listed above.

Deposit and Investment Policy

The Authority's Investment Policy limits investment choices to interest-bearing accounts at approved financial institutions and the State of Idaho Local Government Investment Pool. The accounts are to be reviewed monthly by the Board's financial review committee.

Credit Risk

The Authority has no formal policy on managing credit risk. As of September 30, 2016 and 2015, the Authority's deposits and investment had the following credit ratings:

<u>Investment</u>	<u>2016</u> <u>Fair Value</u>	<u>2015</u> <u>Fair Value</u>	<u>Credit</u> <u>Rating</u>
Mountain West Checking	\$ 276	\$ 8,577	None
Mountain West Certificate of Deposit	5,913	5,828	None
Mountain West repurchase agreement	430,852	860,238	None
State of Idaho Local Government Investment Pool	1,594,983	1,588,977	None

Investment by the Authority in State of Idaho Local Government Investment Pool is considered unclassified as to credit risk because they are not evidenced by securities that exist in physical or book

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

entry form. The type of investments allowed is regulated by *Idaho Code* and oversight is provided by the Idaho State Treasurer's Office.

Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a bank failure, the Authority's bank deposits will not be returned to it. The Authority's investment policy does not limit the amount of deposits in approved and chosen financial institutions.

As of September 30, 2016, the carrying amount of the Authority's bank deposits was \$437,041 and the respective bank balances totaled \$457,622. The Authority's deposits at September 30, 2016, were covered by \$6,167 of insurance from the Federal Depository Insurance Corporation and \$451,455 of collateral. None of these deposits were unsecured or uninsured. The securities serving as collateral are held in the name of the financial institution and not that of the Authority.

As of September 30, 2015, the carrying amount of the Authority's bank deposits was \$874,643 and the respective bank balances totaled \$917,680. The Authority's deposits at September 30, 2015, were covered by \$24,870 of insurance from the Federal Depository Insurance Corporation and \$892,810 of collateral. None of these deposits were unsecured or uninsured. The securities serving as collateral are held in the name of the financial institution and not that of the Authority.

Concentration of Credit Risk

Concentration of credit risk is the risk of a loss attributed to the magnitude of an investment in a single issuer. The Authority's investment policy does not place limits on amounts invested in any one issuer. Pooled investments and investments issued or explicitly guaranteed by the U.S. Government are not considered a concentration credit risk. At September 30, 2016 and 2015, the Authority had more than 5% of its deposits and investments invested in a repurchase agreement with Mountain West Bank. At September 30, 2016, 100% of the repurchase agreement was invested in the Federal National Mortgage Association. At September 30, 2015, 100% of the repurchase agreement was invested in the Federal Home Loan Mortgage Corporation.

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The Authority does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

The Authority had the following deposits and investments as of September 30, 2016 and 2015:

<u>Investment</u>	2016 <u>Fair Value</u>	Weighted Average <u>Duration</u>	2015 <u>Fair Value</u>	Weighted Average <u>Duration</u>
Repurchase agreement	\$ 430,852	1 day	\$ 860,238	1 day
Investment pool	1,594,983	90 days	1,588,977	96 days
Certificate of Deposit	5,913	16 days	5,828	1 years 16 days
Demand deposits	276	not applicable	8,577	not applicable

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

Note 3. Capital Assets

Capital asset activity for the year ended September 30, 2016, was as follows:

	<u>Balance</u> <u>9/30/2015</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfer</u>	<u>Balance</u> <u>9/30/2016</u>
Nondepreciable capital assets:					
Land	\$ 6,712,067	\$ -	\$ -	\$ -	\$ 6,712,067
Construction in progress	32,751,280	2,469,985	-	(22,618,129)	12,603,136
Depreciable capital assets:					
Buildings and improvements	5,498,640	-	-	(25,730)	5,472,910
Airfield and general improvements	14,539,833	16,130	-	22,449,976	37,005,939
Office equipment	143,142	1,965	(18,665)	(35,189)	91,253
Security	-	18,668	-	292,435	311,103
Maintenance equipment & vehicles	4,166,911	81,438	(43,270)	(63,363)	4,141,716
Assessments, plans & studies	<u>7,529,605</u>	-	-	-	<u>7,529,605</u>
	71,341,478	2,588,186	(61,935)	-	73,867,729
Accumulated depreciation	<u>(16,092,835)</u>	<u>(2,199,289)</u>	<u>61,935</u>	-	<u>(18,230,189)</u>
	<u>\$ 55,248,643</u>	<u>\$ 388,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,637,540</u>

Capital asset activity for the year ended September 30, 2015, was as follows:

	<u>Balance</u> <u>9/30/2014</u>	<u>Increase</u>	<u>Decrease</u>	<u>Transfer</u>	<u>Balance</u> <u>9/30/2015</u>
Nondepreciable capital assets:					
Land	\$ 6,712,067	\$ -	\$ -	\$ -	\$ 6,712,067
Construction in progress	10,400,417	22,350,863	-	-	32,751,280
Depreciable capital assets:					
Buildings and improvements	7,090,920	3,201	(1,595,481)	-	5,498,640
Airfield and general improvements	28,803,288	159,229	(14,422,684)	-	14,539,833
Office equipment	128,497	22,452	(7,807)	-	143,142
Maintenance equipment & vehicles	4,190,187	16,073	(39,349)	-	4,166,911
Assessments, plans & studies	<u>7,529,605</u>	-	-	-	<u>7,529,605</u>
	64,854,981	22,551,818	(16,065,321)	-	71,341,478
Accumulated depreciation	<u>(25,077,311)</u>	<u>(2,290,579)</u>	<u>11,275,055</u>	-	<u>(16,092,835)</u>
	<u>\$ 39,777,670</u>	<u>\$ 20,261,239</u>	<u>\$ (4,790,266)</u>	<u>\$ -</u>	<u>\$ 55,248,643</u>

Note 4. Accounts Receivable

The Airport manager, under the direction of the Airport, charges fees and rents for parking (aircraft and automobiles), landing of aircraft, fuel flowage, hangars and concession commissions. Landing fees are based on the weight of the aircraft while parking fees are based on the class and weight of each aircraft. Auto parking is on a commission basis. The Airport clerk posts these charges on a regular basis and bills each user.

Based upon past experience, uncollectible receivables are deemed immaterial by management.

The Authority's uncollected accounts as of September 30, 2016 and 2015, are as follows:

	<u>2016</u>	<u>2015</u>
Current	\$ 182,662	\$ 150,332
30-60 days	(11,427)	(4,960)
60-90 days	57	-
90 days and over	-	(35)
	<u>\$ 171,292</u>	<u>\$ 145,337</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

Due from other governments \$ 271,041 \$ 2,739,956

Note 5. Long-term Liabilities

Changes in long-term obligations for the year ended September 30, 2016, are as follows:

	<u>Balance at</u> <u>10/01/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2016</u>	<u>Amount due</u> <u>within 1 year</u>
Compensated absences	<u>\$ 258,463</u>	<u>\$ 21,387</u>	<u>\$ 183,618</u>	<u>\$ 96,232</u>	<u>\$ -</u>

Changes in long-term obligations for the year ended September 30, 2015, are as follows:

	<u>Balance at</u> <u>10/01/2014</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>9/30/2015</u>	<u>Amount due</u> <u>within 1 year</u>
Compensated absences	<u>\$ 216,493</u>	<u>\$ 41,970</u>	<u>\$ -</u>	<u>\$ 258,463</u>	<u>\$ -</u>

Note 6. Pension Plan

The Authority adopted the Friedman Memorial Airport 401(a) Plan (Plan) on January 1, 2015, for its employees. The Plan is a defined contribution money purchase pension plan administered by the Authority. Benefit terms, including contribution requirements, for the Plan are established and may be amended by the Authority. The Authority is required to contribute 11.61% of each employee's annual gross compensation to individual employee accounts for each employee. No employee contributions are permitted. The Authority recognized pension expense of \$105,102 and \$84,799 for the years ended September 30, 2016 and 2015, respectively. Employees are immediately vested in the contributions they receive and the earnings on those contributions. The Authority had no liability to the Plan at September 30, 2016 and 2015.

The Authority offers its employees a deferred compensation plan created in accordance with Internal Revenue Code 457. The plan, available to all employees, permits them to defer a portion of their current salary until future years. Employees contributed \$94,537 and \$72,725 for the years ended September 30, 2016 and 2015.

Note 7. Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters for which the Authority purchases commercial insurance. There has been no significant reduction in insurance coverage in the current year. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

Note 8. Concentrations

The Authority enters into contracts with service providers at the Airport. Because of physical space limitations at the airfield, there are limited facilities available for service providers. During the current year, there were three airlines that provide scheduled commercial service, one fuel supplier, one fixed-base operator, one gift shop, one car park and three rental car agencies.

Note 9. Lease Revenue

The Airport leases its property to commercial airlines, car rental companies, concessionaires, fixed base operators who service the airline industry and hanger operations. The airlines have annual renewal dates and some concessionaires are month to month. The long-term leases can only be terminated by buying out the lease and vary from 3 to 20 years. Some of these leases are increased annually by an inflation factor based on the CPI. These inflation rates are unknown and have not been

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

Included in amounts calculated. The net book value of property held for operating lease as of September 30, 2016, is \$563,333, not including the value of the land leased by hangar owners/operators. No allocation of land values between leased and utilized land has been done.

The projected lease revenue at current rates is as follows:

<u>Year Ended September 30</u>	
2017	\$ 832,079
2018	843,559
2019	756,648
2020	744,694
2021	744,694
2022 to 2026	3,534,860
2027 to 2031	1,968,667
2032 to 2036	<u>552,350</u>
Total	<u>\$ 9,977,551</u>

Note 10. Passenger Facility Charges

Passenger Facility Charges (PFC) at the rate of \$4.50 per enplaned passenger have been imposed by the Authority under a Federal Aviation Administration (FAA) approved application, PFC 14-09-C-00-SUN, effective July 1, 2014 to July 1, 2028, in the amount of \$2,787,259. The total amount has been approved for use. PFC revenue is used as matching funds for capital projects funded with Airport Improvement Project funds. There was no deferred revenue at September 30, 2016 and 2015.

The following schedule shows the amounts collected and expended:

	<u>Receipts</u>	<u>2016 Expenditures</u>	<u>Receipts</u>	<u>2015 Expenditures</u>
PFC 12-08-C-00-SUN	\$ -	\$ -	\$ 56,732	\$ -
PFC 14-09-C-00-SUN	303,118	726,124	218,952	1,735,267

Note 11. Capital Contributions

During the years ended September 30, 2016 and 2015, the Authority received the following capital contributions:

	<u>2016</u>	<u>2015</u>
Federal grants	\$ 1,322,351	\$ 19,554,437
Other sources	-	-
	<u>\$ 1,322,351</u>	<u>\$ 19,554,437</u>

Note 12. Commitments

The Authority had two open grants from the U.S. Department of Transportation Airport Improvement Program (AIP) as of September 30, 2016. A summary of these projects is as follows:

Project Description

AIP 41 Construct runway safety areas which includes relocation of parallel Taxiway B; remodel of existing Terminal Building; relocation of ARFF/SRE Building; construction of replacement cargo apron; construction of replacement hangar access taxiway; removal of buildings; construction of bypass taxiways; and grading a portion of runway safety area

AIP 42 Expand Air Carrier Apron (Phase I – Design)

<u>Total Budget</u>	<u>Federal Awards</u>	<u>Expenditures to date</u>
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FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

AIP 41	\$ 9,897,733	\$ 9,279,125	\$ 9,897,733
AIP 42	<u>190,000</u>	<u>178,125</u>	<u>38,079</u>
	<u>\$ 10,087,733</u>	<u>\$ 9,457,250</u>	<u>\$ 9,935,812</u>

Note 13. Contingencies

The 2004 Master Plan adopted by the Authority, and accepted by the FAA on August 12, 2004, concluded that a new airport is the best long-term solution for aviation safety and for meeting the air transportation needs of the Wood River Valley and surrounding communities. The Authority agreed that new airport issues would be addressed in various future feasibility studies. Conclusions also indicated that interim improvements would need to be made to the current facility. Both safety and capacity improvements will continue to be made at the current site so that it may continue to function at the highest levels.

The Authority held public discussions with the community and determined that there was a desire to identify any possible short-term mitigation available at the existing site while continuing to pursue the ultimate goal of a replacement airport at another site. At the FAA's direction, the Authority conducted an Airport Alternatives Technical Analysis to identify all conceivable configurations and options that could be implemented at the existing airport site.

Beginning in fiscal year 2013, the Authority initiated substantial steps to improve the existing airport. These improvements were the culmination of an aggressive approach to the implementation of "Alternative 6" of the Airport Alternatives Technical Analysis, which included an FAA Safety Risk Management study and the approval of five Modification to Standards (MOS) to accommodate an achievable solution to the congressional mandated safety standards at the airport by the end of calendar year 2015. These modifications consider and limit the size of aircraft to those that currently utilize Friedman rather than making alterations that would fully achieve a C-III compliant airport. \$34 million dollars in improvements were completed at the airport by the end of fiscal year 2015 to meet this mandate and include a standard Runway Safety Area (RSA), a full length parallel Taxiway Bravo, and an expansion of the airport passenger terminal and associated air carrier aircraft parking apron. Substantial construction was complete by the end of the first quarter of fiscal year 2016. In the fourth quarter of fiscal year 2016, the Authority approved additional funds for construction of a new concession space inside the terminal. Construction rolled into fiscal year 2017 with full project close out expected in fiscal year 2017.

The Authority is in the final stages of an airport master plan update. In addition to studying and planning for the future at the existing site, the master plan also studied potential replacement sites and include the development of a 20 year capital development plan with cost estimates for maintaining and enhancing the current airport as well as a replacement site. The cost estimate for a replacement site indicates significant local investment will be required. The Authority will continue the endeavor to relocate the airport when and if an acceptable site can be identified and funding can be secured.

Note 14. Impairments

An impairment loss was recognized at September 30, 2015. In relation to various AIP grant projects, the Authority demolished multiple existing assets which had not yet been fully depreciated. The remaining undepreciated cost in these assets was recognized as an impairment loss at September 30, 2015, of \$4,786,883.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2016**

Note 15. Related Party Transactions

The City of Hailey, Idaho is one of the entities that created the Authority by entering into a Joint Powers Agreement. The Authority contracts with the City of Hailey for certain security services and reimburses the City for the cost of these services. The Authority also pays the City of Hailey for sewer, water and garbage collection at the same rates as other customers. Other services may also be contracted for at comparable rates as others are charged. The amounts paid for these services are as follows:

	<u>2016</u>	<u>2015</u>
Security services	\$ 3,264	\$ 3,264
Utilities for FMAA	18,025	12,244
Construction-related utilities fully reimbursed by the construction companies	1,803	24,950
Infrastructure engineering reimbursement		4,143

The amount due to the City of Hailey at September 30, 2016, is \$2,466 and was paid within 60 days. The amount due to the City of Hailey at September 30, 2015, is \$5,708 and was paid within 60 days. During the year ended September 30, 2015, the City of Hailey reimbursed the Authority \$800 for the overassessment of permit fees.

Blaine County, Idaho is one of the entities that created the Authority by entering into a Joint Powers Agreement. The Authority contracts with the Blaine County for an antenna at the Blaine County Public Safety Facility to enhance broadband access. The amounts paid for these services are as follows:

	<u>2016</u>	<u>2015</u>
Contracts	\$ 200	\$ 200

There was nothing due to Blaine County at September 30, 2016 or 2015.

Note 16. Restatement

The Authority has determined that certain transactions were recorded incorrectly in the prior fiscal year. Cash was understated by \$388; amounts due from other governments was overstated by \$10,932; interest receivable was understated by \$287; accounts payable was overstated by \$47; accrued compensated absences was understated by \$9,282. Accordingly, the Authority restated its financial statements for the year ended September 30, 2015. The effect of the restatement was to decrease the Authority's net position and change in net position by \$19,492.

The Authority has determined that a certain transactions were recorded incorrectly in the year ended September 30, 2014. Accounts payable was understated by \$100. Accordingly, the Authority's net position was decreased by \$100.

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SUPPLEMENTARY INFORMATION

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
For the Year Ended September 30, 2016**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Over</u>
	<u>Original</u>	<u>Final</u>	<u>Budgetary</u> <u>Basis</u>	<u>Under</u> <u>Budget</u>
Operating Revenue:				
Airlines	\$ 251,762	\$ 251,762	\$ 266,364	\$ 14,602
Automobile rental	571,785	571,785	595,982	24,197
Auto parking	200,000	200,000	197,501	(2,499)
Rents, fees, commissions and leases	1,717,872	1,717,872	1,814,634	96,762
Fuel flowage fees	210,000	210,000	254,836	44,836
Other operating revenue	-	-	1,993	1,993
Total Operating Revenue	2,951,419	2,951,419	3,131,310	179,891
Operating Expenses:				
Employee wages, benefits and taxes	1,390,174	1,390,174	1,291,131	(99,043)
Supplies	83,000	83,000	200,607	117,607
Utilities	105,507	105,507	120,081	14,574
Services and contracts	538,200	538,200	571,626	33,426
Repairs and maintenance	97,000	97,000	148,038	51,038
Insurance	59,167	59,167	58,768	(399)
Other operating expense	93,900	93,900	153,340	59,440
Total Operating Expenses	2,366,948	2,366,948	2,543,591	176,643
Operating Income	584,471	584,471	587,719	3,248
Nonoperating Revenue and (Expenses):				
Passenger Facility Charges	301,500	301,500	303,147	1,647
Interest income	3,080	3,080	7,298	4,218
Federal grants	150,000	150,000	-	(150,000)
Total Nonoperating Revenue and (Expenses)	454,580	454,580	310,445	(144,135)
Capital Contributions	2,860,000	2,860,000	1,322,351	(1,537,649)
Capital Expenditures	(4,405,465)	(4,405,465)	(2,588,186)	1,817,279
Change in Net Position	\$ (506,414)	\$ (506,414)	\$ (367,671)	\$ 138,743

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**RECONCILIATION OF BUDGETARY BASIS TO GAAP
For the Year Ended September 30, 2016**

	Actual Budgetary Basis	GAAP Basis	Difference	Number of Explanation
Operating Revenue:				
Airlines	\$ 266,364	\$ 266,364	\$ -	
Automobile rental	595,982	595,982	-	
Auto parking	197,501	197,501	-	
Rents, fees, commissions and leases	1,814,634	1,814,634	-	
Fuel flowage fees	254,836	254,836	-	
Other operating revenue	1,993	1,993	-	
Total Operating Revenue	3,131,310	3,131,310	-	
Operating Expenses:				
Employee wages, benefits and taxes	1,291,131	1,313,193	22,062	1
Supplies	200,607	200,607	-	
Utilities	120,081	120,081	-	
Services and contracts	571,626	571,626	-	
Repairs and maintenance	148,038	148,038	-	
Insurance	58,768	58,768	-	
Other operating expense	153,340	153,340	-	
Depreciation	-	2,199,289	2,199,289	2
Total Operating Expenses	2,543,591	4,764,942	2,221,351	
Operating Income	587,719	(1,633,632)	(2,221,351)	
Nonoperating Revenue and (Expenses):				
Passenger Facility Charges	303,147	303,132	(15)	3, 4
Interest income	7,298	7,313	15	4
Federal Grants	-	-	-	
Total Nonoperating Revenue and (Expenses)	310,445	310,445	-	
Capital Contributions	1,322,351	1,322,351	-	
Capital Expenditures	(2,588,186)	-	2,588,186	5
Change in Net Position	\$ (367,671)	\$ (836)	\$ 366,835	

1. Accruals of compensated absences are not budgeted.
2. Depreciation is a noncash item and therefore not budgeted.
3. Passenger facility charges (PFC) are budgeted based on receipts but may be deferred for GAAP.
4. Interest earned on PFCs is budgeted as interest but reportable as PFC revenue for GAAP.
5. Capital asset purchases are budgeted but are reported as an asset instead of as an expense for GAAP.

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**UNIFORM GUIDANCE
SUPPLEMENTARY FINANCIAL REPORT**

September 30, 2016

**UNIFORM GUIDANCE
SUPPLEMENTARY FINANCIAL REPORT**

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of
Friedman Memorial Airport Authority
Hailey, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friedman Memorial Airport Authority as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Friedman Memorial Airport Authority's basic financial statements, and have issued our report thereon dated February 1, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Friedman Memorial Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Friedman Memorial Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weakness or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matter

As part of obtaining reasonable assurance about whether Friedman Memorial Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Simmons Clubb & Hodges, CPAs, PLLC
Certified Public Accountants

Boise, Idaho
February 1, 2017

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM
AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY UNIFORM GUIDANCE**

To the Board of
Friedman Memorial Airport Authority
Hailey, Idaho

Report on Compliance for Each Major Federal Program

We have audited Friedman Memorial Airport Authority's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on Friedman Memorial Airport Authority's major federal program for the year ended September 30, 2016. Friedman Memorial Airport Authority's major federal program is identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance of Friedman Memorial Airport Authority's major federal program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Friedman Memorial Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major federal program. However, our audit does not provide a legal determination of Friedman Memorial Airport Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, Friedman Memorial Airport Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended September 30, 2016.

Report on Internal Control Over Compliance

Management of Friedman Memorial Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on the major federal program to determine the auditing procedures appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly we do not express an opinion on the effectiveness of Friedman Memorial Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Simmons Clubb & Hodges, CPAs, PLLC
Certified Public Accountants

Boise, Idaho
February 1, 2017

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year Ended September 30, 2016**

	<u>Federal CFDA Number</u>	<u>Expenditures</u>
Federal Grantor Program Title: <u>U.S. Department of Transportation</u> Airport Improvement Program	20.106	\$ <u>1,322,351</u>
Total Federal Financial Assistance		\$ <u>1,322,351</u>

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended September 30, 2016**

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of Friedman Memorial Airport Authority under programs of the federal government for the year ended September 30, 2016. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Friedman Memorial Airport Authority, it is not intended to and does not present the financial position, changes in net position, or cash flows of Friedman Memorial Airport Authority.

Note 2. Summary of Significant Accounting Policies

- (1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles in the Uniform Guidance and OMB Circular A-87, *Cost Principles for State, Local, and Indian Tribal Governments*, wherein certain types of expenditures are not allowable or are limited as to reimbursement.
- (2) Friedman Memorial Airport Authority has not elected to use the 10 percent *de minimis* indirect cost rate as allowed under the Uniform Guidance.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2016

Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: unmodified opinion

Internal control over financial reporting:

- Material weaknesses identified? _____ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? _____ Yes X No

Noncompliance material to financial statements noted? _____ Yes X No

Federal Awards

Internal control over major programs:

- Material weaknesses identified? _____ Yes X No
- Reportable conditions identified that are not considered to be material weaknesses? _____ Yes X None reported

Type of auditors' report issued on compliance for major programs: unqualified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200. 516(a). _____ Yes X No

Identification of major programs:

CFDA Number(s)	Name of Federal Program or Cluster
20.106	Airport Improvement Program

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? _____ Yes X No

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2016

Findings Relating to the Financial Statements

There were no findings relating to the financial statements which were required to be reported in accordance with GAGAS.

Findings and Questioned Costs – Major Federal Awards Program Audit

There were no findings and questioned costs for Federal award which we are required to report under §___.510(a)

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2016

There are no audit findings of Friedman Memorial Airport Authority which were reported for the year ended September 30, 2015.

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**PASSENGER FACILITY CHARGE PROGRAM
FINANCIAL REPORT**

September 30, 2016

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INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To the Board of
Friedman Memorial Airport Authority
Halley, Idaho

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friedman Memorial Airport Authority, as of and for the year ended September 30, 2016, and the related notes to the financial statements, which collectively comprise Friedman Memorial Airport Authority's basic financial statements, and have issued our report thereon dated February 1, 2017.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Friedman Memorial Airport Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Friedman Memorial Airport Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matter

As part of obtaining reasonable assurance about whether Friedman Memorial Airport Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Simmons, Clubb & Hodges, PLLC
Certified Public Accountants

Boise, Idaho
February 1, 2017

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR THE PASSENGER FACILITY CHARGE PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE

To the Board of
Friedman Memorial Airport Authority
Hailey, Idaho

Report on Compliance for the Passenger Facility Charge Program

We have audited the Friedman Memorial Airport Authority's compliance with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies (Guide)*, issued by the Federal Aviation Administration, that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2016.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its passenger facility charge program.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for Friedman Memorial Airport Authority's passenger facility charge program based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the *Passenger Facility Charge Audit Guide for Public Agencies*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on the passenger facility charge program occurred. An audit includes examining, on a test basis, evidence about the Friedman Memorial Airport Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the passenger facility charge program. However, our audit does not provide a legal determination of Friedman Memorial Airport Authority's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, Friedman Memorial Airport Authority's complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of Friedman Memorial Airport Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Friedman Memorial Airport Authority's internal control over

compliance with the types of requirements that could have a direct and material effect on the passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the passenger facility charge program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Friedman Memorial Airport Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of the passenger facility charge program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of the passenger facility charge program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the passenger facility charge program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Guide. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Passenger Facility Charges Collected and Expended -- Cash Basis

We have audited the financial statements of Friedman Memorial Airport Authority as of and for the year ended September 30, 2016, and have issued our report thereon dated February 1, 2017 which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of passenger facility charges is presented for purposes of additional analysis as specified in the Guide and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of passenger facility charges collected and expended -- cash basis is fairly stated in all material respects in relation to the financial statements as a whole.

Simmons and Clubb
Certified Public Accountants

Boise, Idaho
February 1, 2017

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED – CASH BASIS
For the Year Ended September 30, 2016**

<u>Description</u>	<u>Application Number</u>	<u>Total Grant Award</u>	<u>Accrued (Deferred) PFC Revenue 9/30/16</u>	<u>Cash Received 10/1/15 thru 9/30/16</u>	<u>Expenditures</u>	<u>Transfers</u>	<u>Accrued (Deferred) PFC Revenue 9/30/16</u>
<u>U.S. Department of Transportation</u>							
Passenger Facility Charge	14-09-C-00-SUN	\$ 2,767,259	\$ 856,288	\$ 303,132	\$ 765,079	\$ 0	\$ 1,318,234

See Accompanying Notes to Financial Statements

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO SCHEDULE OF PASSENGER FACILITY CHARGES COLLECTED AND EXPENDED
For the Year Ended September 30, 2016**

Note 1. Basis of Presentation

The accompanying schedule of passenger facility charges collected and expended is presented on the cash basis of accounting. Therefore, some amounts presented in these schedules may differ from amounts presented in, or used in the preparation of the financial statements.

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY
PASSENGER FACILITY CHARGES SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2016

Findings Relating to Passenger Facility Charges

There are no audit findings for the year ended September 30, 2016.

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY
PASSENGER FACILITY CHARGES SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2016

Prior Year Findings to Passenger Facility Charges

There are no audit findings for the year ended September 30, 2015.

DRAFT

ATTACHMENT 2

**MINUTES OF A REGULAR MEETING
OF THE
FRIEDMAN MEMORIAL AIRPORT AUTHORITY***

**January 3, 2017
5:30 P.M.**

IN ATTENDANCE:

BOARD MEMBERS: Chairman – Ron Fairfax, Vice-Chairman – Don Keirn, Secretary - Lawrence Schoen, Treasurer - Jacob Greenberg, Board - Fritz Haemmerle, Angenie McCleary, Pat Cooley

FRIEDMAN MEMORIAL AIRPORT STAFF: Airport Manager – Chris Pomeroy, Contracts/Finance Administrator – Lisa Emerick, ASC/Special Projects Coordinator/Executive Assistant – Steve Guthrie, Administrative Assistant/Alternate Security Coordinator – Roberta Christensen, Administrative Assistant – Cecilia Vega
CONSULTANTS: T-O Engineers – Dave Mitchell; Centerlyne – Nancy Glick and Sarah Shepard

AIRPORT TENANTS/PUBLIC: Atlantic Aviation – Susan Harris; The Car Park – Dot McIntire; Lisa Phillips, Marc Reinemann

AIRPORT LEGAL COUNSEL: Lawson Laski Clark & Pogue, PLLC – Jim Laski

PRESS: Idaho Mountain Express – Ryan Thorne

CALL TO ORDER:

The meeting was called to order at 5:35 p.m. by Chairman Fairfax.

I. APPROVE AGENDA

Board Member McCleary requested that the Board discuss rescheduling the February meeting date as the Blaine County Commissioners will be out of town at a conference.

The agenda was approved with the following changes:

VII. NEW BUSINESS

A. February Meeting Date

DISCUSSION

MOTION:

Made by Board Member McCleary to approve the agenda with the addition of a discussion of the February Meeting Date under New Business at the end of the meeting. Seconded by Chairman Fairfax.

PASSED UNANIMOUSLY

II. PUBLIC COMMENT

No public comment was made.

**III. APPROVE FMAA
MEETING MINUTES**

A. November 29, 2016 Regular Meeting (See Brief)

The November 29, 2016 Friedman Memorial Airport Authority Meeting Minutes were approved as presented.

MOTION:

Made by Board Member McCleary to approve the November 29, 2016 Friedman Memorial Airport Authority Regular Meeting Minutes as presented. Seconded by Vice-Chairman Keirn.

PASSED UNANIMOUSLY

A. December 14, 2016 Special Meeting (See Brief)

The December 14, 2016 Friedman Memorial Airport Authority Meeting Minutes were approved as presented.

MOTION:

Made by Vice-Chairman Keirn to approve the November 29, 2016 Friedman Memorial Airport Authority Regular Meeting Minutes as presented. Seconded by Board Member McCleary.

PASSED UNANIMOUSLY

IV. REPORTS

A. Chairman Report

Chairman Fairfax thanked the Board for selecting him as the Independent Board Member for an additional two years.

B. Blaine County Report

No report was given.

C. City of Hailey Report

No report was given.

D. Airport Manager Report (See Power Point Presentation)

Airport Manager Pomeroy reported on the following:

- Airport Manager Pomeroy and Hailey Fire Chief Craig Aberbach attended an Aircraft Rescue Fire Fighting school in Salt Lake City, Utah in December. They both benefited from the training and enjoyed the experience.
- The inaugural flight celebration for Alaska Airline's Portland flight on December 17th was well- attended and successful.
- The new RNP flight approach has increased accessibility to the Airport.
- New runway contaminant requirements from the FAA are being implemented. The new requirements have caused increased crew time and equipment use to keep the runway open more often during inclement weather.
- Management's winter operations observations include ATC Delays, the need for additional air carrier parking space, several general aviation aircraft dropping clients off and leaving again due to cold temperatures and a lack of hangars, a congested terminal and a need for additional and new, reliable snow removal equipment.

Board Member Schoen suggested that the Board investigate additional new winter fee-based services for aircraft as an alternative to these additional operations.

Airport Manager Pomeroy commented that he will research Board Member Schoen's suggestion.

Board Member Schoen asked Airport Manager Pomeroy to define "runway contamination." He also asked if the entire width of the runway is required to be clear of contamination in order to be operational.

Airport Manager Pomeroy answered that runway contamination is snow and/or ice on the runway and the entire width of the runway does not have to be clear of ice or snow to be considered operational. He commented that the Airport tries to maintain a contamination-free runway width of 80 feet.

E. Communications Director Report

Communications Director Nancy Glick reported that the Airport's new website is live and operational.

F. Fly Sun Valley Alliance Report

Fly Sun Valley Alliance representative Carol Waller thanked the Board for hosting the inaugural flight celebration for Alaska Airline's Portland flight. She reported that FSVA hopes to announce the summer flight schedule by the end of January as well as report the results of the 2016 air service passenger survey at the February Board meeting.

V. AIRPORT STAFF BRIEF

A. Noise Complaints (See Brief)

B. Parking Lot Update (See Brief)

Airport Manager Pomeroy introduced Dorothy McIntire as the new General Manager of The Car Park.

C. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data (See Brief)

D. Airport Commercial Flight Interruptions (See Brief)

Board Member Schoen commented that the ongoing disrupted travel with SkyWest Airlines is problematic and some of their decision-making around diversions has been questionable, while Alaska Airlines has remained operational.

Ms. Waller commented that a meeting will be scheduled between herself, SkyWest and Airport Manager Pomeroy to discuss these issues.

E. Review Correspondence (See Brief)

VI. OLD BUSINESS

A. Airport Committee(s)

a. Voluntary Noise Abatement Program Review Committee (See Brief)

Airport Manager Pomeroy briefed the Board that the Voluntary Noise Abatement Committee (VNAC) public outreach meetings Ketchum, Hailey, and Bellevue have been scheduled for January 10th, 12th, and 19th, respectively.

B. Construction and Capital Projects

a. Runway Safety Area Improvements Project – Update (See Brief and Power Point Presentation)

Engineer Mitchell briefed the Board that the AIP '041 close-out is still pending but he hopes to have it completely closed-out by the end of January.

b. Terminal Air Carrier Apron and Parking Lot Improvements – Update (See Brief and Power Point Presentation)

Engineer Mitchell briefed the Board that the Terminal Air Carrier Apron and Parking Lot Improvements plan has been revised to reflect comments from the Board's Design Review Committee. He also discussed the portions of the project that will be eligible for AIP funding and which portions will be ineligible.

Chairman Fairfax commented that he does not like the figure eight traffic flow or the north entrance and south exit for the passenger vehicle parking lot configuration as it will cause confusion in periods of heavy traffic.

Board Member Haemmerle commented that the City of Hailey planning staff voiced a strong preference for entering the parking lot at the north and departing to the south.

Engineer Mitchell commented that he could research a traffic flow path that eliminates the figure eight approach for the design committee's review.

Board Member Schoen and Vice-Chairman Keirn commented that they support a north entrance to the vehicle parking lot.

The Board agreed that the Design Committee should review the vehicle parking lot plans again to work on some of the details mentioned.

Board Member McCleary asked what the budget for this project was initially as the estimated cost seems higher than the amount the Board approved in the Budget. She also asked if the project's costs for the vehicle parking lot can be reduced.

Chairman Fairfax commented that a redesign of the traffic flow in the bottom portion of the parking lot may help reduce costs.

Engineer Mitchell answered that T-O Engineers will endeavor to design the parking lot in a way that will produce a more favorable cost.

Board Member Schoen asked why landscaping is necessary along the retaining wall of the air carrier parking lot.

Engineer Mitchell answered that the City of Hailey will require some landscaping for the retaining wall. Board Member Haemmerle confirmed that the City of Hailey will require landscaping for the wall.

Engineer Mitchell requested that the Board approve a draft scope of work and authorization to proceed with the development and fee negotiation for additional work for the vehicle parking lot project.

The Board agreed to postpone action on Engineer Mitchell's request until February.

c. Terminal Airline Ticketing Office Improvements – Update (See Brief and Power Point Presentation)

Airport Manager Pomeroy briefed the Board that he will be scheduling a meeting with the Design Committee to review new schemes for the Airline Ticketing Office (ATO) that he has received from R/L/B Architecture. Airport Staff will also be contacting TSA headquarters for application procedures and general guidelines and policies for funding.

C. Airport Planning Projects

a. Noise Modeling – Update (See Brief and Power Point Presentation)

Airport Manager Pomeroy updated the Board on the status of the Noise Modeling Project (See Brief and Power Point Presentation).

Board Member Schoen asked if the VNAC was apprised of the Board's feedback to VNAC Chairman Walt Denekas after his presentation to the Board at the November 29th Board meeting.

Airport Manager Pomeroy answered that Staff is awaiting a response from Mr. Denekas.

- b. **Airport Master Plan – Update (See Brief and Power Point Presentation)**
 Airport Manager Pomeroy updated the Board on the status of the Airport Master Plan and Airport Layout Plan Drawing Set (See Brief and Power Point Presentation).

Board Member Haemmerle commented that some of the elements of the ALP were included because the ALP is a planning document and does not obligate the Board to conduct all elements of the ALP.

Airport Manager Pomeroy commented that once the FAA has reviewed and approved the final ALP, they will send the Board a letter that articulates their understanding that the ALP is a planning document and that it does not commit the FAA or Airport Sponsor to funding for the ALP projects.

Engineer Mitchell briefed the Board that the ALP reflects what is shown on the Conceptual Development Plan in the Master Plan Update. He also commented that any project that is not on the ALP cannot be done until the ALP is updated to include that project.

D. Other

- a. **Independent Board Member Selection Process – Update (See Brief and Power Point Presentation)**

VII. NEW BUSINESS

A. February Meeting Date Change

The Board discussed rescheduling the February meeting date and agreed to reschedule the meeting from February 7, 2017 to Tuesday, January 31, 2017.

VIII. PUBLIC COMMENT

No public comment was made.

IX. EXECUTIVE SESSION – I.C. §74-206 (a)(c)(f)

MOTION:

Made by Board Member Schoen to enter into executive session pursuant to Idaho Code §74-206 paragraph (a) to consider action regarding Airport Manager position, paragraph (c) to acquire an interest in real property and paragraph (f) to communicate with legal counsel to discuss legal ramifications for controversy imminently likely to be litigated. Seconded by Board Member Haemmerle.

ROLL CALL VOTE:

<i>Chairman Fairfax</i>	Yes
<i>Vice-Chairman Keirn</i>	Yes
<i>Board Member Greenberg</i>	Yes
<i>Board Member Schoen</i>	Yes
<i>Board Member Haemmerle</i>	Yes
<i>Board Member McCleary</i>	Yes
<i>Board Member Cooley</i>	Yes

PASSED UNANIMOUSLY

X. ~~IX.~~ ADJOURNMENT

The January 3, 2017 Regular Meeting of the Friedman Memorial Airport Authority was adjourned at approximately 7:25 p.m.

Lawrence Schoen, Secretary

* *Additional resources/materials that should be reviewed with these meeting minutes include but are not limited to the Friedman Memorial Airport Authority Board Packet briefing, the PowerPoint presentation prepared for this meeting and any referenced attachments.*

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
October through November 2016

Ordinary Income/Expense	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
Income				
4000-00 · AIRCARRIER				
4000-01 · Aircarrier - Lease Space	14,086.86	106,500.00	-92,413.14	13.2%
4000-02 · Aircarrier - Landing Fees	14,555.19	165,000.00	-150,444.81	8.8%
4000-03 · Aircarrier - Gate Fees	200.00	2,400.00	-2,200.00	8.3%
4000-04 · Aircarrier - Utility Fees	60.00	20,000.00	-19,940.00	0.3%
4000-05 · Aircarrier - Misc.	0.00	4,800.00	-4,800.00	0.0%
4010-07 · Aircarrier - '14 PFC App	54,245.01	325,000.00	-270,754.99	16.7%
Total 4000-00 · AIRCARRIER	83,147.06	623,700.00	-540,552.94	13.3%
4020-00 · TERMINAL AUTO PARKING REVENUE				
4020-01 · Automobile Parking - Terminal	36,015.15	250,000.00	-213,984.85	14.4%
Total 4020-00 · TERMINAL AUTO PARKING REVENUE	36,015.15	250,000.00	-213,984.85	14.4%
4030-00 · AUTO RENTAL REVENUE				
4030-01 · Automobile Rental - Commission	39,996.00	500,000.00	-460,004.00	8.0%
4030-02 · Automobile Rental - Counter	4,457.64	27,000.00	-22,542.36	16.5%
4030-03 · Automobile Rental - Auto Prkg	22,402.32	64,500.00	-42,097.68	34.7%
4030-04 · Automobile Rental - Utilities	0.00	2,500.00	-2,500.00	0.0%
Total 4030-00 · AUTO RENTAL REVENUE	66,855.96	594,000.00	-527,144.04	11.3%
4040-00 · TERMINAL CONCESSION REVENUE				
4040-10 · Advertising - Commission	5,250.00	47,000.00	-41,750.00	11.2%
4040-11 · Vending Machines - Commission	2,244.79	17,000.00	-14,755.21	13.2%
4040-12 · Terminal ATM	26.50	300.00	-273.50	8.8%
Total 4040-00 · TERMINAL CONCESSION REVENUE	7,521.29	64,300.00	-56,778.71	11.7%
4050-00 · FBO REVENUE				
4050-01 · FBO - Lease Space	48,408.60	240,000.00	-191,591.40	20.2%
4050-02 · FBO - Tiedown Fees	26,468.10	500,000.00	-473,531.90	5.3%
4050-03 · FBO - Landing Fees - Trans.	25,063.70	330,000.00	-304,946.30	7.6%
4050-04 · FBO - Commission	1,977.59	18,000.00	-16,022.41	11.0%
Total 4050-00 · FBO REVENUE	101,907.99	1,088,000.00	-986,092.01	9.4%
4060-00 · FUEL FLOWAGE REVENUE				
4060-01 · Fuel Flowage - FBO	21,058.80	300,000.00	-278,941.20	7.0%
Total 4060-00 · FUEL FLOWAGE REVENUE	21,058.80	300,000.00	-278,941.20	7.0%
4070-00 · TRANSIENT LANDING FEES REVENUE				
4070-02 · Landing Fees - Non-Comm./Gov't	218.82	500.00	-281.18	43.8%
Total 4070-00 · TRANSIENT LANDING FEES REVENUE	218.82	500.00	-281.18	43.8%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
 October through November 2016

	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
4080-00 · HANGARS REVENUE				
4080-01 · Land Lease - Hangar	99,995.86	450,000.00	-350,004.14	22.2%
4080-02 · Land Lease - Hangar/Trans. Fee	308.50	5,500.00	-5,191.50	5.6%
4080-03 · Land Lease - Hangar/Utilities	340.39	1,600.00	-1,259.61	21.3%
Total 4080-00 · HANGARS REVENUE	100,644.75	457,100.00	-356,455.25	22.0%
4090-00 · TIEDOWN PERMIT FEES REVENUE				
4090-01 · Tiedown Permit Fees (FMA)	8,016.75	12,000.00	-3,983.25	66.8%
Total 4090-00 · TIEDOWN PERMIT FEES REVENUE	8,016.75	12,000.00	-3,983.25	66.8%
4100-00 · POSTAL CARRIERS REVENUE				
4100-01 · Postal Carriers - Landing Fees	1,562.07	13,000.00	-11,437.93	12.0%
4100-02 · Postal Carriers - Tiedown	2,970.00			
Total 4100-00 · POSTAL CARRIERS REVENUE	4,532.07	13,000.00	-8,467.93	34.9%
4110-00 · MISCELLANEOUS REVENUE				
4110-01 · Misc. Revenue	5,447.52			
4110-06 · Misc. - Security-Prox. Cards	19,450.00	32,000.00	-12,550.00	60.8%
4110-09 · Miscellaneous Expense Reimburse	917.50			
Total 4110-00 · MISCELLANEOUS REVENUE	25,815.02	32,000.00	-6,184.98	80.7%
4120-00 · GROUND TRANSP. PERMIT REVENUE				
4120-01 · Ground Transportation Permit	600.00	17,000.00	-16,400.00	3.5%
4120-02 · GTSP - Trip Fee	600.00			
Total 4120-00 · GROUND TRANSP. PERMIT REVENUE	1,200.00	17,000.00	-15,800.00	7.1%
4400-00 · TSA				
4400-02 · Terminal Lease	6,727.50	40,400.00	-33,672.50	16.7%
Total 4400-00 · TSA	6,727.50	40,400.00	-33,672.50	16.7%
4510-00 · DOT/Small Community Air Service				
4510-02 · Small Community Air Serv. 2016	0.00	500,000.00	-500,000.00	0.0%
Total 4510-00 · DOT/Small Community Air Service	0.00	500,000.00	-500,000.00	0.0%
4520-00 · INTEREST INCOME				
4600-00 · Interest Income - General	1,740.13	1,500.00	240.13	116.0%
Total 4520-00 · INTEREST INCOME	1,740.13	1,500.00	240.13	116.0%
4742-00 · AIP 42 - Project TBD				
4742-01 · AIP '42 Project TBD	0.00	187,500.00	-187,500.00	0.0%
Total 4742-00 · AIP 42 - Project TBD	0.00	187,500.00	-187,500.00	0.0%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
October through November 2016

	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
4743-00 · AIP 43 - Project TBD	0.00	1,992,200.00	-1,992,200.00	0.0%
4743-01 · AIP 43 Project TBD	0.00	1,992,200.00	-1,992,200.00	0.0%
Total 4743-00 · AIP 43 - Project TBD	465,401.29	6,173,200.00	-5,707,798.71	7.5%
Total Income	465,401.29	6,173,200.00	-5,707,798.71	7.5%
Gross Profit				
Expense				
EXPENDITURES				
"A" EXPENSES				
5000-01 · Salaries - Airport Manager	22,500.00	156,900.00	-134,400.00	14.3%
5000-02 · Salaries - Assist. Airpt. Manag	0.00	85,000.00	-85,000.00	0.0%
5010-00 · Salaries - Contracts/Finance Adm	16,298.54	95,906.57	-79,608.03	17.0%
5010-01 · Salaries - Office Assist.	32,287.70	189,004.00	-156,716.30	17.1%
5020-00 · Salaries - ARFF/OPS Manager	15,047.71	95,906.57	-80,858.86	15.7%
5030-00 · Salaries - ARFF/OPS Specialist	52,711.46	340,772.84	-288,061.38	15.5%
5040-00 · Salaries-ASC/Sp.Prjct./Ex. Assi	12,037.86	75,000.00	-62,962.14	16.1%
5050-00 · Salaries-Seasonal-Snow Removal	4,352.00	38,000.00	-33,648.00	11.5%
5050-02 · Salaries - Merit Increase	0.00	39,493.45	-39,493.45	0.0%
5060-01 · Overtime - General	0.00	2,000.00	-2,000.00	0.0%
5060-02 · Overtime - Snow Removal	0.00	20,000.00	-20,000.00	0.0%
5060-04 · OT - Security	0.00	5,000.00	-5,000.00	0.0%
5100-00 · Retirement	15,085.18	130,000.00	-114,914.82	11.6%
5110-00 · Social Security/Medicare	11,602.21	85,000.00	-73,397.79	13.6%
5120-00 · Life Insurance	259.22	1,700.00	-1,440.78	15.2%
5130-00 · Medical Insurance	23,671.70	210,000.00	-186,328.30	11.3%
5160-00 · Workman's Compensation	0.00	15,000.00	-15,000.00	0.0%
Total "A" EXPENSES	205,853.58	1,584,683.43	-1,378,829.85	13.0%
"B" EXPENDITURES				
"B" EXPENSES - ADMINISTRATIVE				
6000-00 · TRAVEL EXPENSE	1,951.36	12,000.00	-10,048.64	16.3%
6000-01 · Travel				
Total 6000-00 · TRAVEL EXPENSE	1,951.36	12,000.00	-10,048.64	16.3%
6010-00 · SUPPLIES/EQUIPMENT EXPENSE				
6010-01 · Supplies - Office	1,331.65	13,000.00	-11,668.35	10.2%
6010-03 · Supplies - Computer	407.98			
Total 6010-00 · SUPPLIES/EQUIPMENT EXPENSE	1,739.63	13,000.00	-11,260.37	13.4%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
 October through November 2016

	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
6020-00 - INSURANCE				
6020-01 - Insurance - Liability	11,640.00	10,400.00	1,240.00	111.9%
6020-02 - Insurance - Public Officials	5,402.26	5,600.00	-197.74	96.5%
6020-03 - Insurance-Bldg/Unlic.Veh./Prop	37,010.00	40,500.00	-3,490.00	91.4%
6020-04 - Insurance - Licensed Vehicles	6,239.00	7,000.00	-761.00	89.1%
Total 6020-00 - INSURANCE	60,291.26	63,500.00	-3,208.74	94.9%
6030-00 - UTILITIES				
6030-01 - Utilities - Gas/Terminal	865.25	20,000.00	-19,134.75	4.3%
6030-02 - Utilities - Gas/Maintenance	719.26	10,000.00	-9,280.74	7.2%
6030-03 - Utilities - Elect./Runway&PAPI	1,276.30	7,000.00	-5,723.70	18.2%
6030-04 - Utilities - Elec./Office/Maint.	1,501.62	12,000.00	-10,498.38	12.5%
6030-05 - Utilities - Electric/Terminal	6,028.16	40,000.00	-33,971.84	15.1%
6030-06 - Utilities - Telephone	1,924.26	12,000.00	-10,075.74	16.0%
6030-07 - Utilities - Water	155.92	1,500.00	-1,344.08	10.4%
6030-08 - Utilities - Garbage Removal	2,064.09	10,000.00	-7,935.91	20.6%
6030-09 - Utilities - Sewer	537.90	4,000.00	-3,462.10	13.4%
6030-11 - Utilities - Electric/Tower	755.45	6,000.00	-5,244.55	12.6%
6030-12 - Utilities - Elec./Brdfrd.Hghl	75.79	700.00	-624.21	10.8%
6030-15 - Utilities - Elec/AWOS	517.42	3,000.00	-2,482.58	17.2%
6030-16 - Utilities - Elec. Wind Cone	20.88	150.00	-129.12	13.9%
6030-17 - Utilities - Elec.- Hangar	88.56	200.00	-111.44	44.3%
Total 6030-00 - UTILITIES	16,530.86	126,550.00	-110,019.14	13.1%
6040-00 - SERVICE PROVIDER				
6040-01 - Service Provider - Weat/Flight	0.00	2,200.00	-2,200.00	0.0%
6040-02 - Service Provider - Term. Music	78.00	900.00	-822.00	8.7%
6040-03 - Service Provider - Internet AOB	1,308.01	10,000.00	-8,691.99	13.1%
6040-05 - Service Provider - Internet Ter	300.00	1,800.00	-1,500.00	16.7%
6040-06 - Service Provider - SSI Movement	9,850.00	9,850.00	0.00	100.0%
6040-07 - Serv. Provider - Security CMS	7,100.00	100,000.00	-92,900.00	7.1%
6040-08 - Service Provider - Part 139 Arp	3,000.00	3,000.00	0.00	100.0%
6040-09 - Service Provider - Elec. Filing	2,300.00	13,800.00	-11,500.00	16.7%
6040-10 - Service Provider - Term. Flight	420.00	6,200.00	-5,780.00	6.8%
6040-11 - Service Provider - Term. Satel	186.78	6,000.00	-5,813.22	3.1%
6040-12 - Service Provider - Certif. Mana	0.00	1,000.00	-1,000.00	0.0%
Total 6040-00 - SERVICE PROVIDER	24,542.79	154,750.00	-130,207.21	15.9%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
October through November 2016

	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
6050-00 · PROFESSIONAL SERVICES				
6050-01 · Professional Services - Legal	10,048.80	70,000.00	-59,951.20	14.4%
6050-02 · Professional Services - Audit	5,549.00	45,000.00	-39,451.00	12.3%
6050-03 · Professional Services - Engineer	125.00	8,000.00	-7,875.00	1.6%
6050-04 · Professional Services - ARFF	0.00	4,000.00	-4,000.00	0.0%
6050-05 · Professional Services - Gen.	3,150.00	10,000.00	-6,850.00	31.5%
6050-08 · Professional Services - Security	540.00	4,000.00	-3,460.00	13.5%
6050-10 · Prof. Svcs.-IT/Comp. Support	3,225.00	25,000.00	-21,775.00	12.9%
6050-12 · Prof. Serv.- Planning Air Serv.	0.00	15,000.00	-15,000.00	0.0%
6050-13 · Prof. Serv.-Website Des.& Maint	1,275.27	2,000.00	-724.73	63.8%
6050-15 · Prof. Serv. - Public Outreach	0.00	20,000.00	-20,000.00	0.0%
Total 6050-00 · PROFESSIONAL SERVICES	23,913.07	203,000.00	-179,086.93	11.8%
6060-00 · MAINTENANCE-OFFICE EQUIPMENT				
6060-01 · Maint.-Office Equip./Gen.	0.00	4,000.00	-4,000.00	0.0%
6060-04 · Maintenance - Copier	438.32			
Total 6060-00 · MAINTENANCE-OFFICE EQUIPMENT	438.32	4,000.00	-3,561.68	11.0%
6070-00 · RENT/LEASE OFFICE EQUIPMENT				
6070-02 · Rent/Lease - Postage Meter	0.00	1,400.00	-1,400.00	0.0%
Total 6070-00 · RENT/LEASE OFFICE EQUIPMENT	0.00	1,400.00	-1,400.00	0.0%
6080-00 · DUES/MEMBERSHIPS/PUBLICATIONS E				
6080-01 · Dues/Memberships/Publications	3,586.76	15,000.00	-11,413.24	23.9%
6080-04 · Airport Marketing	5,844.55	20,000.00	-14,155.45	29.2%
6080-06 · Marketing - SCASDP	1,067.89	25,000.00	-23,932.11	4.3%
Total 6080-00 · DUES/MEMBERSHIPS/PUBLICATIONS E	10,499.20	60,000.00	-49,500.80	17.5%
6090-00 · POSTAGE				
6090-01 · Postage/Courier Service	391.14	2,000.00	-1,608.86	19.6%
Total 6090-00 · POSTAGE	391.14	2,000.00	-1,608.86	19.6%
6100-00 · EDUCATION/TRAINING				
6100-01 · Education/Training - Admin.	0.00	15,000.00	-15,000.00	0.0%
6100-02 · Education/Training - OPS	1,121.00	3,500.00	-2,379.00	32.0%
6100-03 · Education/Training - ARFF	5,159.25	17,000.00	-11,840.75	30.3%
6100-04 · Education/Training - Tri-Ann	0.00	3,000.00	-3,000.00	0.0%
6100-05 · Education - Neighborl Flight	0.00	10,000.00	-10,000.00	0.0%
6100-06 · Education - Security	0.00	10,000.00	-10,000.00	0.0%
6100-07 · Education - Public Outreach	1,425.08			
Total 6100-00 · EDUCATION/TRAINING	7,705.33	58,500.00	-50,794.67	13.2%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
 October through November 2016

	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
6110-00 · CONTRACTS				
6110-01 · Contracts - General	125.00			
6110-02 · Contracts - FMAA	7,000.00	42,000.00	-35,000.00	16.7%
6110-03 · Contracts - SVAFee Collection	9,800.00	58,900.00	-49,100.00	16.6%
6110-04 · Contracts - COH LEO	544.00	5,000.00	-4,456.00	10.9%
6110-05 · Contracts - Janitorial	5,720.00	50,000.00	-44,280.00	11.4%
6110-07 · Contracts - Snow Removal	0.00	25,000.00	-25,000.00	0.0%
6110-08 · Contracts - Eccles Tree Lights	17,500.00	30,000.00	-12,500.00	58.3%
Total 6110-00 · CONTRACTS	40,689.00	210,900.00	-170,211.00	19.3%
6120-00 · PERMITS				
6120-01 · Permits - General	0.00	100.00	-100.00	0.0%
6120-02 · Permits - COH Impact Fee	0.00	10,000.00	-10,000.00	0.0%
Total 6120-00 · PERMITS	0.00	10,100.00	-10,100.00	0.0%
6130-00 · MISCELLANEOUS EXPENSES				
6130-01 · Misc. - General	1,969.38	9,000.00	-7,030.62	21.9%
6140-00 · Bank Fees	24.00	3,000.00	-2,976.00	0.8%
Total 6130-00 · MISCELLANEOUS EXPENSES	1,993.38	12,000.00	-10,006.62	16.6%
Total "B" EXPENSES - ADMINISTRATIVE	190,685.34	931,700.00	-741,014.66	20.5%
"B" EXPENSES - OPERATIONAL				
6500-00 · SUPPLIES/EQUIPMENT-ARFF/OPERATI				
6500-01 · Supplies/Equipment - General	349.64	45,000.00	-44,650.36	0.8%
6500-02 · Supplies/Equipment - Tools	234.85			
6500-03 · Supplies/Equipment - Clothing	28.46			
6500-04 · Supplies/Equipment - Janitorial	1,518.99	40,000.00	-22,000.00	45.0%
6500-05 · Supplies/Equipment - Deice	18,000.00	10,000.00	-7,953.67	20.5%
6500-06 · Supplies/Equipment - ARFF	2,046.33			
Total 6500-00 · SUPPLIES/EQUIPMENT-ARFF/OPERATI	22,178.27	95,000.00	-72,821.73	23.3%
6510-00 · FUEL/LUBRICANTS				
6510-01 · General	0.00	40,000.00	-40,000.00	0.0%
6510-02 · Fuel	2,170.97			
Total 6510-00 · FUEL/LUBRICANTS	2,170.97	40,000.00	-37,829.03	5.4%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
 October through November 2016

	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
6520-00 · VEHICLES/MAINTENANCE				
6520-01 · R/M Equipment - General	196.00	35,000.00	-34,804.00	0.6%
6520-06 · R/M Equip. - '85 Ford Dump	23.00			
6520-09 · R/M Equip. - '96 Oshkosh Swp.	1,763.38			
6520-17 · R/M Equip. '01 Case 921 Ldr.	1,204.64			
6520-18 · R/M Equip. - '97 Chevy Blazer	23.00			
6520-19 · R/M Equip. '02 Ford F-150 PU	23.00			
6520-25 · R/M Equip. - '04 Batts De-Ice	481.11			
6520-29 · R/M Equip.- 2010 Wausau Plow	5,037.24			
6520-30 · R/M Equip.-'05 Ford F-350	1,783.13			
6520-31 · R/M Equip. - Oshkosh Blower	90.23			
Total 6520-00 · VEHICLES/MAINTENANCE	10,624.73	35,000.00	-24,375.27	30.4%
6530-00 · ARFF MAINTENANCE				
6530-01 · ARFF Maint. General	0.00	7,000.00	-7,000.00	0.0%
6530-04 · ARFF Maint. - Radios	300.20			
Total 6530-00 · ARFF MAINTENANCE	300.20	7,000.00	-6,699.80	4.3%
6540-00 · REPAIRS/MAINTENANCE - BUILDING				
6540-01 · R/M Bldg. - General	214.00	40,000.00	-39,786.00	0.5%
6540-02 · R/M Bldg. - Terminal	8,650.80			
6540-03 · R/M Bldg. - Shop	179.42			
6540-04 · R/M Bldg. - Cold Storage	225.00			
6540-05 · R/M Bldg. - AOB	1,512.65			
6540-07 · R/M Bldg. - Tower	244.48			
6540-09 · R/M Bldg. - Landscaping	1,152.50			
Total 6540-00 · REPAIRS/MAINTENANCE - BUILDING	12,178.85	40,000.00	-27,821.15	30.4%
6550-00 · REPAIRS/MAINTENANCE - AIRSIDE				
6550-01 · R/M - General	0.00	28,000.00	-28,000.00	0.0%
6550-02 · R/M - Airfield	810.30			
6550-03 · R/M - Runway	112.98			
6550-04 · R/M - Lights	2,785.97			
6550-05 · R/M - Grounds	517.85			
Total 6550-00 · REPAIRS/MAINTENANCE - AIRSIDE	4,227.10	28,000.00	-23,772.90	15.1%
6560-00 · SECURITY EXPENSE				
6560-01 · Security	8,287.36	50,000.00	-41,712.64	16.6%
Total 6560-00 · SECURITY EXPENSE	8,287.36	50,000.00	-41,712.64	16.6%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
October through November 2016

	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
6570-00 · REPAIRS/MAINT.-AERONAUTICAL EQU				
6570-01 · R/M Aeronautical Equip - NDB/DME	2,509.20	25,000.00	-22,490.80	10.0%
6570-02 · R/M Aeronautical Equip. - Tower	1,869.60			
6570-04 · R/M Aeron. Equip. - AWOS/ATIS	2,569.20			
Total 6570-00 · REPAIRS/MAINT.-AERONAUTICAL EQU	6,748.00	25,000.00	-18,252.00	27.0%
Total "B" EXPENSES - OPERATIONAL	66,715.48	320,000.00	-253,284.52	20.8%
Total "B" EXPENDITURES	257,400.82	1,251,700.00	-994,299.18	20.6%
"C" EXPENSES				
7000-00 · MISC. CAPITAL EXPENDITURES				
7000-01 · Contingency	0.00	20,000.00	-20,000.00	0.0%
7000-05 · Computer Equipment/Software	0.00	3,000.00	-3,000.00	0.0%
7000-22 · Airline Ticketing Office Improv	1,022.50			
7000-23 · SRE (Tool Cat)	0.00	9,500.00	-9,500.00	0.0%
7000-24 · ARFF Equipment	0.00	12,500.00	-12,500.00	0.0%
7000-26 · Acquisition - Licensed Vehicles	6,340.37	60,000.00	-53,659.63	10.6%
7000-47 · AOB Improvements	0.00	20,000.00	-20,000.00	0.0%
7000-50 · Welding Equipment	2,459.00			
7000-52 · Tools Equipment	0.00	5,300.00	-5,300.00	0.0%
7000-53 · Term. Concession	0.00	45,000.00	-45,000.00	0.0%
Total 7000-00 · MISC. CAPITAL EXPENDITURES	9,821.87	175,300.00	-165,478.13	5.6%
7110-00 · Small Comm. Air Service				
7110-02 · Small Comm. Air Serv. 2016	0.00	534,000.00	-534,000.00	0.0%
Total 7110-00 · Small Comm. Air Service	0.00	534,000.00	-534,000.00	0.0%
7541-00 · AIP 41 SA Ph. III -Runway/Term.				
7541-02 · AIP '41 - Non-Eligible	39,586.19			
7541-07 · AIP '41 RETAINER	9,375.00			
7541-08 · AIP '41 RETAINER PFC	624.99			
Total 7541-00 · AIP 41 SA Ph. III -Runway/Term.	49,586.18			
7542-00 · AIP '42 EXPENSE - Air Carr. Apr				
7542-01 · AIP '42 - Eligible	7,155.23	200,000.00	-192,844.77	3.6%
7542-02 · AIP '42 Non-Eligible	477.02			
Total 7542-00 · AIP '42 EXPENSE - Air Carr. Apr	7,632.25	200,000.00	-192,367.75	3.8%
7543-00 · AIP '43 EXPENSE - Project TBD				
7543-01 · AIP '43 - Eligible	0.00	2,125,000.00	-2,125,000.00	0.0%
Total 7543-00 · AIP '43 EXPENSE - Project TBD	0.00	2,125,000.00	-2,125,000.00	0.0%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (Combined '17)
 October through November 2016

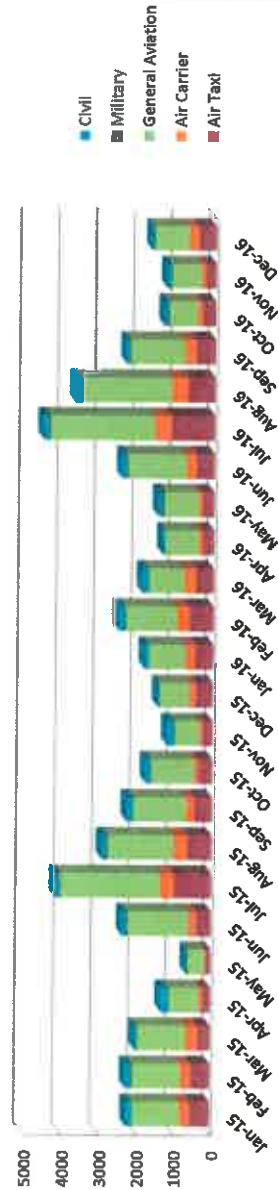
	Oct - Nov 16	Budget	\$ Over Budget	% of Budget
9001-00 · PFC 14-09-C-00-SUN				
9001-02 · PFC '14 Acquire SRE	416.25			
9001-03 · PFC '14 Master Plan	10,008.26	150,000.00	-139,991.74	6.7%
Total 9001-00 · PFC 14-09-C-00-SUN	10,424.51	150,000.00	-139,575.49	6.9%
Total "C" EXPENSES	77,464.81	3,184,300.00	-3,106,835.19	2.4%
Total EXPENDITURES	540,719.21	6,020,683.43	-5,479,964.22	9.0%
Total Expense	540,719.21	6,020,683.43	-5,479,964.22	9.0%
Net Ordinary Income	-75,317.92	152,516.57	-227,834.49	-49.4%
Net Income	-75,317.92	152,516.57	-227,834.49	-49.4%

Friedman Memorial Airport
December 2016

ATCT Traffic Operations Record

Month	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
January	3,622	3,893	3,912	2,600	3,028	2,787	4,547	2,520	2,070	2,379	2,408	2,098	2,454	2,128	2,249	1,842
February	4,027	4,498	3,073	3,122	3,789	3,597	3,548	2,857	2,244	2,647	2,117	2,205	2,612	1,417	2,268	2,533
March	4,952	5,126	3,086	4,097	3,618	2,918	4,677	3,097	2,145	2,709	1,813	1,921	2,753	1,924	2,023	1,917
April	2,494	3,649	2,213	2,840	2,462	2,047	2,581	2,113	1,724	1,735	1,604	1,513	1,509	1,210	1,337	1,380
May	3,905	4,184	2,654	3,282	2,729	2,134	1,579	2,293	2,280	1,891	1,533	1,693	1,852	555	668	1,501
June	4,787	5,039	4,737	4,438	3,674	3,656	5,181	3,334	2,503	3,019	2,898	2,761	3,203	2,164	2,387	2,475
July	6,359	8,796	6,117	5,910	5,424	5,931	7,398	4,704	4,551	5,005	5,004	4,810	5,345	4,345	4,159	4,562
August	6,479	6,917	5,513	5,707	5,722	6,087	8,196	4,570	4,488	4,705	4,326	3,823	4,644	3,114	2,932	3,719
September	3,871	4,636	4,162	4,124	4,609	3,760	4,311	2,696	4,488	3,128	3,359	2,396	2,403	2,237	2,292	2,379
October	3,879	3,656	3,426	2,936	3,570	3,339	3,103	2,134	2,145	2,012	1,886	1,658	1,874	1,760	1,789	1,377
November	3,082	2,698	2,599	2,749	2,260	2,912	2,892	1,670	1,901	1,309	1,114	1,325	1,475	908	1,229	1,314
December	3,401	2,805	3,247	3,227	2,722	3,834	2,699	1,848	2,272	1,811	2,493	2,066	2,016	1,545	1,482	1,717
Totals	50,858	55,897	44,739	45,032	43,607	43,002	50,712	33,836	31,699	32,350	30,555	28,269	32,140	23,307	24,815	26,716

Operations
2015-2016
(Cumulative)



ATCT Operations Change (2016 vs. 2015)			
	2016	2015	% Change
Air Taxi	6,210	5,368	16%
Air Carrier	2,967	2,428	22%
General Aviation	15,958	15,361	4%
Military	162	103	57%
Civil	1,419	1,534	-7%
Total	26,716	24,815	7.66%



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**Air Traffic Record
1996 - 2016**

Calendar Year	Air Taxi	Air Carrier	General Aviation	Military	Civil	Total
1996	16,834	36	57,708	22	9,833	84,433
1997	14,894	28	55,164	6	9,088	79,180
1998	16,672	5	49,036	8	7,502	73,223
1999	19,913	4	51,445	34	6,887	78,283
2000	24,358	14	55,023	21	6,007	85,423
2001	12,747	222	32,595	27	5,257	50,848
2002	15,087	994	32,540	47	7,229	55,897
2003	13,206	1,414	25,751	54	4,314	44,739
2004	13,698	1,129	25,595	30	4,580	45,032
2005	14,335	1,137	24,854	19	3,262	43,607
2006	14,252	1,168	23,715	35	3,832	43,002
2007	13,863	1,131	29,588	112	6,018	50,712
2008	10,555	2,131	19,731	77	1,342	33,836
2009	10,327	688	19,009	189	1,486	31,699
2010	10,076	948	19,504	218	1,604	32,350
2011	9,682	734	18,796	239	1,104	30,555
2012	8,556	712	17,537	154	1,310	28,269
2013	8,499	817	19,678	111	3,035	32,140
2014	5,213	2,624	14,142	102	1,226	23,307
2015	5,368	2,429	15,381	103	1,534	24,815
2016	6,210	2,967	15,958	162	1,419	26,716

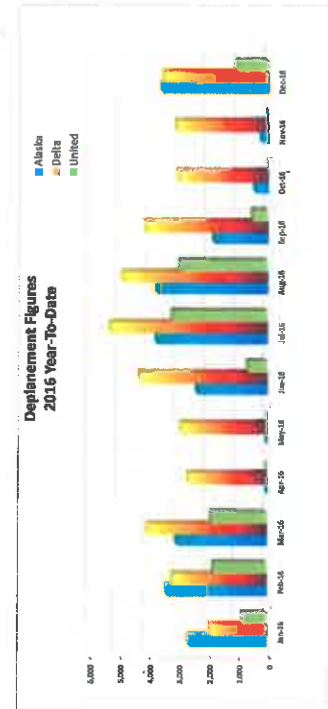
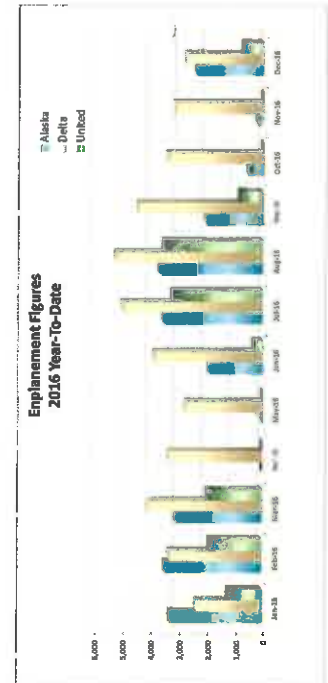
Friedman Memorial Airport
December 2016

Date	Alaska Airlines				Delta Airlines				United Airlines				Prior Year Total Emp.	Total % Change
	Revenue	Non-Revenue	Total	Prior Year Month	Revenue	Non-Revenue	Total	Prior Year Month	Revenue	Non-Revenue	Total	Prior Year Month		
Jan-16	3,194	38	3,232	2,616	2,285	41	2,326	2,996	1,166	31	1,197	1,277	6,755	-1.9%
Feb-16	3,348	59	3,407	3,261	3,192	70	3,262	2,703	1,818	32	1,850	1,194	8,519	19.0%
Mar-16	2,975	73	3,048	3,362	3,929	94	4,023	4,264	1,899	23	1,922	1,437	8,993	-0.8%
Apr-16	0	0	0	0	3,232	95	3,327	2,373	0	0	0	0	3,327	40.2%
May-16	0	0	0	0	2,642	93	2,735	935	0	0	0	0	2,735	192.5%
Jun-16	1,839	54	1,893	1,661	3,705	120	3,825	3,344	291	8	299	203	6,017	15.8%
Jul-16	3,426	66	3,492	3,508	4,867	97	4,964	3,801	3,133	54	3,187	2,807	11,643	15.1%
Aug-16	3,569	81	3,640	3,661	5,072	124	5,196	3,786	3,458	48	3,506	3,299	12,342	14.9%
Sep-16	1,968	36	2,004	2,071	4,326	117	4,443	3,599	801	18	819	756	7,266	13.1%
Oct-16	511	6	517	511	3,288	58	3,347	3,615	0	0	0	0	3,864	-6.3%
Nov-16	187	2	189	0	3,039	83	3,122	2,520	0	0	0	0	3,311	31.4%
Dec-16	2,261	84	2,345	1,397	2,638	84	2,722	2,155	681	13	694	832	5,761	32.0%
Totals	23,268	499	23,767	22,048	42,215	1,077	43,292	36,071	13,247	227	13,474	11,805	80,533	15.2%

Legend for Chart

Date	Alaska Airlines				Delta Airlines				United Airlines				Prior Year Total Dep.	Total % Change
	Revenue	Non-Revenue	Total	Prior Year Month	Revenue	Non-Revenue	Total	Prior Year Month	Revenue	Non-Revenue	Total	Prior Year Month		
Jan-16	2,555	34	2,589	2,168	1,851	37	1,888	2,176	767	23	790	722	5,267	4.0%
Feb-16	3,267	74	3,341	3,360	3,082	64	3,146	2,729	1,757	30	1,787	1,319	8,274	11.2%
Mar-16	2,987	66	3,053	3,066	3,924	81	4,005	3,919	1,810	48	1,858	1,192	8,896	8.8%
Apr-16	0	0	0	0	2,567	71	2,638	2,092	0	0	0	0	2,638	26.1%
May-16	0	0	0	0	2,799	86	2,885	928	0	0	0	0	2,885	210.9%
Jun-16	2,293	69	2,362	2,323	4,149	108	4,257	3,604	627	9	636	547	7,255	12.1%
Jul-16	3,687	53	3,740	4,036	5,170	105	5,275	3,800	3,133	65	3,198	2,882	12,213	13.9%
Aug-16	3,663	80	3,743	3,546	4,737	125	4,862	3,424	2,881	47	2,928	2,522	11,533	9.492%
Sep-16	1,768	58	1,826	1,994	3,963	122	4,105	3,291	488	15	513	506	6,444	11.3%
Oct-16	432	4	436	489	2,934	65	2,999	3,222	0	0	0	0	3,435	-7.7%
Nov-16	230	1	231	0	3,004	72	3,076	2,441	0	0	0	0	3,307	35.5%
Dec-16	3,502	48	3,550	2,072	3,444	66	3,510	2,546	1,018	11	1,029	1,064	8,089	42.4%
Totals	24,364	487	24,851	23,094	41,844	1,002	42,846	34,172	12,491	248	12,739	10,754	80,236	18.0%

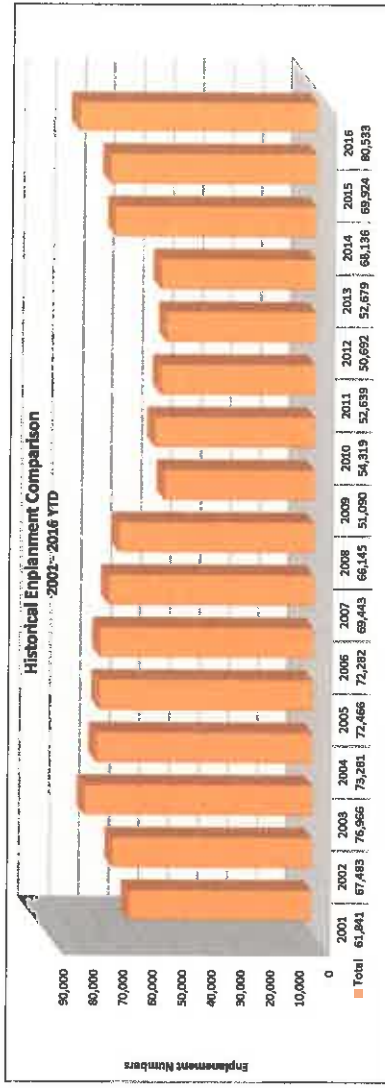
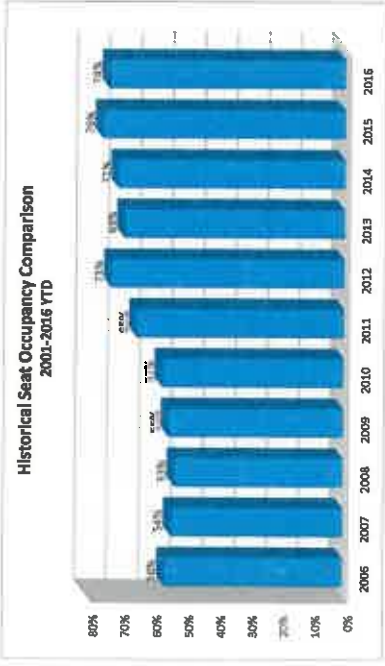
Legend for Chart



Friedman Memorial Airport
December 2016

Month	Alaska Airlines				Delta Airlines				United Airlines				Seat Occupancy Totals				Seat Occupancy Totals Prior Year Comparison			
	Departure Flights	Seats Available*	Seats Occupied	Percent Occupied	Departure Flights	Seats Available	Seats Occupied	Percent Occupied	Departure Flights	Seats Available	Seats Occupied	Percent Occupied	Total Seats Available	Total Seats Occupied	Total Percent Occupied	Prior Year % Change Total Seats Available	Prior Year % Change Total Seats Occupied	Prior Year % Change Total % Occupied		
Jan-16	60	4,560	3,232	71%	44	3,036	2,326	77%	30	1,980	1,197	60%	9,576	6,755	71%	3%	-2%	-4%		
Feb-16	56	4,256	3,407	80%	60	4,140	3,262	79%	38	2,508	1,850	74%	10,904	8,519	78%	13%	19%	5%		
Mar-16	51	3,876	3,048	79%	80	5,520	4,023	73%	37	2,442	1,922	79%	11,838	8,993	76%	0%	-1%	-1%		
Apr-16	0	0	0	0%	62	4,278	3,327	78%	0	0	0	0%	4,278	3,327	78%	22%	40%	18%		
May-16	0	0	0	0%	56	3,864	2,735	71%	0	0	0	0%	3,864	2,735	71%	21%	193%	-5%		
Jun-16	42	2,856	1,893	66%	86	5,934	3,825	64%	14	924	289	32%	9,714	6,017	62%	22%	16%	-6%		
Jul-16	61	4,148	3,492	84%	101	6,969	4,964	71%	62	4,340	3,187	73%	15,457	11,643	75%	17%	15%	-3%		
Aug-16	61	4,148	3,640	88%	96	6,624	5,196	78%	62	4,340	3,506	81%	15,112	12,342	82%	19%	15%	-4%		
Sep-16	36	2,448	2,004	82%	85	5,865	4,443	76%	21	1,386	819	59%	9,699	7,266	75%	24%	13%	-8%		
Oct-16	8	608	517	85%	56	3,864	3,347	87%	0	0	0	0%	4,472	3,864	86%	-7%	0%	0%		
Nov-16	4	304	189	62%	58	4,002	3,122	78%	0	0	0	0%	4,306	3,311	77%	39%	31%	-5%		
Dec-16	53	4,028	2,345	58%	66	4,554	2,722	60%	17	1,122	694	62%	9,704	5,761	59%	44%	32%	-9%		
Totals	432	31,232	23,767	76%	850	58,850	43,292	74%	281	19,042	13,474	71%	106,924	80,533	74%	7%	8%	1%		

Note: Total of 66 Seats Available on aircraft for summer months
 Total of 78 Seats Available on aircraft for winter months
 *Seats are capped at 88 during some periods in the summer due to weight and balance requirements and other times of the year seats may be capped due to environmental conditions





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**Historical Passenger Count
1995-2016**

Calendar Year	Enplanements	Deplanements	Total
1995	64,731	63,226	127,957
1996	63,071	62,356	125,427
1997	60,939	58,882	119,821
1998	61,430	61,500	122,930
1999	68,719	67,490	136,209
2000	71,611	69,761	141,372
2001	61,841	58,795	120,636
2010	67,483	63,797	131,280
2003	76,966	71,909	148,875
2004	73,281	74,236	147,517
2005	72,466	75,233	147,699
2006	72,282	72,057	144,339
2007	69,443	68,462	137,905
2008	66,145	65,242	131,387
2009	51,090	50,526	101,616
2010	54,319	53,796	108,115
2011	52,639	51,864	104,503
2012	50,692	49,455	100,147
2013	52,679	52,995	105,674
2014	68,136	65,959	134,095
2015	69,924	68,020	137,944
2016	80,533	80,236	160,769

Congress of the United States
House of Representatives
Washington, DC 20515

December 9, 2016

The Honorable Donald Trump
President-Elect of the United States
Transition Team Headquarters – Trump Tower
725 5th Avenue
New York, New York 10022

The Honorable Mike Pence
Vice President-Elect of the United States
Transition Team Headquarters – Trump Tower
725 5th Avenue
New York, New York 10022

Dear President-Elect Trump and Vice President-Elect Pence:

We write to you knowing you are busy moving forward with transition plans for your Administration, reviewing agencies and individual programs for importance and effectiveness. As you begin review of the Department of Transportation, and specifically the Federal Aviation Administration (FAA), we would like to call your attention to the Federal Aviation Administration's Contract Tower Program, believing you will find it to be an important and cost-effective program that brings safety to our skies and connects small-town America to the rest of the country.

The Contract Tower Program has been in place for over 30 years and exemplifies how the private sector and federal government can partner together to improve air traffic safety in a proven cost-effective manner for the FAA and the American taxpayers. As you may be aware, having flown into some yourself over the past several months, currently, 253 airports and their surrounding communities in 46 states benefit from the enhanced safety and improved air traffic control (ATC) services provided by FAA contract towers. Federal air traffic controllers do an excellent job managing air traffic control (ATC) services at control towers located at larger airports across the country, but to provide these FAA-staffed ATC services at several hundred of our nation's smaller airports and throughout rural America is not affordable. So that people living and traveling to our small communities and rural areas still benefit from the safety services control towers provide, federal contract towers supplement FAA-staffed facilities around the nation. These towers reinforce a unified national ATC system and play a vital role in connecting smaller airports and rural America with the national air transportation system.

Not only do these contract towers provide an important safety service, but they do so in a cost-effective fashion as validated in numerous reports by the Department of Transportation Office of Inspector General. FAA contract towers handle approximately 28 percent of all U.S. air traffic control tower operations, but account for just 14 percent of FAA's overall budget allotted

to such tower operations. Additionally, the Contract Tower Program arguably provides FAA and American taxpayers annual savings of approximately \$198 million (approximately \$1.98 billion over the past ten years).

Also worth noting, this program provides significant support for military readiness/training and national security operations. Indeed, 47 percent of all military operations at civilian airports in the U.S. occur at airports with FAA contract towers. Moreover, the vast majority of controllers hired by the private air traffic control companies are former FAA or military controllers and approximately 70 percent of these contract controllers are veterans.

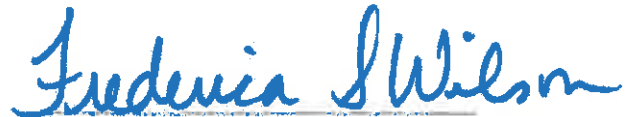
We urge your Administration to take the necessary steps to ensure that this highly successful government and industry partnership continues to provide these critical ATC safety services, which will provide stability and economic growth in rural America. Earlier this year, the House Transportation & Infrastructure Committee and the full Senate passed separate legislation (H.R. 4441 and S. 2658) that would provide long-needed regulatory reforms to the benefit cost analysis process used by the FAA to manage this program. We encourage your Administration to review these measures as part of your efforts to provide regulatory relief and cut bureaucratic red tape to American industries and businesses that will help grow our economy.

As you continue to develop transportation policy for your new Administration, we want to assure you that the FAA Contract Tower Program is one that enhances aviation safety, is cost effective, and has demonstrated widespread bipartisan and bicameral support in Congress. We look forward to working with you in the coming years to support this important program and are prepared to be resources for you as needed.

Sincerely,



Bob Goodlatte
Member of Congress



Frederica S. Wilson
Member of Congress



John Ratcliffe
Member of Congress



Julia Brownley
Member of Congress


Joyce Beatty
Member of Congress


F. James Sensenbrenner, Jr.
Member of Congress


Lois Frankel
Member of Congress


Steve Russell
Member of Congress


Ed Royce
Member of Congress


Sean Duffy
Member of Congress


Blake Farenthold
Member of Congress

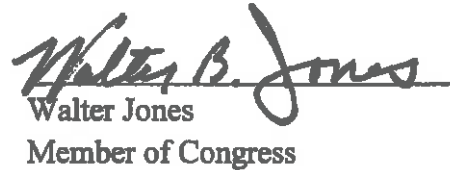

Steve Knight
Member of Congress


Charles Boustany, Jr., MD
Member of Congress


Ron DeSantis
Member of Congress


Billy Long
Member of Congress


Andy Harris
Member of Congress


Walter Jones
Member of Congress


Blaine Luetkemeyer
Member of Congress


Jim Bridenstine
Member of Congress


Lee Zeldin
Member of Congress



Stephen F. Lynch
Member of Congress



Daniel Lipinski
Member of Congress



Martha Roby
Member of Congress



Joe Courtney
Member of Congress



Steven Palazzo
Member of Congress



Ralph Abraham, MD
Member of Congress



John Carter
Member of Congress



Aumua Amata C. Radewagen
Member of Congress



Marc Veasey
Member of Congress



Tim Ryan
Member of Congress



Tim Walberg
Member of Congress



Alcee Hastings
Member of Congress



Bonnie Watson Coleman
Member of Congress



Mike Doyle
Member of Congress



Vicky Hartzler
Member of Congress



Collin C. Peterson
Member of Congress



Ted S. Yoho, DVM
Member of Congress



Randy Weber
Member of Congress



Mike Bost
Member of Congress



Rosa DeLauro
Member of Congress



Sam Graves
Member of Congress



Debbie Wasserman Schultz
Member of Congress



Mo Brooks
Member of Congress



Dennis A. Ross
Member of Congress



Fred Upton
Member of Congress



Scott Peters
Member of Congress



Ileana Ros-Lehtinen
Member of Congress



Jared Polis
Member of Congress



Alan Grayson
Member of Congress



Niki Tsongas
Member of Congress



Pete Visollosky
Member of Congress



Greg Walden
Member of Congress



Steve Pearce
Member of Congress



Ed Perlmutter
Member of Congress



Glenn 'GT' Thompson
Member of Congress



Bill Posey
Member of Congress



Filemon Vela
Member of Congress



Sam Johnson
Member of Congress



Lamar Smith
Member of Congress



Bruce Westerman
Member of Congress



David McKinley
Member of Congress



David Joyce
Member of Congress



Gregg Harper
Member of Congress



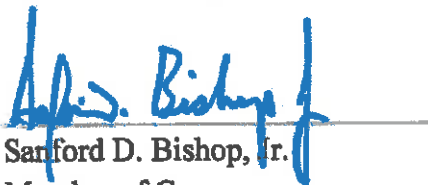
Evan Jenkins
Member of Congress



Curt Clawson
Member of Congress



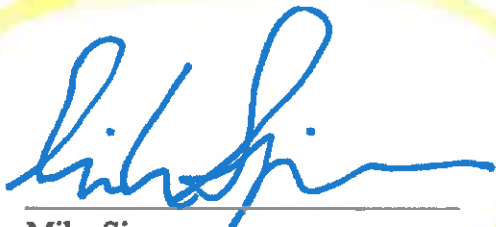
Steve Stivers
Member of Congress



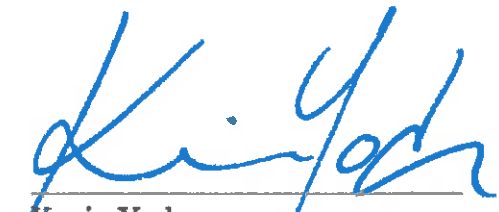
Sanford D. Bishop, Jr.
Member of Congress



Patrick Tiberi
Member of Congress



Mike Simpson
Member of Congress



Kevin Yoder
Member of Congress



Bill Johnson
Member of Congress



Tom Emmer
Member of Congress



Ryan Zinke
Member of Congress



Eddie Bernice Johnson
Member of Congress



Kevin Cramer
Member of Congress



Lynn Jenkins
Member of Congress



Raúl Labrador
Member of Congress



Jim Costa
Member of Congress



Frank Lucas
Member of Congress



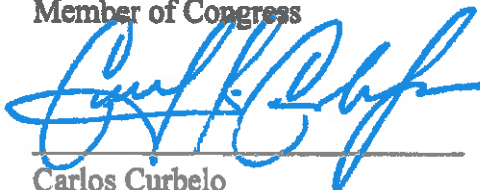
Bill Flores
Member of Congress



Bradley Byrne
Member of Congress



Scott Tipton
Member of Congress



Carlos Curbelo
Member of Congress



Trent Franks
Member of Congress



Barbara Comstock
Member of Congress



Tom Rooney
Member of Congress



Ted Deutch
Member of Congress



Gregorio Kilili Camacho Sablan
Member of Congress



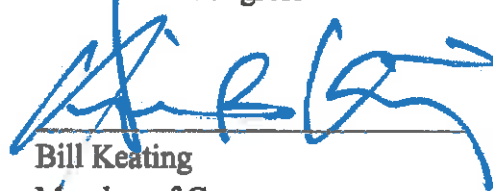
John K. Delaney
Member of Congress



Louis Gohmert
Member of Congress



Robert Hurt
Member of Congress



Bill Keating
Member of Congress



Tom Cole
Member of Congress



Bennie G. Thompson
Member of Congress



Adrian Smith
Member of Congress



Rod Blum
Member of Congress



Elizabeth Esty
Member of Congress



Lloyd Doggett
Member of Congress



Paul A. Gosar, D.D.S.
Member of Congress



Kyrsten Sinema
Member of Congress

Martha McSally

Martha McSally

Member of Congress

Chris Smith

Chris Smith

Member of Congress

Dan Newhouse

Dan Newhouse

Member of Congress

Kevin Brady

Kevin Brady

Member of Congress

Richard Hudson

Richard Hudson

Member of Congress

United States Senate

WASHINGTON, DC 20510

December 22, 2016

The Honorable Donald Trump
President-Elect of the United States
Transition Team Headquarters – Trump Tower
725 5th Avenue
New York, New York 10022

The Honorable Mike Pence
Vice President-Elect of the United States
Transition Team Headquarters – Trump Tower
725 5th Avenue
New York, New York 10022

Dear President-Elect Trump and Vice President-Elect Pence:

As you move forward with transition plans for your Administration, we want to call your attention to the Federal Aviation Administration's (FAA) Contract Tower Program. The program, in place for over 30 years, has exemplified how the private sector and Federal government can partner together to improve air traffic safety in a proven cost-effective manner for the FAA and the American taxpayers. Currently, 253 airports and their surrounding communities in 46 states benefit from the enhanced safety and improved air traffic control (ATC) services provided by FAA contract towers.

The federal air traffic controllers do an excellent job managing ATC services at control towers at the larger airports across the country. But at several hundred of our nation's smaller airports and throughout rural America, the Federal government could not afford to provide these critical ATC services for the traveling public. Without it, people living and traveling to our small communities and rural areas would be without the important safety benefits that control towers provide. Federal contract towers supplement FAA-staffed facilities around the nation, strengthening a unified national ATC system and playing a vital role in connecting smaller airports and rural America with the national air transportation system.

Not only do these contract towers provide an important safety service, but they do so in a cost-effective fashion as validated in numerous reports by the Department of Transportation Office of Inspector General. This is demonstrated by the fact that FAA contract towers handle approximately 28 percent of all U.S. air traffic control tower operations but account for just 14 percent of FAA's overall budget allotted to tower operations. Additionally, the contract tower program provides FAA and American taxpayers an annual savings of approximately \$200 million.

In addition to the many safety and financial benefits that FAA contract towers provide, it should also be noted that this program provides significant support for military readiness/training and national security operations. In fact, 47 percent of all military operations at civilian airports in the U.S. occur at airports with FAA contract towers. Moreover, the vast majority of controllers hired by the private air traffic control companies are former FAA or military controllers. Importantly, approximately 70 percent of these contract controllers are veterans.

We urge your Administration to take the necessary steps to ensure that this highly successful government and industry partnership continues to provide these critical ATC safety services, which will provide stability and economic growth in rural America. Earlier this year, the House Transportation & Infrastructure Committee and the full Senate passed separate legislation (H.R. 4441 and S. 2658) that would provide needed regulatory reforms to the benefit cost analysis process used by the FAA to manage this program. Specifically, we encourage your Administration to adopt these measures as part of your efforts to help grow our economy.

As you continue to develop transportation policy for your new Administration, we want to assure you that the FAA contract tower program is one that enhances aviation safety, is cost effective, and has demonstrated widespread bipartisan and bicameral support in Congress.

Sincerely,



Jerry Moran
United States Senator



Joe Manchin III
United States Senator



Tammy Baldwin
United States Senator



Richard Blumenthal
United States Senator



Roy Blunt
United States Senator



John Boozman
United States Senator



Shelley Moore Capito
United States Senator



Maria Cantwell
United States Senator



Benjamin L. Cardin
United States Senator



Bill Cassidy, M.D.
United States Senator



John Cornyn
United States Senator



Mike Crapo
United States Senator



Steve Daines
United States Senator



Joe Donnelly
United States Senator



Richard J. Durbin
United States Senator



Joni K. Ernst
United States Senator



Deb Fischer
United States Senator



Charles E. Grassley
United States Senator



Mazie Hirono
United States Senator



James M. Inhofe
United States Senator



Amy Klobuchar
United States Senator



James Lankford
United States Senator



Chris Murphy
United States Senator



Patty Murray
United States Senator



Gary C. Peters
United States Senator



Rob Portman
United States Senator



James E. Risch
United States Senator



Pat Roberts
United States Senator



Marco Rubio
United States Senator



Jeanne Shaheen
United States Senator



Debbie Stabenow
United States Senator



Jon Tester
United States Senator



Roger Wicker
United States Senator



Ron Wyden
United States Senator



KAPLAN KIRSCH ROCKWELL

semi-annual airport law digest *2016 year in review*

No. 25 | January 2017



While 2016 was a year with significant changes in the national political landscape, airport law did not see the same kind of dramatic changes. There have been important developments nevertheless in the areas of Unmanned Aircraft Systems (UAS, or drones), NextGen implementation, and internal restructuring at FAA. With the incoming administration committed to making major reforms throughout government, it is possible that the coming year will see more significant developments in the federal regulation of airports and aviation.

This Digest contains short articles on several important developments in airport law in 2016, and also includes: a listing of principal cases decided last year, new FAA rules, policies, and guidance, and reports, studies, and articles of particular interest to airport legal professionals. Note that UAS materials appear at the end of the Digest in their own category. The Digest also includes a look-ahead to some of the important legal and political developments we expect to see in 2017, such as investments in infrastructure, the implementation of safety management systems, updates to the Department of Transportation's NEPA guidance, and the potential upcoming battle over FAA reauthorization.

The electronic version of this Digest provides hyperlinks to all listed documents that are publicly available. Other materials are available through legal subscription services such as Westlaw or LexisNexis. We hope you find this Digest useful in your efforts to remain current in the always-evolving legal and regulatory framework that governs airports.

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3	Things to Watch for in 2017
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7	Federal Legislation
7	Federal Rules, Orders, and Guidance
9	Reports, Studies, and Articles
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Articles

FAA Continues NextGen Implementation, but Faces Numerous Hurdles

As FAA continues to implement new NextGen procedures across the country, community opposition has presented a significant hurdle for the agency's plans. Several ongoing and recently decided lawsuits challenge FAA's procedures as not properly considering community concerns before adopting new flight patterns. Congress remains concerned as well, as evidenced by recent Congressional action that attached a rider to the defense authorization bill requiring FAA to consult with local communities before implementing NextGen flight patterns. In addition, in two recent audits, the Department of Transportation, Office of the Inspector General has criticized FAA for its failure to implement a comprehensive approach to NextGen implementation. FAA has taken a number of steps to improve community outreach and engagement, but it remains to be seen how well they will work to satisfy airport and community needs and expectations. For further information, please contact [John Putnam](mailto:jputnam@kaplankirsch.com) at jputnam@kaplankirsch.com.

FAA Issues New UAS Regulations

In June, the FAA unveiled its long-anticipated framework for the operation of small unmanned aircraft systems (sUAS) in the National Airspace System, codified in a new Part 107 of the Federal Aviation Regulations. See 81 Fed. Reg. 42064 (June 28, 2016). Under Part 107, commercial sUAS operators will no longer be required to seek case-by-case operating authorization from the FAA. Instead, any person holding a "remote pilot certificate" – obtained by passing an aeronautical knowledge test – will be authorized to operate a sUAS for any purpose, so long as they stay within the parameters established under Part 107. Operators may also apply to the FAA for a Certificate of Waiver or Authorization (CoW) from most of these rules by demonstrating that the proposed operation may still be safely conducted. For more information about these new rules and how they pertain to airport sponsors and local governments, please read [Kaplan Kirsch & Rockwell's recent summary](#) regarding the topic or contact [Eric Smith](mailto:esmith@kaplankirsch.com) at esmith@kaplankirsch.com.

Federal Aviation Administration Staffing – Recent Changes and a Look Ahead

As is common with the change in administrations, the past twelve months have seen significant changes in the senior management and legal staff at FAA – both at the political and senior career level. Most notably, Eduardo Angeles, Associate Administrator for Airports, left his post in December ahead of the incoming administration. No replacement has yet been announced and, if history is any indication, it is likely to be mid-to-late 2017 before a replacement is named. Meanwhile, the senior airports official at FAA is Winsome Lenfert, who arrived in Washington this autumn from the Southern Regional Airports Division. Other recent moves include Glen Martin (from Administrator, Western Pacific Region, to Vice President, Air Traffic Services, Air Traffic Office, Headquarters) and Dennis Roberts (from Administrator, Southern Region, to Administrator, Western Pacific Region). In addition, Jim Whitaker, former Deputy Administrator and Chief NextGen Officer, left the agency in June 2016. The FAA Chief Counsel's office is also in the midst of a significant reorganization. Jim Lofton was recently named as the Assistant Chief Counsel, Airports and Environmental Law Division. While Lofton has 25 years of environmental law experience with the Department of Justice, he is new to the FAA. Senior airport lawyers in the agency, including Daphne Fuller and Jonathan Cross, have taken other positions with the AGC outside the airport area. In the compliance world, Kevin Willis, who was previously the deputy in the compliance office, has taken over for Randy Fiertz, who moved last year to head the Seattle Regional Airports Division office.

It is important to note that although the President-Elect has nominated Elaine Chao to assume the position of Secretary of Transportation in January 2017, FAA Administrator Michael Huerta has a term appointment that expires on January 7, 2018. Huerta has indicated that he intends to serve out the remainder of his term. Other senior political appointments at the FAA or Department of Transportation have yet to be announced and are not likely to be on the top of the list of appointments for the new administration.

Things to Watch for in 2017

Incoming Administration Signals Increased Infrastructure Development, Including Airports

Throughout the Presidential campaign, the President-Elect repeatedly promised to increase focus on infrastructure – particularly roads, bridges, and airports. His plan relies heavily on private financing and a reduction in regulatory burdens, [which critics have argued](#) will disproportionately assist new construction and leave existing facilities in need of repair neglected. The President-Elect has nominated former Bush-era Secretary of Labor Elaine Chao to be the new Secretary of Transportation. In her [questionnaire response](#) to the Senate Committee on Commerce, Science, and Transportation, Chao lists as one of her top priorities expediting critical infrastructure construction projects. Importantly, Chao states that she wants to complete these projects “with or without a new infusion of funds,” suggesting that if Congressional approval of funding stagnates, alternative strategies (cuts in regulations or tax breaks for the private sector) may become more prevalent.

The private sector has already indicated great interest in public-private partnerships (so-called P3s) in the airport realm and with a supportive administration, it is likely that there will be significant activity designed to make it easier for private investment in airport projects. As an illustration of the new emphasis on P3 projects, Westchester County, New York recently announced that it will join the FAA’s Airport Privatization Pilot Program with a proposed 40-year lease of the Westchester County Airport. In addition, the Port Authority of New York and New Jersey and Los Angeles World Airports are moving forward with P3 projects at [LaGuardia Airport](#) and [Los Angeles International Airport](#), respectively. For more information, please contact [Peter J. Kirsch](#) at pkirsch@kaplankirsch.com.

Update to Department of Transportation’s NEPA Implementation Guidance

In mid-December, the Department of Transportation released a draft update to its Order 5610.1, which governs the Department’s NEPA implementation procedures. The stated goals of the updated Order are to (1) ensure a full and fair NEPA process that includes meaningful public involvement throughout, and the balanced consideration of a reasonable range of alternatives and their impacts on the human environment; (2) improve efficiency and expedite project delivery; (3) provide good customer service to stakeholders through consistent implementation of NEPA across the Department; (4) provide the requisite flexibility for the Department’s Operating Administrations (OAs) to apply their NEPA implementing procedures to their specific programs; and (5) balance the needs of all OAs, from those with well-established NEPA programs to those seeking more guidance. Comments on the proposed changes were due on January 10, 2017. For further information, please contact [Steven Osit](#) at sosit@kaplankirsch.com.

FAA Reauthorization

The current FAA authorization legislation expires in September. No one in Washington desires a repeat of the last reauthorization efforts, when Congress had to approve 23 separate short-term extensions of FAA authority before Congress finally approved a reauthorization bill. Nevertheless, recent efforts at reauthorization have proved contentious, especially on issues related to the role of (and control over) the air traffic system. All indications are that FAA reauthorization efforts will ramp up in the spring of 2017 with significant activity this summer. One of the major points of contention during the most recent reauthorization debate was a proposal advanced by House Transportation and Infrastructure Committee Chairman Bill Shuster (R-Pa.) to transfer air traffic control operations from FAA to a not-for-profit corporation. Shuster has indicated that he does not intend to completely abandon that proposal, although the details may change depending on the support it receives from the incoming administration and other members of Congress. GAO consulted Managing Partner [John Putnam](#) as one of the experts in its [recent report on possible air traffic transition issues](#). Airports, who have historically received far less attention in Congress than they desire, are gearing up for a fight over raising the ceiling on passenger facility charges and reforms to the AIP program. Industry groups, especially ACI-NA and AAE, expect to play a major role. For further information, please contact [Peter J. Kirsch](#) at pkirsch@kaplankirsch.com.

New Rules for Safety Management Systems

In mid-July 2016, FAA released a Supplemental Notice of Proposed Rulemaking (SNPRM) for Airport Safety Management Systems (SMS), which proposed to limit the applicability of the previously-released SMS rules to fewer airports and extended the time for compliance to twelve months from the effective date of the final rule, among other items. Comments were due on September 12, 2016, and the final rule is expected to be published in early 2017. For a summary of the SNPRM, please read [Kaplan Kirsch & Rockwell’s white paper](#) or contact [Peter J. Kirsch](#) at pkirsch@kaplankirsch.com.

Passenger Facility Charge Rules

The FAA proposed, and then promptly withdrew, a proposed re-write of its Order regarding the administration of the Passenger Facility Charge program. The proposal was greeted with considerable concern by industry groups and while the agency has now withdrawn the proposal, a revised proposal is likely to be issued in 2017.

Litigation (Listed in Reverse Chronological Order)

Court Decisions

Flight Patterns and Jurisdiction. *McKay v. City & Cty. of San Francisco*, No. 16-cv-03561 NC; 16-cv-03564 NC (consolidated), 2016 U.S. Dist. LEXIS 178436 (N.D. Cal. Dec. 23, 2016) (dismissing complaint over new Metroplex flight patterns because district court lacked subject matter jurisdiction and case should have been initiated in court of appeals).

Noise Issues. *Citizens for Quiet Skies v. Mile-Hi Skydiving*, No. 15CA1159, 2016 LEXIS 1803 (Colo. App. Dec. 22, 2016) (unpublished) (affirming dismissal of neighborhood plaintiffs' claims of negligence per se, nuisance, trespass, and unjust enrichment alleged against skydiving operator at municipal airport).

Area Navigation (RNAV). *Lyons, v. FAA*, No. 14-72991, 2016 U.S. App. LEXIS 22925 (9th Cir. Dec. 21, 2016) (unpublished) (denying petition for judicial review of FAA decision on RNAV flight pattern rerouting).

Preemption and Runway Length. *Tweed New Haven Airport Auth. v. Jepsen*, Case No. 3:15cv01731 (D. Conn. Dec. 9, 2016) (denying defendant State of Connecticut's motion to dismiss complaint alleging that state law limiting the length of runways is preempted by federal law).

Use Restrictions and ANCA. *Friends of the E. Hampton Airport, Inc. v. Town of E. Hampton*, 841 F.3d 133 (2d Cir. 2016) (holding that Town's use restrictions were enacted in violation of the procedural requirements of ANCA).

Grant Reimbursements. *Tulsa Airports Improvement Trust ex rel. Cinnabar Serv. Co. v. FAA*, 839 F.3d 945 (10th Cir. 2016) (denying as not timely filed an airport contractor's appeal for reimbursement from FAA for noise abatement work).

First Amendment. *NAACP v. City of Philadelphia*, 834 F.3d 435 (3d Cir. 2016) (upholding finding that a ban on non-commercial advertisements in airport advertising space violated the First Amendment, without deciding whether the advertising space was a public or non-public forum).

Standing. *Stallworth v. Bryant*, No. 3:16-CV-246-CWR-FKB, 2016 U.S. Dist. LEXIS 109947 (S.D. Miss. Aug. 18, 2016) (finding that a private citizen did not have standing to contest State's planned reorganization of municipal airport authority).

Environmental Review. *Zbitnoff v. City of Winooski*, No. 5:14-cv-132, 2016 U.S. Dist. LEXIS 105329 (D. Vt. Aug. 10, 2016) (rejecting challenge to EIS for Air Force's decision to locate new F-35 jets at an air base where plaintiffs claimed that the Air Force failed to consider the possibility that municipalities would make use of the Part 150 program and demolish nearby neighborhoods).

Final Agency Decisions. *Southwest Airlines Co. v. U.S. DOT*, 832 F.3d 270 (D.C. Cir. 2016) (dismissing administrative appeal for lack of jurisdiction because DOT guidance letter was not a final agency action under the Administrative Procedure Act).

Constitutional Rights. *Rogers v. Louisville-Winston Cty. Airport Auth.*, No. 1:13-CV-197-SA-DAS, 2016 U.S. Dist. LEXIS 103336 (N.D. Miss. Aug 5, 2016) (finding no violations of the Equal Protection clause or the First Amendment where the airport authority refused to rent a specific hangar to a tenant).

Antitrust. *Boston Exec. Helicopters, LLC v. Maguire*, No. 15-13647-RGS, 2016 U.S. Dist. LEXIS 87398 (D. Mass. July 6, 2016) (finding that a local airport authority was immune from antitrust suits).

FAA Penalty Authority. *Wallaesa v. FAA*, 824 F.3d 1071 (D.C. Cir. 2016) (holding that FAA has the authority to impose civil penalties for interference with flight crewmembers even where the conduct is not physically violent but is nonetheless disruptive).

Revenue Diversion. *Air Transportation Ass'n of Am. v. Jordan*, No. 3:16-cv-00230-HZ, 2016 U.S. Dist. LEXIS 73731 (D. Or. May 30, 2016) (finding that a group of airlines did not have standing to sue the City of Portland for improper airport revenue diversion related to new charges for sewer improvements because the City merely charged the airport sponsor, which then passed those charges to the airlines).

Environmental Analysis. *California v. U.S. DOT*, No. 02-cv-04621-KAW; 02-cv-04623-KAW (consolidated), 2016 U.S. Dist. LEXIS 66859 (N.D. Cal. May 20, 2016) (addressing a 2003 permanent injunction on new construction at an airport until the sponsor complied with NEPA, and holding that the withdrawal of the original construction plan and submission of an updated plan requiring NEPA compliance warranted lifting of the injunction).

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Airport Real Estate. *City of Santa Monica v. United States*, 650 F. App'x. 326 (9th Cir. 2016) (unpublished) (reversing district court ruling that City's quiet title action for property underlying airport was barred by statute of limitations).

First Amendment. *Southwest Airlines Pilots' Ass'n v. City of Chicago*, No. 16 C 5117, 2015 U.S. Dist. LEXIS 70266 (N.D. Ill. May 14, 2016) (granting temporary restraining order and allowing pilots' association to display advertisements critical of airline in terminal facilities).

Equal Protection and Ridesharing Services. *Illinois Transp. Ass'n v. City of Chicago*, No. 14 cv 827, 2016 U.S. Dist. LEXIS 54598 (N.D. Ill. Apr. 25, 2016) (denying defendant City's motion to dismiss plaintiff taxi trade group's equal protection suit, which alleged disparate airport fees and regulations for traditional taxi agencies and Transportation Network Providers).

Ridesharing Fees. *Tadepalli v. Uber Techs, Inc.*, No. 15-cv-04348-MEJ, 2016 U.S. Dist. LEXIS 55014 (N.D. Cal. Apr. 25, 2016) (approving settlement of a class action suit against ride-sharing service Uber for misrepresentation of "airport tolls" in its rates charged to customers).

Preemption. *Crawford v. Antonio B. Won Pat Int'l Airport Auth.*, No. 15-00001, 2016 U.S. Dist. LEXIS 44657 (D. Guam Mar. 31, 2016) (holding that a plaintiff's unjust enrichment claim was not preempted by federal law where it was based on the airport authority's alleged improper use of the plaintiff's ancestral lands).

Flightcrew Rules. *Indep. Pilots Ass'n. v. FAA*, 638 F. App'x 6 (D.C. Cir. 2016) (rejecting challenge to FAA's decision to exclude all-cargo operations from a final rule setting forth new flightcrew member duty and rest requirements for passenger operations).

Ridesharing Services. *Gebresalassie v. District of Columbia*, 170 F. Supp. 3d 52 (D.D.C. 2016) (dismissing equal protection complaint alleging disparate treatment of traditional taxis and transportation network companies).

Preemption. *Echavarría v. Williams Sonoma, Inc.*, No. 15-6441, 2016 U.S. Dist. LEXIS 33980 (D. N.J. Mar. 16, 2016) (holding that the Federal Aviation Administration Authorization Act does not preempt state law governing motor carrier employer-employee relationships).

Environmental Analysis. *City of Mukilteo v. U.S. DOT*, 815 F.3d 632 (9th Cir. 2016) (upholding FAA decision to forgo an EIS before the commencement of new commercial passenger service).

Preemption. *Cent. W. Va. Reg'l Airport Auth., Inc. v. Triad Eng'g, Inc.*, No. 2:15-cv-11818, 2016 U.S. Dist. LEXIS 19816 (D. W. Va. Feb. 18, 2016) (holding that where a landslide occurred on airport property, state law claims of negligence, breaches of warranties, breach of contract, and products liability against defendant engineering firm were not preempted by the Federal Aviation Act).

Bird Strikes. *Friends of Animals v. Clay*, 811 F.3d 94 (2d Cir. 2016) (upholding a depredation permit issued to an airport operator under the Migratory Bird Treaty Act allowing the operator to "take" birds in "emergency situations").

Preemption. *Nat'l Fed'n. of the Blind v. United Airlines, Inc.*, 813 F.3d 718 (9th Cir. 2016) (holding that a class action alleging claims for violation of California's antidiscrimination laws was preempted by the Air Carrier Access Act and its implementing regulations).

Gate Allocation. *City of Dallas v. Delta Airlines, Inc.*, No. 3:15-CV-2069-K, U.S. Dist. LEXIS 2105 (N.D. Tex. Jan. 8, 2016) (granting preliminary injunction to Delta Airlines to allow continued use of gates at Dallas Love Field following the expiration of certain provisions of the Wright Amendment).

Pending Cases

NHPA and Section 4(f) Review. *Kaufmann v. FAA*, No. 3:16-cv-00801-DJH-CHL (W.D. Ky. filed Dec. 14, 2016) (challenge to FAA compliance with National Historic Preservation Act and Section 4(f) of the Department of Transportation Act for a tree trimming project at Louisville Bowman Field).

Gate Allocation. *City of Dallas v. Delta Airlines, Inc.*, No. 16-10051 (5th Cir. argued Sept. 26, 2016) (appealing district court grant of preliminary injunction regarding gate allocation at Love Field following the expiration of certain provisions of the Wright Amendment).

Area Navigation. *Citizens Assn. of Georgetown v. FAA*, No. 15-1285 (D.C. Cir. filed Aug. 24, 2015) (challenging RNAV procedures in the DC Metroplex area).

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Passenger Facility Charges. *Hillsborough Cty. Aviation Auth. v. FAA*, No. 15-1238 (D.C. Cir. held in abeyance Oct. 28, 2016) (appealing FAA's denial of Passenger Facility Charge authorization to construct an automated people mover at Tampa International Airport).

Area Navigation. *City of Phoenix v. Huerta*, No. 15-1158 (argument scheduled Mar. 17, 2017) (challenging RNAV procedures in Phoenix).

Gate Allocation. *In re. Compliance with Federal Obligations by the City of Dallas, Texas*, FAA Docket No. 16-15-10 (Notice of Investigation served Aug. 7, 2015) (FAA investigation into possible grant assurance violations related to a failure to accommodate air carrier requesting gate space).

Administrative Decisions

Minimum Standards. *R.L.S. Rental Co., Inc. v. City of Joplin*, FAA Docket No. 16-13-06, Director's Determination (June 10, 2016) (finding no violation of Grant Assurances where the FBO was in compliance with consistently-applied minimum standards).

Economic Nondiscrimination. *Messinger v. Clover Acquisition Corp.*, FAA Docket No. 16-15-01, Director's Determination (May 26, 2016) (finding that a sponsor's actions in banning a former airport employee from FBO premises because he was sexually harassing another employee did not constitute a violation of Grant Assurance 22).

Grant Assurances Generally. *Hicks v. City of Mount Airy*, FAA Docket No. 16-15-07, Director's Determination (Apr. 29, 2016) (finding sponsor in compliance with all Grant Assurances despite complaint alleging more than seven violations).

Insurance. *Hirokai Nishio v. Saipan Int'l Airport*, FAA Docket No. 16-13-03, Director's Determinations (Apr. 29, 2016) (finding a violation of Grant Assurance 22 where the airport sponsor applied insurance requirements inequitably).

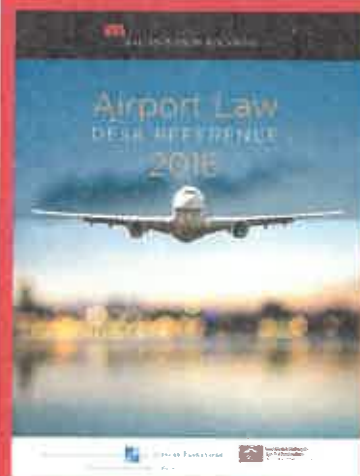
Airport Revenue Diversion. *Chandler Air Serv., Inc. v. City of Chandler*, FAA Docket No. 16-13-05, Director's Determination (Feb. 9, 2016) (finding that the City may have violated Grant Assurance 25, *Airport Revenue*, by collecting levied aviation fuel tax and placing it in the City's general fund and by waiving delinquent tax and interest for operator, but giving sponsor a reasonable time to comply before finding a violation).

Federal Legislation

National Defense Authorization Act for Fiscal Year 2017, S. 2943 (signed by President Obama on Dec. 23, 2016) (includes a provision requiring the FAA to review RNAV flight path changes and take steps to mitigate the negative effects these changes have had on the community).

FAA Extension, Safety, and Security Act of 2016, Pub. L. 114-190 (enacted July 15, 2016) (FAA reauthorization through September 2017).

Airport and Airway Extension Act of 2016, Pub. L. 114-141 (enacted Mar. 30, 2016) (FAA reauthorization for 3.5 months, expiring July 15, 2016).



Airport Law Desk Reference

Kaplan Kirsch & Rockwell, in cooperation with AAE, publishes the *Airport Law Desk Reference*, a user-friendly resource guide intended to make legal authorities on airport law both accessible and understandable. The *Airport Law Desk Reference* highlights the black-letter law in 28 topic areas and provides a comprehensive compendium of legal authorities applicable to each topic area.

The *Airport Law Desk Reference* is a companion tool for the Basics of Airport Law Workshop and Legal Update and available for purchase from AAE.

For a copy, please contact Melissa Sabatine at AAE, melissa.sabatine@aae.org.

Chris Pomeroy

From: Adam Snider <adam.snider@aaae.org>
Sent: Friday, January 20, 2017 12:47 PM
To: Chris Pomeroy
Subject: Airport Alert: The Week Ahead in Aviation: President Trump Takes Office Today as Congress Swings Into Full Gear



The Week Ahead in Aviation: President Trump Takes Office Today as Congress Swings Into Full Gear

January 20, 2017

Donald Trump was sworn in as the nation's 45th President earlier today, officially giving Republicans full control over the White House, the Senate and the House of Representatives as the 115th Congress gears up for a busy 2017.

In his inaugural address, President Trump once again called for improving U.S. infrastructure. "We will build new roads and highways and bridges and airports and tunnels and railways all across our wonderful nation," he said from the West Front of the Capitol building.

With Trump now in office, Senate Republican leaders are looking to swiftly confirm as many of his Cabinet nominees as possible. The Senate is expected to vote later today on the nomination of retired Gen. John Kelly to be Homeland Security Secretary after leaders reached a deal to consider the DHS and DOD nominees on Trump's first day in office.

The nomination of Elaine Chao to be Transportation Secretary was not part of that deal, but she is likely to get a vote without major delay. Both Chao and Kelly are noncontroversial and drew widespread bipartisan support in their respective hearings.

We will keep you up to date when the Senate acts on the Kelly and Chao nominations.

Administration's Infrastructure Package

Vice President Mike Pence said this week that President Trump told him that a potential infrastructure package supported by the new Administration would be "big."

Speaking to the U.S. Conference of Mayors, Pence said of Trump that "I called him this afternoon to tell him I was coming by, and he said, 'tell 'em we're gonna do an infrastructure bill and it's gonna be big.'"

Trump's nominee to be Commerce Secretary, Wilbur Ross, also spoke about the planned infrastructure package this week, saying that he thinks there should be a federal role in infrastructure spending.

"I think there will be some necessity for it, whether it's in the form of guarantees or direct investment or whatever, but it's really for the Congress and the president to figure out what should be the quantity of it and what should be the nature of the projects," Ross said at his confirmation hearing before the Senate Commerce Committee.

As a reminder, DOT Secretary nominee Chao also said she supports a federal role in infrastructure spending during her [confirmation hearing](#) last week. When asked by Sen. Cory Booker (D-NJ) if she and Trump "support an infrastructure package that will include direct federal spending," she replied "I believe the answer is yes."

Committee Roster Announcements to Continue

There were not any new updates regarding members of the aviation-related committees in the House and Senate this week.

However, a number of committees are formally organizing and adopting rules for the 115th Congress over the next few weeks, so we should see full, official lists of all of the Senators and House members on aviation committees and subcommittees in the coming weeks.

You can view our current list of aviation committee assignments [here](#).

DOT Proposes Bag Fee Disclosures

In other news this week, the DOT has proposed requiring airlines and ticket agents to disclose baggage fees for checked bags and carry-on luggage when giving airfare information.

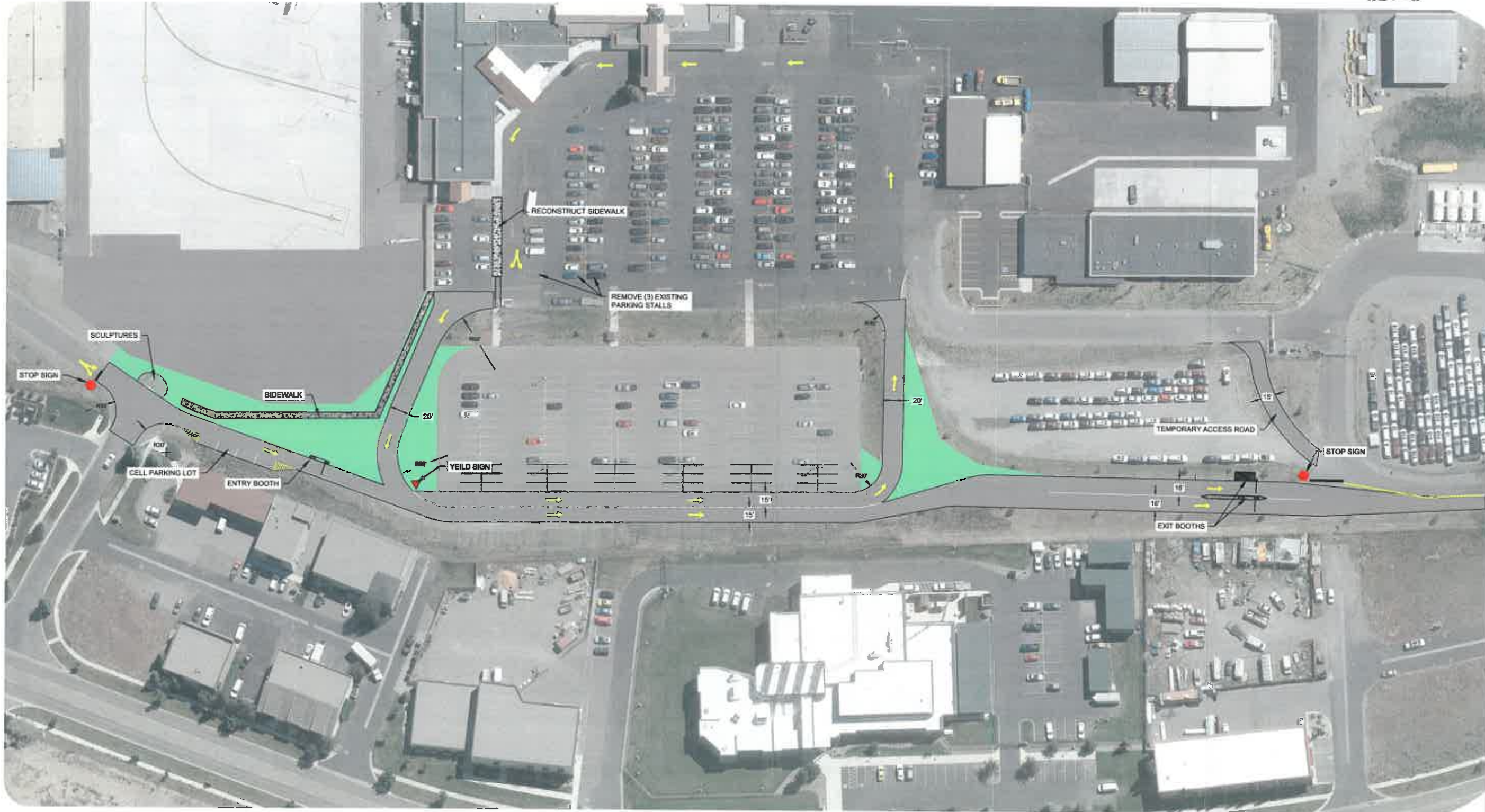
The Supplemental Notice of Proposed Rulemaking is open to public comment for 60 days. There is more information in the [DOT release](#) announcing the proposal.

Please reach out to [Adam](#) if you have any questions, and have a great weekend.

[Joel Bacon](#), Executive Vice President
[Brad Van Dam](#), Senior Vice President
[Justin Towles](#), Vice President
[Adam Snider](#), Director
[Maribeth Sarnecki](#), Coordinator



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DATE	REVISIONS	BY	CHKD

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**FRIEDMAN MEMORIAL AIRPORT
 PARKING LOT CONFIGURATION
 ALTERNATIVE 6**

DRAFT



Work Order 16-03 - Exhibit C

Friedman Memorial Airport (SUN)

Hailey, Idaho

Terminal Aircraft Parking Improvements

(Design Only)

Amendment #1

Introduction

This Amendment (#1) is attached to and incorporated into Work Order 16-03 for services related to the Terminal Aircraft Parking Improvements (Design Only) project at Friedman Memorial Airport (SUN). This additional work includes design of the reconfiguration of vehicular access to and from the airport terminal and various other improvements to the parking and public access to the terminal, along with design of drainage improvements adjacent to Taxiway B-3 on the airfield.

Drainage improvements are necessary, because recent snowfall and other precipitation have revealed the need for additional drainage away from Taxiway B-3 and its intersections with Runway 13-31 and Taxiway B. The large amounts of snowfall and melt/freeze cycles experienced at the airport in recent months have created icy conditions on the taxiway, as shown in the photograph below. This element of the amendment will include design of improvements to grading and potentially the installation of drainage structures to prevent this condition.



The parking lot elements of this amendment are necessary to design the revisions to the parking areas, the circulation to the parking lots, and the relocation of the terminal parking lot exit lane and booth - which were not included in the original scope of this Work Order. This amendment will design the project to maximize the available parking, minimize the grade for bus traffic to the terminal, increase the circulation

and flow of traffic between the upper and lower parking lots, and add an ADA pedestrian ramp from the terminal to a bus loading area in the lower parking lot. The project as proposed will also maintain an area for snow removal storage, add an exit lane for automated (credit card) traffic to increase the efficiency for traffic departing the airport, add landscaping, and provide for additional meetings and coordination with the FMAA design committee and the City of Hailey to review the above items. Also included is design of site improvements for a new exit booth. Due to the nature of the work and the fact that it is ineligible for FAA funding, design of the exit booth will be completed under a separate Work Order.

The original work order included services only to develop an initial concept for the parking lot and access. At the time of the work order negotiation, the concept for the parking lot was anticipated to be along the lines of the graphic shown below:



During development of the concept, it evolved from a simple reconfiguration of the exit from the parking lot to a full reconfiguration of the public access to and from the terminal, plus significant changes to the parking lot itself. The graphic below illustrates the current concept, highlighting the additional complexity of the project.



Scope of Work

The amendment adds the following tasks to the Scope of Work for Work Order 16-03:

Task 1 - Administration

- 1.6 Prepare a Scope of Work and fee estimate for additional services and present that information to the FMAA and FAA for approval.

Task 2 – Preliminary (35%) Design

- 2.21 Coordinate with Owner to develop parking lot concepts, including the following items:
- Develop up to six conceptual alternatives that address parking, grades for bus traffic, circulation and flow of traffic between the upper and lower parking lots, and the addition of at least one exit lane for automated (credit card) traffic.
 - Travel to and meet with the Airport and the FMAA to discuss the conceptual alternatives. (Two on site meetings, plus one conference call anticipated.)
 - Modify the conceptual alternatives, reflecting comments from the Airport and the FMAA.
 - Travel to and meet with the Airport and the FMAA to discuss the final conceptual layout and corresponding scope of work.
- 2.22 Prepare a preliminary geometric design of the parking lot reconfiguration, including recirculation flow routes. This layout shall be prepared to meet the requirements of the City of Hailey standards, and it will minimize the grades of the access routes to the extent possible.
- 2.23 Based on the layout developed in Task 2.22, develop a preliminary grading design for the access routes and necessary parking lot expansion, in accordance with City of Hailey standards. Grading design shall take into account revised snow removal and storage requirements to the extent practical with the remaining available space. Grading design shall also include design of small retaining walls in some locations, as needed in order to meet grading requirements and to maximize available space for parking, storm water and snow storage.
- 2.24 Identify utilities that must be relocated or expanded to match the relocation of the entrance and exit gates and booth, and then coordinate with the various public utilities as necessary. It is anticipated that utilities requiring relocation will include underground power, telephone, and possibly water and sewer. Additionally, the new connections to utilities will be required for the ticket booth and other aspects of the planned parking lot improvements. Coordination with individual utilities and City of Hailey is included in Task 5 – Additional Services.
- 2.25 With the assistance of a qualified architectural subconsultant, provide a concept plan for a new exit booth. The new exit booth will include a restroom and small work area for parking lot employees. The use of a pre-fabricated structure will be explored.
- 2.26 Prepare a preliminary surface and subsurface drainage design for disposal of storm drainage from the project areas and modifications to the existing storm drainage system. It is assumed the existing airport storm drainage system will be utilized to the extent practical, but additional drywell(s) will also be necessary.
- 2.27 Design / verification of a recommended pavement section that is similar to the existing lower parking lot. Prepare a description for inclusion in the Engineer's Design Report.

- 2.28 With the assistance of a qualified subconsultant, design electrical modifications necessary for the existing system to accommodate heat for the new ADA sidewalk from the lower parking lot to the terminal parking lot. The existing electrical panel that provides power for heat on existing stairways does not have capacity to add the new sidewalk area, therefore this task will include design of a new panel and investigation of the need for a new transformer to provide the necessary capacity.
- 2.29 With the assistance of a local subconsultant, provide landscaping design for the areas affected by this project.
- 2.30 With the assistance of a qualified parking consultant, evaluate the overall operation of the parking lot and develop a system to control parking and streamline the customer experience exiting the lot while ensuring revenue and parking control. Identify structures (ticket distributors, gates, payment stations) that are necessary as part of this parking plan.
- 2.31 Develop preliminary specifications for construction of embankments, dry wells, block retaining wall, electrical items, sidewalk construction (including heat), concrete medians, parking lot paving, shoulder surfacing, access control gateway systems, topsoiling, hydroseeding, street directional signing, and landscaping.
- 2.32 Prepare preliminary drawings for the parking lot improvements portion of the project (drawings for other elements of the project are included in the original Work Order), which will be limited to: Parking Plan; Vehicle Road Plan and Profile; Grading and Drainage Sheets; Electrical Plan and Details Sheets; and a Marking Plan. It is estimated a total of 8 sheets (in addition to anticipated sheets from the original Work Order) will be included with this submittal.
- 2.33 Prepare preliminary opinions of construction cost and construction time required to complete construction of the parking elements of the project.
- 2.34 Develop a preliminary construction phasing approach that maintains access to and from the parking lot and terminal while the new exit lane is constructed.
- 2.35 Meet with Owner in Hailey to discuss preliminary design, including review of preliminary plans. This meeting is anticipated to take place at the airport, with two members of the project team (Principal and Project Manager) in attendance.
- 2.36 Evaluate existing grading and drainage adjacent to Taxiway B-3. This will include review of existing survey data and drainage structures in the area.
- 2.37 Prepare a preliminary grading and drainage plan for the Taxiway B-3 area, including a preliminary drawing sheet for work in this area.

Task 3 – 65% Design

- 3.12 Finalize grading design for the project area, including both parking and vehicle circulation lanes.
- 3.13 Finalize surface and subsurface drainage design for disposal of storm drainage from the project areas. Prepare a description for inclusion in the Engineer's Design Report.
- 3.14 Develop an erosion and sediment control plan for this portion of the project, to be included in the bidding and construction drawings. This plan shall apply approved Best Management Practices for the State of Idaho.
- 3.15 Develop a pavement marking plan and submit to the City of Hailey for review.

- 3.16 With the assistance of a qualified subconsultant, complete design of electrical for sidewalk heat, lighting and other electrical elements for the project.
- 3.17 Finalize design of the new ticket booth site and associated parking control structures.
- 3.18 Design installation of all parking equipment (ticket distributors, gates, etc.), including provision of power and telecommunications duct and cabling for each location.
- 3.19 Finalize grading and drainage design for Taxiway B-3.
- 3.20 Develop 65% construction specifications for parking elements (preparation of other specification sections was included in the original Work Order). Specifications shall be based on Idaho Standards for Public Works Construction and current City of Hailey requirements.
- 3.21 Prepare a preliminary design and construction plan set to a completion level of approximately 65%. The anticipated number of sheets related to the parking lot and Taxiway B-3 in this submittal is 15 sheets. Submit two sets to Owner for review and comment.
- 3.22 Revise preliminary cost estimates, based on 65% design.
- 3.23 Coordinate with airport, FAA and internally with T-O staff during this phase of the project to discuss key aspects of the design.

Task 4 – Final Design

- 4.12 Revise design to reflect comments from Owner at the 65% design review phase.
- 4.13 Prepare 95% design and construction plans. The anticipated number of sheets related to the parking lot and Taxiway B-3 in this submittal is 15 sheets
- 4.14 Prepare 95% construction specifications.
- 4.15 Prepare a final engineer's opinion of probable construct cost, based upon the final design.
- 4.16 Include sections for the additional parking lot, circulation traffic lanes, exit lanes, and other related items in the Engineer's Design Report.
- 4.17 Revise drawings and specifications based on final review comments and prepare 100% (bid set) documents.
- 4.18 Coordinate airport, FAA and internally with T-O staff during this phase of the project to discuss key aspects of the design.

Task 5 – Additional Services

- 5.11 Utility Coordination: Coordinate with Idaho Power regarding power lines and transformer(s) in the area of the project. Idaho Power will design and complete any required relocations under a separate agreement with the airport. Coordinate with Century Link for the telecommunications lines for the booth. Coordinate with City of Hailey regarding sewer and water connections for the ticket booth.
- 5.12 Coordinate with electrical subconsultant to assist with design of sidewalk heating and any revisions to the area lighting.
- 5.13 Coordinate with an architectural subconsultant for the design of a new manned toll booth.



- 5.14 Coordinate with landscaping subconsultant for landscaping design.
- 5.15 Coordinate with parking consultant for parking lot operations design.

Revised Project Schedule

The following revised dates summarize the target completion of significant project tasks.

ACTIVITY	COMPLETION
Initiate Design	September 2016
Preliminary Design Complete	January 31, 2017
65% Design Complete	February 20, 2017
95% Design Complete	March 10, 2017
Final Design Complete/Advertise for Bids	April 1, 2017
Start Construction (Parking Lot)	May 1, 2017
Start Construction (Apron)	May 21, 2017
Closeout	October 2017

Note: Construction dates are dependent on availability of grant funds and other factors outside of Consultant's control.

Fees

Fees for services provided under this Amendment will be determined under the Lump Sum method for Phases 1-4 and the Time and Materials Method for Phase 5. Fees have been calculated using Consultant's current Fee Schedule. A detailed Fee Proposal, dated January 24, 2017, is attached as Exhibit D. Additional fees and revised total fees for this project are summarized below:

	<u>Original Fee</u>	<u>Added Fee</u>	<u>Revised Total Fee</u>
• Tasks 1-4, Lump Sum	\$160,900	\$57,140	\$218,040
• Task 5, Time and Materials	\$ 23,645	\$2,860	\$26,505
TOTAL	\$184,545	\$60,000	\$244,545



IN WITNESS WHEREOF, Client and Consultant have made and executed this AMENDMENT #1 to WORK ORDER 16-03 to the AGREEMENT the day and year first above written.

FOR: FRIEDMAN MEMORIAL AIRPORT AUTHORITY

By: _____
Title: _____
Date: _____

FOR: T-O ENGINEERS, INC.

By: David A. Mitchell, P.E.
Title: Vice President
Date: _____

EXHIBIT D

Friedman Memorial Airport **Terminal Aircraft Parking Improvements**
Work Order # 16-03 - Amendment #1 **(Design Only)**

Fee Summary

January 24, 2017

Tasks 1-4, Lump Sum

1. Personnel Costs

Classification	Title	Hours	Rate/Hour	Cost
Prin	Principal	63	\$195.00	\$12,285.00
PM	Project Manager	20	\$140.00	\$2,800.00
SP	Senior Planner	0	\$130.00	\$0.00
CM	Construction Manager/Specifier	21	\$120.00	\$2,520.00
SV	Surveyor	0	\$130.00	\$0.00
DE	Design Engineer	58	\$120.00	\$6,960.00
EIT	Engineer-In-Training	219	\$85.00	\$18,615.00
EIT (OT)	Engineer-In-Training (Overtime)	0	\$111.00	\$0.00
Insp	Inspector	0	\$95.00	\$0.00
Insp (OT)	Inspector (Overtime)	0	\$124.00	\$0.00
Adm.	Administrative Assistant	0	\$65.00	\$0.00
Totals:		381		\$43,180.00

2. Subconsultant Fees

Architectural		\$4,000.00
Electrical		\$2,000.00
Landscaping		\$3,000.00
Parking		\$4,500.00
Mark-up	0.0%	\$0.00
Subtotal, Subconsultant Fees:		\$13,500.00

3. Reimbursable Expenses

Description	Number	Unit Cost	Cost
Vehicle Travel (Per Mile)	600	\$0.60	\$360.00
Airline Travel (Per Trip)	0	\$1,200.00	\$0.00
Rental Vehicles - (Per Day, incl. fuel)	0	\$120.00	\$0.00
Lodging (Per Night)	0	\$120.00	\$0.00
Meals (Day Trips - Lump Sum)	1	\$50.00	\$50.00
Per Diem (On Site Personnel - Per Day)	0	\$0.00	\$0.00
Document Reproduction (Lump Sum)	1	\$50.00	\$50.00
Telephone, Fax, Postage, Misc. (Lump Sum)	0	\$0.00	\$0.00
Subtotal, Reimbursable Expenses			\$460.00

TOTAL FEE, TASKS 1-4 (1+2+3):

\$57,140.00

EXHIBIT D

Friedman Memorial Airport Terminal Aircraft Parking Improvements
Work Order # 16-03 - Amendment #1 (Design Only)

Fee Summary

January 24, 2017

Task 5, Time and Materials

4. Personnel Costs

Classification	Title	Hours	Rate/Hour	Cost
Prin	Principal	12	\$195.00	\$2,340.00
PM	Project Manager	2	\$140.00	\$280.00
SP	Senior Planner	0	\$130.00	\$0.00
CM	Construction Manager/Specifier	2	\$120.00	\$240.00
SV	Surveyor	0	\$130.00	\$0.00
DE	Design Engineer	0	\$120.00	\$0.00
EIT	Engineer-In-Training	0	\$85.00	\$0.00
EIT (OT)	Engineer-In-Training (Overtime)	0	\$111.00	\$0.00
Insp	Inspector	0	\$95.00	\$0.00
Insp (OT)	Inspector (Overtime)	0	\$124.00	\$0.00
Adm.	Administrative Assistant	0	\$65.00	\$0.00
Totals:		16		\$2,860.00

5. Subconsultant Fees

None		\$0.00
Mark-up	0.0%	\$0.00
Subtotal, Subconsultant Fees:		\$0.00

6. Reimbursable Expenses

Description	Number	Unit Cost	Cost
Vehicle Travel (Per Mile)	0	\$0.00	\$0.00
Rental Vehicles - (Per Month, incl. fuel)	0	\$0.00	\$0.00
Lodging (Per Night)	0	\$0.00	\$0.00
Meals (Day Trips - Lump Sum)	0	\$0.00	\$0.00
Per Diem (On Site Personnel - Per Day)	0	\$0.00	\$0.00
Document Reproduction (Lump Sum)	0	\$0.00	\$0.00
Telephone, Fax, Postage, Misc. (Lump Sum)	0	\$0.00	\$0.00
Subtotal, Reimbursable Expenses			\$0.00

TOTAL FEE, TASKS 5-8 (4+5+6): **\$2,860.00**

TOTAL FEE, ALL TASKS: **\$60,000.00**

EXHIBIT D

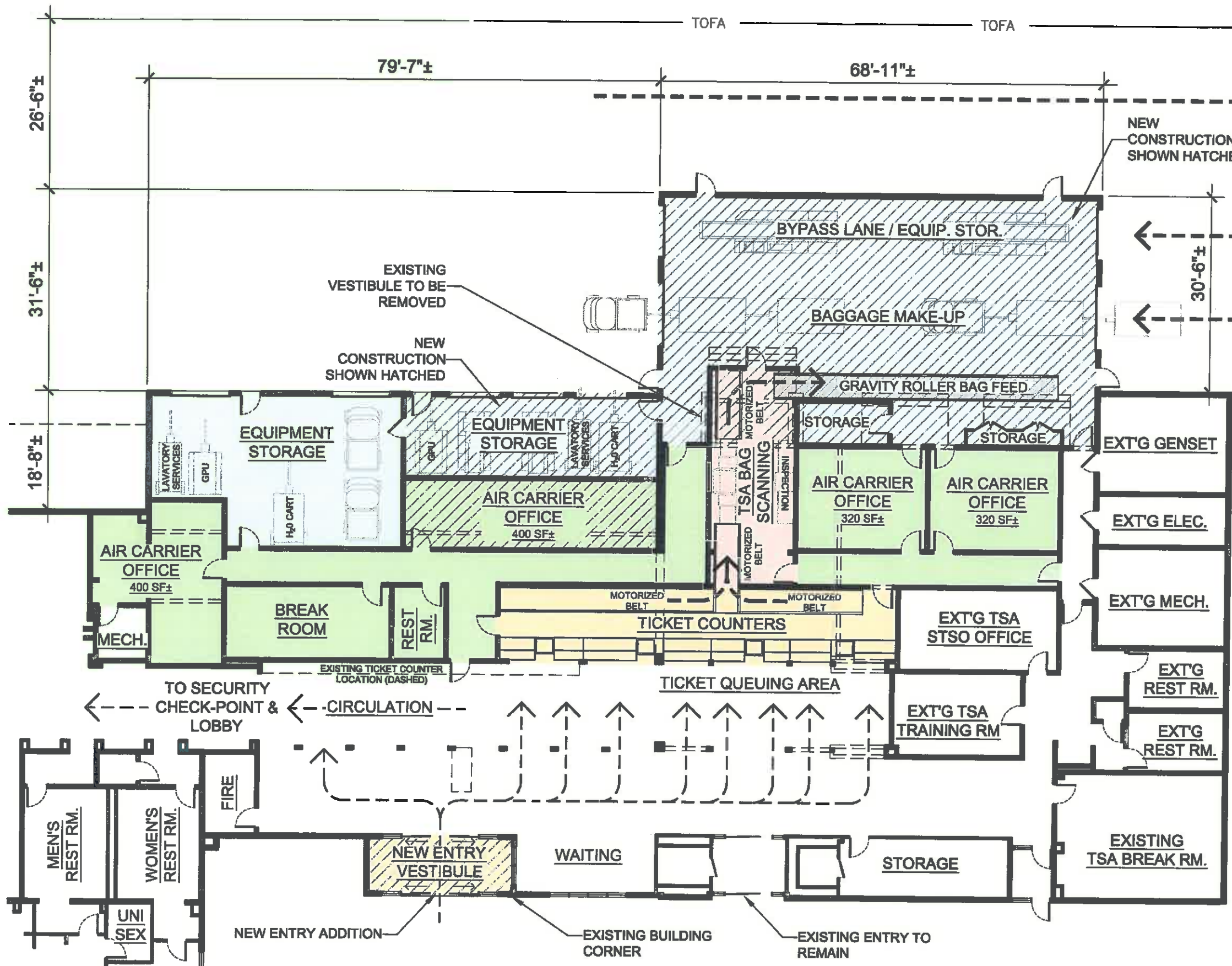
Friedman Memorial Airport Work Order # 16-03 - Amendment #1		Terminal Aircraft Parking Improvements (Design Only)													
Labor Worksheet		January 24, 2017													
Task	Description	Personnel Hours											Total Hours	Fee	
		Prin	PM	SP	CM	SV	DE	EIT	EIT	Insp	Insp	Adm.			
		DM	JH	CS	CS	SV	AD	JS	(OT)	DB	(OT)	SV			
		\$195	\$140	\$130	\$120	\$130	\$120	\$85	\$111	\$95	\$124	\$85			
Task 1 - Administration															
1.6	Amendment Scope/Fee	6	2											8	\$1,450
Subtotal, Task 1		6	2	0	0	0	0	0	0	0	0	0	0	8	\$1,450
Task 2 - 35% Design															
2.21	Parking Lot Concepts	10	6				4	6						26	\$3,780
2.22	Parking Lot Geometric Design	1	1				2	6						10	\$1,085
2.23	Parking Lot Preliminary Grading	1	1				2	6						10	\$1,085
2.24	Parking Lot Utility Coordination		1											1	\$140
2.25	Exit Booth Concept	2						4						6	\$730
2.26	Parking Lot Drainage Design						2	6						8	\$750
2.27	Parking Lot Pavement Design		1				1	4						6	\$600
2.28	Parking Lot Electrical	3						12						15	\$1,605
2.29	Landscaping Design	2						2						4	\$560
2.30	Parking Lot Operations Design	3												3	\$585
2.31	Parking Lot Specifications		2		6									8	\$1,000
2.32	Parking Lot Preliminary Drawings	2	1				4	24						31	\$3,050
2.33	Parking Lot Estimates				1		1	2						4	\$410
2.34	Parking Lot Phasing	2					4	3						9	\$1,125
2.35	City of Hailey Coordination	4												4	\$780
2.36	Taxiway B-3 Grading Evaluation	1					4	12						17	\$1,695
2.37	Taxiway B-3 Prelim. Grading Design	1					2	10						13	\$1,285
Subtotal, Task 2		32	13	0	7	0	26	97	0	0	0	0	0	175	\$20,285

EXHIBIT D

Friedman Memorial Airport Work Order # 16-03 - Amendment #1		Terminal Aircraft Parking Improvements (Design Only)													
Labor Worksheet		January 24, 2017													
Task	Description	Personnel Hours											Total Hours	Fee	
		Prin	PM	SP	CM	SV	DE	EIT	EIT	Insp	Insp	Adm.			
		DM	JH		CS		AD	JS	(OT)	DB	(OT)	SV			
		\$195	\$140	\$130	\$120	\$130	\$120	\$85	\$111	\$95	\$124	\$65			
Task 3 - 65% Design															
3.12	Finalize Parking Lot Grading Design	0.5					2	16						18.5	\$1,698
3.13	Finalize Parking Lot Drainage Design	0.5					2	16						18.5	\$1,698
3.14	Parking Lot Erosion Control						1	8						9	\$800
3.15	Parking Lot Pavement Marking Plan							4						4	\$340
3.16	Parking Lot Electrical Final Design	1						4						5	\$535
3.17	Parking Lot Ticket Booth Site Design	1					1	4						6	\$655
3.18	Parking Equipment Design	3						10						13	\$1,435
3.19	Taxiway B-3 Final Design	1					4	12						17	\$1,695
3.20	Parking Lot Specifications	1	4		8									13	\$1,715
3.21	Parking Lot/T-W B-3 65% Plans	1					4	24						29	\$2,715
3.22	Revise Cost Estimates				1		1	2							\$410
3.23	Coordination	6					2							8	\$1,410
Subtotal, Task 3		15	4	0	9	0	17	100	0	0	0	0	0	145	\$15,105
Task 4 - Final Design															
4.12	Revise Parking Lot Design	1					2	4						7	\$775
4.13	Parking Lot/T-W B-3 95% Plans	1					4	10						15	\$1,525
4.14	Parking Lot 95% Specs		1		4									5	\$620
4.15	Final Estimates				1		1	2						4	\$410
4.16	Engineer's Design Report	1					4	2						7	\$845
4.17	Final Revisions	1					2	4						7	\$775
4.18	Coordination	6					2							8	\$1,410
Subtotal, Task 4		10	1	0	5	0	15	22	0	0	0	0	0	53	\$6,380
SUBTOTAL, TASKS 1-4		63	20	0	21	0	58	219	0	0	0	0	0	381	\$43,180

EXHIBIT D

Friedman Memorial Airport													Terminal Aircraft Parking Improvements	
Work Order # 16-03 - Amendment #1													(Design Only)	
Labor Worksheet													January 24, 2017	
Task	Description	Personnel Hours											Total Hours	Fee
		Prin	PM	SP	CM	SV	DE	EIT	EIT	Insp	Insp	Adm.		
		DM	JH		CS		AD	JS	(OT)	DB	(OT)	SV		
		\$195	\$140	\$130	\$120	\$130	\$120	\$85	\$111	\$95	\$124	\$65		
Task 5 - Additional Services														
5.11	Parking Lot Utility Coordination		2										2	\$280
5.12	Parking Lot Electrical Coordination	2											2	\$390
5.13	Parking Lot Architectural Coordination	4											4	\$780
5.14	Landscaping Coordination	2											2	\$390
5.15	Parking Consultant Coordination	4			2								6	\$1,020
SUBTOTAL, TASK 5		12	2	0	2	0	0	0	0	0	0	0	16	\$2,860
TOTAL, ALL TASKS		75	22	0	23	0	58	219	0	0	0	0	397	\$46,040



LEGEND

- TICKET COUNTERS
- CARRIER OFFICES
- TSA SECURITY
- BAGGAGE MAKE-UP

CONSTRUCTION PHASING

1. CONSTRUCT NEW BAGGAGE MAKE-UP GARAGE, TSA SCANNING AREA, OFFICES, NEW ENTRY AND NEW TICKET COUNTERS.
2. RELOCATE SCANNER, BAGGAGE OPERATIONS, AND AIR CARRIERS
3. DEMOLISH EXISTING HORIZON GARAGE
4. RE-BUILD GARAGE & REMODEL EXISTING SPACES NORTH OF TICKETING

ESTIMATED CONSTRUCTION COST

ESTIMATED BASE COST	\$1.62 M *
- W/ MINI-INLINE EDS	\$2.17 M *

* ESTIMATED COSTS DO NOT INCLUDE CONTINGENCIES FOR UNFORESEEN STRUCTURAL CONDITIONS OR SPECIALIZED EQUIPMENT

