

**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 9, 2018 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 9, 2018**

- I. APPROVE AGENDA**
- II. PUBLIC COMMENT (10 Minutes Allotted)**
- III. FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:**
 - A. December 5, 2017 Regular Meeting – Motion to Approve – Attachment #1**
- IV. REPORTS**
 - A. Chairman Report
 - B. Blaine County Report
 - C. City of Hailey Report
 - D. Airport Manager Report
 - E. Fly Sun Valley Alliance Report
- V. AIRPORT STAFF BRIEF (5 Minutes Allotted)**
 - A. Noise Complaints
 - B. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data – Attachments #2 – #4
 - C. Airport Commercial Flight Interruptions (unofficial)
 - D. Review Correspondence – Attachment #5
- VI. NEW BUSINESS**
 - A. ACTION**
 - a. Consideration of Acceptance of FMAA Financial Statements & Other Financial Information Year Ended September 30, 2017 – Attachment #6
 - b. Consideration of FMAA Resolution Regarding Contracting Authority – Attachment #7
 - c. Consideration of Mountain West Bank Account for Health and/or Dependent Care Flex Spending Accounts
 - B. Updates and Discussion**
 - a. Procedures for Enacting Airport Regulations – Attachment #8
- VII. CONTINUING BUSINESS**
 - A. Construction and Capital Projects**
 - a. **ACTION**
 - i. NONE
 - b. Updates and Discussion
 - i. Runway Pavement Maintenance
 - ii. Terminal Air Carrier Apron and Parking Lot Improvements – Attachment #9
 - B. Airport Planning Projects**
 - a. **ACTION**
 - i. NONE
 - b. Updates and Discussion
 - i. Environmental Assessment for Runway Protection Zone and Obstruction Removal
 - ii. Airport Noise Modeling
 - C. Misc.**
 - a. **ACTION**
 - i. NONE
 - b. Updates and Discussion
 - i. Communications RFP
- VIII. PUBLIC COMMENT**
- IX. 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 (e) To consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations**
 - I.C. §74-206 (f) To communicate with legal counsel to discuss legal ramifications for controversy imminently likely to be litigated**
- X. ADJOURNMENT**

III. FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:

A. December 5, 2017 Regular Meeting – Motion to Approve - Attachment #1

IV. REPORTS

A. Chairman Report

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

B. Blaine County Report

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

C. City of Hailey Report

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

D. Airport Manager Report

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

E. Fly Sun Valley Alliance Report

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

V. AIRPORT STAFF BRIEF - (5 Minutes Allotted)

A. NO Noise Complaints in December 2017

B. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data - Attachments #2 - #4

Attachment #2 is Friedman Memorial Airport Profit & Loss Budget vs. Actual (unaudited)

Attachment #3 is 2001 - 2017 ATCT Traffic Operations data comparison by month

Attachment #4 is 2017 Enplanement, Deplanement and Seat Occupancy data

The following revenue and expense analysis is provided for Board information and review:

October 2016/2017		
Total Non-Federal Revenue	October 2017	\$330,970.07
Total Non-Federal Revenue	October 2016	\$288,023.29
Total Non-Federal Revenue	FY '18 thru October	\$330,970.07
Total Non-Federal Revenue	FY '17 thru October	\$288,023.29
Total Non-Federal Expenses	October, 2017	\$289,166.18
Total Non-Federal Expenses	October, 2016	\$285,120.12
Total Non-Federal Expenses	FY '18 thru October	\$289,166.18
Total Non-Federal Expenses	FY '17 thru October	\$285,120.12
Net Income to include Federal Programs	FY '18 thru October	\$81,160.49
Net Income to include Federal Programs	FY '17 thru October	\$-37,349.66

C. Airport Commercial Flight Interruptions (unofficial):

AIRLINE	FLIGHT CANCELLATIONS	FLIGHT DIVERSIONS
	Dec. 1 through Dec. 31	
Alaska Airlines	0	1
Delta	1	8
United	0	0

D. Review Correspondence – Attachment #5

Attachment #5 is included for Board review.

VI. NEW BUSINESS

A. ACTION

a. **Consideration of Acceptance of FMAA Financial Statements & Other Financial Information Year Ended September 30, 2017 – Attachment #6**

Attachment #6 is the draft *Friedman Memorial Airport Authority Financial Statements and Other Financial Information for the Year Ended September 30, 2017*. A portion of the Financial Statements is the *Management Discussion and Analysis (MD&A) letter*.

Rexroat, Harberd & Associates prepared the financial statements and Harris & Company completed the audit. Ms. Laurie Harberd from Rexroat, Harberd & Associates and Mr. Josh Tyree from Harris & Company will attend the meeting to present the financial statements and results of the audit and will be available to answer any questions the Board may have.

Action requested: Consider Motion to Approve Draft Financial Statements and direct Staff/Auditor to finalize for distribution to appropriate government agencies.

b. **Consideration of FMAA Resolution Regarding Contracting Authority – Attachment #7**

Chairman Keirn, staff, and legal counsel are requesting the Board consider **Attachment #7** to formalize and define a tiered contracting and purchasing process for the Board Chair, Airport Manager, and Finance Committee. The process and Resolution will allow the Airport Manager and Chair to operate the airport in an efficient and orderly manner as it relates to contracts without being required to obtain contracting and spending approval from the entire Board, unless required by law.

Action requested: Consider Resolution of the Friedman Memorial Airport Authority Regarding Contracting Authority.

c. **Consideration of Mountain West Bank Account for Health and/or Dependent Care Flex Spending Accounts**

Staff has determined that the *savings* account opened in July, 2017, for the purpose of managing the Airport's Flex Spending Accounts (FSA) and/or Dependent Care Account Plans, has a limited number of allowable transfers and is subject to transfer fees once the maximum number of transfers is exceeded each month. Staff has researched and has spoken with bank representatives and it has been recommended that the savings account be closed and the funds be transferred to an account with more transfer flexibility.

Staff is requesting the Board authorize closing the *savings* account and provide authorization to open a new account that will provide transfer flexibility and the ability to effectively manage and segregate employee contributions and expenditures made from other airport accounts.

Action requested: Consider Motion to authorize staff to close the Mountain West Bank savings account utilized for management of the Health Flex Spending Accounts (FSA) and/or Dependent Care Account Plans and to open an account that will better fit the needs of the program and the airport.

B. Updates and Discussion

a. **Procedures for Enacting Airport Regulations – Attachment #8**

At the December meeting, it was brought to the Board's attention an existing FMAA policy for enacting airport regulations. Based on the ensuing discussion, the Board was concerned the policy may be overly cumbersome. The Board requested to review and discuss the existing policy at this meeting and perhaps consider modifications. No action is expected, only discussion.

VII. CONTINUING BUSINESS

A. CONSTRUCTION and CAPITAL Projects

a. ACTION

i. NONE

b. Updates and Discussion

i. Runway Pavement Maintenance

The final pavement markings for the runway and apron are tentatively scheduled for June 5 and 6, 2018. The runway will need to be closed to complete the work, and the closure schedule is as follows: June 5th – the Runway will be closed from 8:15 am until 9:00 pm; June 6th – the Runway will be closed from 8:15 am until approximately 5:00 pm. This schedule allows early morning and late evening use of the airport for commercial service and GA traffic each of the two work days. The closure has been coordinated with Delta Airlines.

ii. Terminal Air Carrier Apron and Parking Lot Improvements – Attachment #9

Parking Lot Reconfiguration – As previously briefed, Staff, and representatives from T-O Engineers met with the contractor’s representatives from Idaho Materials and Construction (IMC), on November 2, 2017. The purpose of that meeting was to discuss the project schedule and implementation. The contractor plans to begin work as soon as weather allows in Spring 2018.

On the same day, Staff, and consultants from T-O Engineers, met with stakeholders regarding the parking lot improvements. The stakeholders included The Car Park (parking lot management company), the airlines, transportation service providers, and rental car companies. Excellent feedback was received and modifications to the parking lot plan were developed.

A second follow-up meeting was held on December 14, 2017, with the rental car companies, transportation service providers, and taxicab companies, but only representatives from the rental car companies attended the meeting. Additional feedback was received, and the suggestions were incorporated into the exhibit presented at this meeting.

Staff feels the proposed layout (**Attachment #9**) represents the highest and best use of existing space considering the wide variety of users. Staff is seeking Board comment and feedback so the proposed layout can be finalized and incorporated into the final design by T-O Engineers.

Parking Lot Equipment – Staff and our parking lot consultant received a cost estimate for new parking lot equipment on December 18. Staff and our consultant discussed the estimate in detail and based on discussion, the Airport Manager has directed our consultant to further coordinate with The Car Park to refine the estimate and determine order lead time for the equipment. It is expected that Staff will have a refined cost estimate and additional details to share with the finance/lease committee and full Board by the February meeting.

Utility Relocations – The work associated with the relocation of the power lines, telecommunication lines, and gas lines from beneath the proposed apron expansion and parking lot improvement areas have essentially been completed. Work began on November 8th and was completed by December 29th. By completing this work before winter, the contractor will be able to start project-related work as soon as weather allows in the spring.

B. AIRPORT PLANNING PROJECTS

a. ACTION

i. NONE

b. Updates and Discussion

i. Environmental Assessment for Runway Protection Zone and Obstruction Removal

Staff is working with the FAA to address impacts to the historic farmstead. The FAA has determined that, due to Section 4(f) of the U.S. DOT Act of 1966, that additional avoidance measures need to be considered. Section 4(f) protects significant publicly owned parks, recreational areas, wildlife and waterfowl refuges, and public and private historic sites. The consultant has prepared a Section 4(f) evaluation and is working on addressing FAA comments. The Section 106 Historic Resources report has not been transmitted to SHPO at this time. Staff has contacted FAA to determine any additional issues.

The EA has been reformatted to meet FAA's revised template. However, the EA is dependent on the Section 106 report, which has yet to be reviewed by SHPO, and until the FAA makes a determination on the Section 4(f) impacts.

Staff and our consultant is working with the FAA to try and keep the process moving forward as expediently as possible.

ii. Airport Noise Modeling

The results of the Phase 2 noise modeling were presented to the Board at the December meeting. As directed by the Board at the meeting, Staff has contacted airport noise consultant Landrum & Brown regarding additional thoughts and experience based on the modeling results. Chairman Keirn and Airport Manager Pomeroy believe the best course of action at this point is to have Landrum & Brown attend the February or March FMAA meeting to provide the Board an opportunity to discuss the modeling results with the airport noise expert team and recommendations and potential options moving forward. Staff anticipates discussion of this approach by the Board at the meeting.

C. MISC.

a. ACTION

i. NONE

b. Updates and Discussion

i. Communications RFP

A revised Draft Communications RFP was provided to the Communications selection committee on December 21. It is expected the committee and Airport Manager Pomeroy will meet to discuss the revised RFP and selection process moving forward and will have a report to the Board at the February meeting.

VIII. PUBLIC COMMENT

IX. 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 (e)

To consider preliminary negotiations involving matters of trade or commerce in which the governing body is in competition with governing bodies in other states or nations

I.C. §74-206 (f)

To communicate with legal counsel to discuss legal ramifications for controversy imminently likely to be litigated

X. ADJOURNMENT

**MINUTES OF A REGULAR MEETING ATTACHMENT 1
OF THE
FRIEDMAN MEMORIAL AIRPORT AUTHORITY***

**December 5, 2017
5:30 P.M.**

IN ATTENDANCE:

BOARD MEMBERS: Chairman – Don Keirn, Vice-Chairman – Jacob Greenberg, Secretary - Lawrence Schoen, Treasurer – Ron Fairfax, 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, Airport Operations Manager – Todd Emerick; Administrative Assistant/Alternate Security Coordinator – Roberta Christensen, Administrative Assistant – Cecilia Vega; Administrative Assistant/IT Systems Coordinator – April Matlock

CONSULTANTS: T-O Engineers – Dave Mitchell, Joe Guenther; Centerlyne – Candace Crew, Sarah Shepard

AIRPORT TENANTS/PUBLIC: Atlantic Aviation – Brian Blackburn; Comp Plan – Len Harlig; FHR – Marc Reinemann; GCA – John Strauss;

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

PRESS: Idaho Mountain Express – Joshua Murdock

CALL TO ORDER:

The meeting was called to order at 5:31 p.m. by Chairman Keirn.

I. APPROVE AGENDA

The agenda was approved as presented.

II. PUBLIC COMMENT

Mr. Len Harlig thanked the Board and Staff for installing the parking lot wayfinding signage.

**III. APPROVE FMAA
MEETING MINUTES**

A. November 7, 2017 Regular Meeting (See Brief)

The November 7, 2017 Friedman Memorial Airport Authority Meeting Minutes were approved as presented.

MOTION:

Made by McCleary to approve the November 7, 2017 Friedman Memorial Airport Authority Regular Meeting Minutes as presented. Seconded by Vice-Chairman Greenberg.

**PASSED
BOARD MEMBER HAEMMERLE ABSTAINED**

IV. REPORTS

A. Chairman Report

No report was given.

B. Blaine County Report

No report was given.

C. City of Hailey Report

No report was given.

D. Fly Sun Valley Alliance Report

Ms. Carol Waller, FSVA Director, invited the Board to the December 23rd Chicago Flight Inauguration Reception and commented that coordinating efforts between FMAA Staff, FSVA, and the Chambers are taking place to ensure a successful event. Ms. Waller reported that bookings for the winter are solid. Diversion bussing has begun, and communication procedures for disseminating diversion program information have improved.

Board Member Fairfax lamented that he will not be on the first outbound flight to Chicago.

E. Airport Manger Report (See Power Point Presentation)

Airport Finance/Contracts Administrator Emerick briefed the Board on the status of the audit.

Airport Manager Pomeroy thanked the Administrative Staff for their hard work in preparing for the audit.

Airport Manger Pomeroy reported on the following.

- A scope of work has been received from Hughes Aerospace for the Instrument Approach Improvements project at an estimated 9-12-month completion time and a cost of \$193,000. Airport Manager Pomeroy is currently discussing options moving forward with stakeholders/users.
- Airport Manager Pomeroy briefed the Board on the success of the Sun Airport Art Committee (SAAC) reception that took place on Thursday, November 30th
- Airport Manager Pomeroy is researching options for replacement of the Air Traffic Control Tower (ATCT) and he will provide a document for the Board's review that contains alternatives and estimated costs.
- Coordination efforts are in place with Airport users regarding new winter airspace procedures that will be implemented by the FAA Air Route Traffic Control Center (ZLC) in Salt Lake City from December 20th to January 8th and on an as-needed basis for holiday weekends.
- The Inaugural Flight Reception for the non-stop Chicago route will take place on December 23rd at the passenger terminal main lobby.
- Airport Manager briefed the Board on anticipated presentations scheduled for the January meeting including, the accountant/auditor presentation of the Financial Statement and Audit for the year ended September 30, 2017, the Rates & Charges Analysis completed by Ricondo & Associates, and the first public reading of the revised Ground Transportation Service Provider (GTSP) Regulation 94-1.

Board Member Fairfax congratulated everyone involved in the SAAC reception and artwork rotation and encouraged the Board to peruse the new artwork.

Board Member Schoen also thanked everyone involved in the SAAC artist rotation and reception. He also inquired why it was necessary to have three readings for the revised GTSP Regulation 94-1.

Airport Attorney Laski responded that a previous FMAA Board created a regulation that requires three public readings in order to adopt a new regulation.

Board Member Schoen recommended that a revision of the Board regulations to modify the readings requirement be added to the January Agenda.

V. AIRPORT STAFF BRIEF

A. Noise Complaints (See Brief)

Board Member Fairfax asked if it was possible to allow commercial airlines to depart to the North rather than stage on the taxiway or ramp area at the north end of the runway to wait for favorable wind conditions. This could relieve some of the negative impact on nearby residents.

Airport Manager Pomeroy responded that Delta Airline's operational specification do not allow departures to the North.

B. Profit & Loss, Budget Performance Summary, ATCT Traffic Operations Count and Enplanement Data (See Brief)

C. Airport Commercial Flight Interruptions (See Brief)

D. Review Correspondence (See Brief)

VI. NEW BUSINESS

A. ACTION AND Public Comment

a. Consideration of acceptance of ITD Aeronautics FY 2018 Idaho Airport Aid Program Grant (See Brief & PPT)

Airport Manager Pomeroy briefed the Board on the receipt of an ITD Aeronautics Grant offer of \$25,000 for FY '18 and requested that the Board consider approving execution and acceptance of the grant.

MOTION:

Made by Vice Chairman Greenberg to allow execution of the FY '18 ITD Aeronautics Grant Offer by the Chairman as well as the Blaine County Commissioners and City of Hailey as co-sponsors. Seconded by Board Member Fairfax.

PASSED UNANIMOUSLY

b. Consideration of date change of January FMAA meeting from January 2, 2018 to January 9, 2018 (See Brief & PPT)

Airport Manager Pomeroy asked the Board to consider a date change for the January meeting to accommodate the consultants travel schedule for the Board presentations.

The Board agreed to reschedule the January 2, 2018 Board Meeting to January 9, 2018 and directed Staff to make the proper notifications.

B. Updates and Discussion

a. NONE

VII. CONTINUING BUSINESS

A. Construction and Capital Projects

a. ACTION and Public Comment

i. NONE

b. Updates and Discussion

i. Runway Pavement Maintenance (See Brief & PPT)

Airport Manager Pomeroy updated the Board on the Runway Pavement Maintenance project and commented that the Airport will be closed on June 5th from 8:15 a.m. to 9:00 p.m. and June 6th from 8:15 a.m. to 5 p.m. He noted that this schedule will have minimal impacts to the airlines as it will allow the Delta flight to arrive in the evening and depart the following morning.

ii. Terminal Air Carrier Apron and Parking Lot Improvements (See Brief & PPT)

Airport Manager Pomeroy briefed the Board on the status of the Terminal Air Carrier Apron and Parking Lot Improvements project.

Board Member Fairfax asked if replacement of the parking lot gates and ticketing equipment is still scheduled for completion this fall.

Airport Manager Pomeroy responded that Staff has not received a cost estimate or delivery date from the equipment manufacturer, Amano, who is working with The Car Park on the proposed equipment, and does not anticipate installation by the winter season.

B. Airport Planning Projects (See Power Point Presentation)

a. ACTION and Public Comment

i. NONE

b. Updates and Discussion

i. Environmental Assessment for Runway Protection Zone and Obstruction Removal (See Brief & PPT)

Airport Manager Pomeroy informed the Board that he will not be requesting approval of Environmental Assessment Draft Chapters 1 – 4 at this meeting as the comments received from the FAA are still being reviewed and will instead seek approval of the revised Chapters at the January or February Board Meeting.

T-O Engineer Environmental Project Manager, Joe Guenther briefed the Board on the progress of the EA.

Vice Chairman Greenberg asked if the analysis of historic places near the Airport had miss-identified the Pound Homer residence as that of Ezra Pound. He also inquired about the ranking system for the Whitebark Pine species that are listed as numbers 1 and 3 in the table.

Airport Consultant Guenther responded that the Pound Homer residence was miss-identified as the Pound Homer house and should be identified as the Ezra Pound house. He also commented that the species ranking system is specific to Blaine County; the County has both highly protected and unprotected species of plants and animals; and, highly protected species do not occur on the project site.

Airport Manager Pomeroy expressed his frustration with the unanticipated FAA legal review that has resulted in a delay for the project; however, he assured the Board that the FAA is aware that this project needs to be completed as soon as possible.

ii. **Airport Noise Modeling - New Noise Modeling Results from Landrum & Brown (See Brief & PPT)**

Airport Manager Pomeroy briefed the Board on the results of the Airport Noise Modeling study conducted by Landrum & Brown.

The Board discussed technical aspects of the noise modeling report including clarification of impacts at the detailed grid point locations (G1 and G2), federal noise thresholds, and developing a list of mitigation options available to the Board.

Airport Manager Pomeroy was asked about potential mitigation options available to the Board and responded that he is unsure of the best options moving forward as options are limited in our constrained environment.

Airport Manager Pomeroy recommended to the Board that he contact Landrum & Brown to ask for their guidance and input based on their extensive experience as airport noise specialists relative to similar situations at other airports.

The Board concurred with Airport Manager Pomeroy's recommendations.

C. Misc.

a. **ACTION and Public Comment**

i. **Consideration of acceptance of Parking Lot Management Agreement with The Car Park (See Brief & PPT)**

Airport Manager Pomeroy informed the Board that comments and a redline version of the Parking Lot Management Agreement had been received from The Car Park and have been reviewed by Legal Counsel as well as the Board Finance/Lease Committee. Airport Manager Pomeroy requested that the Board consider approval of the Management Agreement pending minor revisions that need to be made by Legal Counsel, as well as negotiation of the Schedule of Fees.

MOTION: *Made by Board Member Schoen to approve the Parking Lot Management Agreement contingent upon Legal Counsel review, minor revisions and fee negotiations. Seconded by Vice Chairman Greenberg.*

PASSED UNANIMOUSLY

b. **Updates and Discussion**

i. **FMAA Amended Regulation 94-1 regarding Ground Transportation Service Providers at the Airport (See Brief & PPT)**

Airport Manager Pomeroy briefed the Board on the status of the Draft Amended GTSP Regulation 94-1 that was presented to the Board at the November meeting.

Chairman Keirn asked if Airport Staff examined the mechanical condition of the cars as well as the tires as specified in the Regulation.

Airport Manager Pomeroy responded that Staff does ensure the vehicles operate as specified in the Regulations.

Board Member Schoen asked how Transportation Network Companies (TNCs) are identified and expressed his disappointment in the Airport's inability to regulate such entities like other taxi and limousine services.

Airport Attorney Laski responded that the Airport may be able to identify TNC operators by offering preferential parking at the Airport in exchange for identifying themselves with an Airport-issued sticker. He commented that while this may provide a temporary solution, lobbying the state legislature to modify the statute to exclude airports from the prohibition against local jurisdictions regulating TNCs is a long-term solution.

Vice Chairman Greenberg asked how the Airport benefits from being able to identify TNC operators and if having them operate at the Airport without regulation is a security issue. He also requested that Airport Attorney Laski send him the proposed language revision to allow the County Commissioners to send the corresponding language to the Idaho State legislative representatives.

Airport Attorney Laski responded that having the ability to identify TNCs would prevent local taxi companies from operating as TNCs to avoid Airport Regulations.

Airport Manager Pomeroy suggested that lobbying efforts be initiated with other airports in the state.

Chairman Keirn directed the Airport Manager to provide the Board with a refined copy of the regulation.

ii. Communications Request for Proposals (RFP) (See Brief & PPT)

Board Member Schoen briefed the Board on the status of the Communications RFP and the RFP Committee's review of the document. He reported that Airport Manager Pomeroy is currently producing a template for a communications plan and scope of services that will be presented to the Board for review.

Vice Chairman Greenberg asked Board Member Schoen if the Fly Sun Valley Alliance is responsible for marketing outside the area while the Airport is responsible for local marketing.

Board Member Schoen responded that in the current RFP, the Board's priority is the local market.

Board Member Cooley commented that marketing has different aspects and that local advertising efforts to reintroduce or rebrand the Airport to the community are important.

Airport Manager Pomeroy commented that promoting the Airport within the community in addition to general marketing is the current goal.

Board Member McCleary asked what the process is for obtaining RFPs and what the anticipated timeline is. She also asked if the Communications Contracts typically have a term of one year.

Airport Manager Pomeroy responded that this engagement would be treated as a professional service contract and RFPs would hopefully be obtained from various entities. He answered that the selection would be based on received proposals and the contract would likely be for a term of 3 years.

VIII. PUBLIC COMMENT No public comment was made.

IX. EXECUTIVE SESSION – I.C. §74-206 (c)(f) **MOTION:** *Made by Vice Chairman Greenberg to enter into executive session pursuant to Idaho Code §74-206 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 Schoen.*

ROLL CALL VOTE:

<i>Chairman Fairfax</i>	Yes
<i>Vice-Chairman Kelrn</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. ADJOURNMENT

The December 5, 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.*

7:22 AM

01/04/18

Accrual Basis

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017

Ordinary Income/Expense	Oct 17	Budget	\$ Over Budget	% of Budget
Income				
4000-00 · AIRCARRIER				
4000-01 · Aircarrier - Lease Space	7,043.43	7,045.00	-1.57	100.0%
4000-02 · Aircarrier - Landing Fees	10,480.15	8,950.00	1,530.15	117.1%
4000-03 · Aircarrier - Gate Fees	100.00	100.00	0.00	100.0%
4000-04 · Aircarrier - Utility Fees	30.00	50.00	-20.00	60.0%
4000-05 · Aircarrier - Misc.	0.00	18,000.00	-18,000.00	0.0%
4010-07 · Aircarrier - '14 PFC App	57,727.37	55,150.00	2,577.37	104.7%
Total 4000-00 · AIRCARRIER	75,380.95	89,295.00	-13,914.05	84.4%
4020-00 · TERMINAL AUTO PARKING REVENUE				
4020-01 · Automobile Parking - Terminal	24,602.80	19,650.00	4,952.80	125.2%
Total 4020-00 · TERMINAL AUTO PARKING REVENUE	24,602.80	19,650.00	4,952.80	125.2%
4030-00 · AUTO RENTAL REVENUE				
4030-01 · Automobile Rental - Commission	22,462.98	21,000.00	1,462.98	107.0%
4030-02 · Automobile Rental - Counter	2,284.08	2,285.00	-0.92	100.0%
4030-03 · Automobile Rental - Auto Prkng	25,302.06	25,310.00	-7.94	100.0%
4030-04 · Automobile Rental - Utilities	0.00	0.00	0.00	0.0%
Total 4030-00 · AUTO RENTAL REVENUE	50,049.12	48,595.00	1,454.12	103.0%
4040-00 · TERMINAL CONCESSION REVENUE				
4040-01 · Terminal Shops - Commission	0.00	150.00	-150.00	0.0%
4040-02 · Terminal Shops - Lease Space	0.00	1,190.00	-1,190.00	0.0%
4040-03 · Terminal Shops - Utility Fees	0.00	0.00	0.00	0.0%
4040-10 · Advertising - Commission	3,411.90	3,300.00	111.90	103.4%
4040-11 · Vending Machines - Commission	1,156.34	1,000.00	156.34	115.6%
4040-12 · Terminal ATM	34.00	15.00	19.00	226.7%
Total 4040-00 · TERMINAL CONCESSION REVENUE	4,602.24	5,655.00	-1,052.76	81.4%
4050-00 · FBO REVENUE				
4050-01 · FBO - Lease Space	37,789.08	37,795.00	-5.92	100.0%
4050-02 · FBO - Tiedown Fees	18,425.70	23,000.00	-4,574.30	80.1%
4050-03 · FBO - Landing Fees - Trans.	18,377.36	15,000.00	3,377.36	122.5%
4050-04 · FBO - Commission	1,124.29	1,100.00	24.29	102.2%
Total 4050-00 · FBO REVENUE	75,716.43	76,895.00	-1,178.57	98.5%
4060-00 · FUEL FLOWAGE REVENUE				
4060-01 · Fuel Flowage - FBO	15,001.05	19,500.00	-4,498.95	76.9%
Total 4060-00 · FUEL FLOWAGE REVENUE	15,001.05	19,500.00	-4,498.95	76.9%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017

	Oct 17	Budget	\$ Over Budget	% of Budget
4070-00 · TRANSIENT LANDING FEES REVENUE				
4070-02 · Landing Fees - Non-Comm./Gov't	218.82	250.00	-31.18	87.5%
Total 4070-00 · TRANSIENT LANDING FEES REVENUE	218.82	250.00	-31.18	87.5%
4080-00 · HANGAR REVENUE				
4080-01 · Land Lease - Hangar	103,491.84	103,810.00	-318.16	99.7%
4080-02 · Land Lease - Hangar/Trans. Fee	164.25	150.00	14.25	109.5%
4080-03 · Hangar/Utilities (E8,11,24)	0.00	200.00	-200.00	0.0%
4080-05 · Land Lease - FMA Hangar Rentals	0.00	2,000.00	-2,000.00	0.0%
Total 4080-00 · HANGAR REVENUE	103,656.09	106,160.00	-2,503.91	97.6%
4090-00 · TIEDOWN PERMIT FEES REVENUE				
4090-01 · Tiedown Permit Fees (FMA)	9,973.00	8,000.00	1,973.00	124.7%
Total 4090-00 · TIEDOWN PERMIT FEES REVENUE	9,973.00	8,000.00	1,973.00	124.7%
4100-00 · CARGO CARRIERS REVENUE				
4100-01 · Cargo Carriers - Landing Fees	810.79	750.00	60.79	108.1%
4100-02 · Cargo Carriers - Tiedown	2,970.00	3,000.00	-30.00	99.0%
Total 4100-00 · CARGO CARRIERS REVENUE	3,780.79	3,750.00	30.79	100.8%
4110-00 · MISCELLANEOUS REVENUE				
4110-01 · Misc. Revenue	11.28			
Total 4110-00 · MISCELLANEOUS REVENUE	11.28			
4120-00 · GROUND TRANSP. PERMIT REVENUE				
4120-01 · Ground Transportation Permit	500.00	0.00	500.00	100.0%
4120-02 · GTSP - Trip Fee	320.00	300.00	20.00	106.7%
Total 4120-00 · GROUND TRANSP. PERMIT REVENUE	820.00	300.00	520.00	273.3%
4400-00 · TSA/SECURITY				
4400-02 · Terminal Lease	3,363.75	3,365.00	-1.25	100.0%
4400-03 · Security Prox. Cards	19,570.00	17,900.00	1,670.00	109.3%
Total 4400-00 · TSA/SECURITY	22,933.75	21,265.00	1,668.75	107.8%
4500-00 · IDAHO STATE GRANT PROGRAM REV.				
4500-18 · SUN-18 SKW E-175 Certification	0.00	25,000.00	-25,000.00	0.0%
Total 4500-00 · IDAHO STATE GRANT PROGRAM REV.	0.00	25,000.00	-25,000.00	0.0%
4510-00 · DOT/Small Community Air Service				
4510-01 · Small Community Air Service	0.00	250,000.00	-250,000.00	0.0%
4510-02 · Small Community Air Serv. 2016	0.00	0.00	0.00	0.0%
Total 4510-00 · DOT/Small Community Air Service	0.00	250,000.00	-250,000.00	0.0%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017

	Oct 17	Budget	\$ Over Budget	% of Budget
4520-00 · INTEREST REVENUE				
4520-07 · Interest Revenue - '14 PFC	2.02	1.50	0.52	134.7%
4600-00 · Interest Revenue - General	1,951.12	825.00	1,126.12	236.5%
Total 4520-00 · INTEREST REVENUE	1,953.14	826.50	1,126.64	236.3%
4742-00 · AIP 42 - Project Air Carr. Apr				
4742-01 · AIP '42 Air Carr. Apron	0.00	0.00	0.00	0.0%
Total 4742-00 · AIP 42 - Project Air Carr. Apr	0.00	0.00	0.00	0.0%
4743-00 · AIP 43 - Air Carrier /Pkg. Lot				
4743-01 · AIP 43 - Air Carrier/Pkg. Lot	69,307.89	389,063.00	-319,755.11	17.8%
Total 4743-00 · AIP 43 - Air Carrier /Pkg. Lot	69,307.89	389,063.00	-319,755.11	17.8%
4744-00 · AIP '44 RPZ Acquisition EA				
4744-01 · AIP '44 - RPZ Acquisition - EA	7,043.34			
Total 4744-00 · AIP '44 RPZ Acquisition EA	7,043.34			
Total Income	465,050.69	1,064,204.50	-599,153.81	43.7%
Gross Profit	465,050.69	1,064,204.50	-599,153.81	43.7%
Expense				
EXPENDITURES				
"A" EXPENSES				
5000-01 · Salaries - Airport Manager	11,700.00	11,700.00	0.00	100.0%
5000-02 · Salaries - Assist. Airpt. Manag	0.00	9,583.00	-9,583.00	0.0%
5010-00 · Salaries -Contracts/Finance Adm	8,391.06	8,391.00	0.06	100.0%
5010-01 · Salaries - Office Assist.	18,713.73	16,537.00	2,176.73	113.2%
5020-00 · Salaries - ARFF/OPS Manager	8,124.14	8,124.00	0.14	100.0%
5040-00 · Salaries-ASC/Sp.Prjct./Ex. Assl	29,584.59	33,422.75	-3,838.16	88.5%
5050-00 · Salaries-Seasonal-Snow Removal	6,358.58	6,250.00	108.58	101.7%
5050-01 · Salaries - Seasonal - Arpt Host	0.00	0.00	0.00	0.0%
5050-02 · Salaries - Merit Increase	0.00	0.00	0.00	0.0%
5060-01 · Overtime - General	0.00	4,700.00	-4,700.00	0.0%
5060-02 · Overtime - Snow Removal	0.00	0.00	0.00	0.0%
5060-04 · OT - Security	0.00	0.00	0.00	0.0%
5100-00 · Retirement	9,368.83	12,441.00	-3,072.17	75.3%
5110-00 · Social Security/Medicare	6,135.68	8,198.00	-2,062.32	74.8%
5120-00 · Life Insurance	131.39	166.00	-34.61	79.2%
5130-00 · Medical Insurance	13,823.15	18,375.00	-4,551.85	75.2%
5160-00 · Workman's Compensation	0.00	0.00	0.00	0.0%
5170-00 · Unemployment Claims	121.32	0.00	0.00	0.0%
Total "A" EXPENSES	112,452.47	137,887.75	-25,435.28	81.6%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017

	Oct 17	Budget	\$ Over Budget	% of Budget
"B" EXPENDITURES				
"B" EXPENSES - ADMINISTRATIVE				
6000-00 · TRAVEL EXPENSE	2,027.94	1,410.00	617.94	143.8%
6000-01 · Travel				
Total 6000-00 · TRAVEL EXPENSE	2,027.94	1,410.00	617.94	143.8%
6010-00 · SUPPLIES/EQUIPMENT EXPENSE				
6010-01 · Supplies - Office	459.91	1,000.00	-540.09	46.0%
6010-03 · Supplies - Computer	227.48	300.00	-72.52	75.8%
Total 6010-00 · SUPPLIES/EQUIPMENT EXPENSE	687.39	1,300.00	-612.61	52.9%
6020-00 · INSURANCE				
6020-01 · Insurance - Liability	7,100.00	12,454.00	-5,354.00	57.0%
6020-02 · Insurance - Public Officials	12,425.00	5,780.00	6,645.00	215.0%
6020-03 · Insurance-Bldg/Unlic.Veh./Prop	5,575.00	39,600.00	-34,025.00	14.1%
6020-04 · Insurance - Licensed Vehicles	0.00	6,675.00	-6,675.00	0.0%
Total 6020-00 · INSURANCE	25,100.00	64,509.00	-39,409.00	38.9%
6030-00 · UTILITIES				
6030-01 · Utilities - Gas/Terminal	1,668.00	350.00	1,318.00	476.6%
6030-02 · Utilities - Gas/AOB & Cold Stor	735.00	260.00	475.00	282.7%
6030-03 · Utilities - Elect./Runway&PAPI	645.60	575.00	70.60	112.3%
6030-04 · Utilities - Elec./AOB & Cold St	856.56	860.00	-3.44	99.6%
6030-05 · Utilities - Electric/Terminal	3,243.62	2,960.00	283.62	108.6%
6030-06 · Utilities - Telephone	1,265.11	1,220.00	45.11	103.7%
6030-07 · Utilities - Water	396.32	110.00	286.32	360.3%
6030-08 · Utilities - Garbage Removal	686.01	1,330.00	-643.99	51.6%
6030-09 · Utilities - Sewer	333.83	270.00	63.83	123.6%
6030-11 · Utilities - Electric/Tower	458.48	340.00	118.48	134.8%
6030-12 · Utilities - Elec./Brdfrd.Hghl	39.73	45.00	-5.27	88.3%
6030-15 · Utilities - Elec/AWOS	274.84	240.00	34.84	114.5%
6030-16 · Utilities - Elec. Wind Cone	9.63	10.00	-0.37	96.3%
6030-17 · Utilities - Elec./Gas- Hangar	187.77	350.00	-162.23	53.6%
Total 6030-00 · UTILITIES	10,800.50	8,920.00	1,880.50	121.1%
6040-00 · SERVICE PROVIDER				
6040-01 · Service Provider - General	0.00	0.00	0.00	0.0%
6040-02 · Service Provider - Term. Serv.	347.39	345.00	2.39	100.7%
6040-03 · Service Provider - AOB Services	3,593.51	2,625.00	968.51	136.9%
6040-04 · Service Provider - Operations	12,850.00	12,850.00	0.00	100.0%
Total 6040-00 · SERVICE PROVIDER	16,790.90	15,820.00	970.90	106.1%

**Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017**

	Oct 17	Budget	\$ Over Budget	% of Budget
6050-00 · PROFESSIONAL SERVICES				
6050-01 · Professional Services - Legal	7,656.00	4,165.00	3,491.00	183.8%
6050-02 · Professional Serv. - Audit/Fina	7,428.50	30,000.00	-22,571.50	24.8%
6050-03 · Professional Services - Engin	1,651.25	665.00	986.25	248.3%
6050-05 · Professional Services - Gen.	1,928.43	3,000.00	-1,371.57	54.3%
6050-10 · Prof. Svcs.-IT/Comp. Support	790.55	825.00	-34.45	95.8%
6050-12 · Prof. Serv.- Planning Air Serv.	0.00	1,250.00	-1,250.00	0.0%
6050-13 · Prof. Serv.-Website Des.& Maint	81.41	500.00	-418.59	16.3%
6050-15 · Prof. Serv.-Comm.Coord/Pub.Outr	1,365.55	1,665.00	-299.45	82.0%
6050-17 · Prof. Serv. - Airspace Consult.	6,360.00	40,000.00	-33,640.00	15.9%
Total 6050-00 · PROFESSIONAL SERVICES	26,961.69	82,070.00	-55,108.31	32.9%
6060-00 · MAINTENANCE-OFFICE EQUIPMENT				
6060-04 · Maintenance - Copier	156.71	350.00	-193.29	44.8%
6060-05 · Maintenance - Phone	0.00	0.00	0.00	0.0%
Total 6060-00 · MAINTENANCE-OFFICE EQUIPMENT	156.71	350.00	-193.29	44.8%
6070-00 · RENT/LEASE OFFICE EQUIPMENT				
6070-02 · Ren/Lease - Postage Meter	0.00	0.00	0.00	0.0%
Total 6070-00 · RENT/LEASE OFFICE EQUIPMENT	0.00	0.00	0.00	0.0%
6080-00 · DUES/MEMBERSHIPS/PUBLICATIONS E				
6080-01 · Dues/Memberships/Publications	704.80	3,000.00	-2,295.20	23.5%
6080-04 · Airport Marketing	6,064.53	1,665.00	4,399.53	364.2%
Total 6080-00 · DUES/MEMBERSHIPS/PUBLICATIONS E	6,769.33	4,665.00	2,104.33	145.1%
6090-00 · POSTAGE				
6090-01 · Postage/Courier Service	23.05	150.00	-126.95	15.4%
Total 6090-00 · POSTAGE	23.05	150.00	-126.95	15.4%
6100-00 · EDUCATION/TRAINING				
6100-01 · Education/Training - Admin.	0.00	1,250.00	-1,250.00	0.0%
6100-02 · Education/Training - OPS	0.00	2,500.00	-2,500.00	0.0%
6100-03 · Education/Training - ARFF	28.85	3,000.00	-2,971.15	1.0%
6100-04 · Ed/Train. - ARFF Trienn. Drill	0.00	0.00	0.00	0.0%
6100-05 · Education - Noise Abatement	0.00	1,250.00	-1,250.00	0.0%
6100-06 · Education - Security	0.00	1,250.00	-1,250.00	0.0%
6100-07 · Education - Public Outreach	0.00	1,000.00	-1,000.00	0.0%
6100-08 · Education/Training - HFD Coop.	0.00	2,500.00	-2,500.00	0.0%
6100-09 · Education - SAAC	300.80			
6100-00 · EDUCATION/TRAINING - Other	105.00			
Total 6100-00 · EDUCATION/TRAINING	434.65	12,750.00	-12,315.35	3.4%

**Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017**

7:22 AM
01/04/18
Accrual Basis

	Oct 17	Budget	\$ Over Budget	% of Budget
6110-00 - CONTRACTS				
6110-01 - Contracts - General	0.00	500.00	-500.00	0.0%
6110-02 - Contracts - FMAA	3,500.00	3,500.00	0.00	100.0%
6110-03 - Contracts - FBO/Fee Collection	4,900.00	4,900.00	0.00	100.0%
Total 6110-00 - CONTRACTS	8,400.00	8,900.00	-500.00	94.4%
6120-00 - PERMITS				
6120-01 - Permits - General	0.00	0.00	0.00	0.0%
6120-02 - Permits - COH Impact Fee	0.00	0.00	0.00	0.0%
Total 6120-00 - PERMITS	0.00	0.00	0.00	0.0%
6130-00 - MISCELLANEOUS EXPENSES				
6130-01 - Misc. - General	556.73	470.00	86.73	118.5%
6140-00 - Bank Fees	84.00	0.00	84.00	100.0%
Total 6130-00 - MISCELLANEOUS EXPENSES	640.73	470.00	170.73	136.3%
6400-00 - DOT/SCASGP				
6400-02 - DOT/SCASGP - FMAA	2,357.67			
Total 6400-00 - DOT/SCASGP	2,357.67	201,314.00	-100,163.44	50.2%
Total "B" EXPENSES - ADMINISTRATIVE	101,150.56			
"B" EXPENSES - OPERATIONAL				
6500-00 - SUPPLIES/EQUIPMENT-OPERATIONS				
6500-01 - Supplies/Equipment - General	554.45	575.00	-20.55	96.4%
6500-02 - Supplies/Equipment - Tools	893.65	825.00	68.65	108.3%
6500-03 - Supplies/Equipment - Clothing	0.00	3,500.00	-3,500.00	0.0%
6500-04 - Supplies/Equipment - Janitorial	895.10	1,275.00	-379.90	70.2%
Total 6500-00 - SUPPLIES/EQUIPMENT-OPERATIONS	2,343.20	6,175.00	-3,831.80	37.9%
6505-00 - EQUIP/VEHICLE - LEASE/RENTAL				
6505-01 - General	0.00	0.00	0.00	0.0%
Total 6505-00 - EQUIP/VEHICLE - LEASE/RENTAL	0.00	0.00	0.00	0.0%
6510-00 - FUEL/LUBRICANTS				
6510-01 - General	0.00	165.00	-165.00	0.0%
6510-02 - Fuel	52.99	2,000.00	-1,947.01	2.6%
6510-03 - Lubricants	405.00	1,250.00	-845.00	32.4%
Total 6510-00 - FUEL/LUBRICANTS	457.99	3,415.00	-2,957.01	13.4%

Friedman Memorial Airport Profit & Loss Budget vs. Actual (COMBINED '18) October 2017

	Oct 17	Budget	\$ Over Budget	% of Budget
6520-00 · VEHICLES/MAINTENANCE				
6520-01 · R/M Equipment - General	0.00	14,300.00	-14,300.00	0.0%
6520-06 · R/M Equip. -'85 Ford Dump	0.00	250.00	-250.00	0.0%
6520-08 · R/M Equip. - '96 Tiger Tractor	50.85	1,000.00	-949.15	5.1%
6520-09 · R/M Equip. - '96 Oshkosh Swp.	489.16	8,900.00	-8,410.84	5.5%
6520-13 · R/M Equip. - Crafcoc Crack Flr.	0.00	0.00	0.00	0.0%
6520-17 · R/M Equip. '01 Case 921 Ldr.	0.00	400.00	-400.00	0.0%
6520-18 · R/M Equip. - '97 Chevy Blazer	0.00	75.00	-75.00	0.0%
6520-19 · R/M Equip. '02 Ford F-150 PU	0.00	250.00	-250.00	0.0%
6520-20 · R/M Equip. - '02 Kodiak Blower	6,974.76	275.00	6,699.76	2,536.3%
6520-24 · R/M Equip. - '01 Ford F-250	0.00	0.00	0.00	0.0%
6520-25 · R/M Equip. - '04 Batts De-Ice	53.52	250.00	-196.48	21.4%
6520-28 · R/M Equip. -'06 Case 621 Loader	0.00	250.00	-250.00	0.0%
6520-29 · R/M Equip. -'10 Waus Broom/Plow	9,730.78	8,600.00	1,130.78	113.1%
6520-30 · R/M Equip. -'05 Ford F-350	6.98	250.00	-243.02	2.8%
6520-31 · R/M Equip. -'10 Oshkosh Blower	39.49	1,500.00	-1,460.51	2.6%
6520-32 · R/M Equip. - '09 Mini Truck	0.00	100.00	-100.00	0.0%
6520-34 · R/M Equip. - '12 Case 921F Load	0.00	2,500.00	-2,500.00	0.0%
6520-35 · R/M Equip. - '14 Ford Explorer	41.96	200.00	-158.04	21.0%
6520-37 · R/M Equip. - '15 Tool Cat	-105.55	100.00	-205.55	-105.6%
6520-38 · R/M Equip. - '15 Wausau Broom	9,056.52	775.00	8,281.52	1,168.6%
6520-40 · R/M Equip. - '17 Ford-350 Super	6.98	100.00	-93.02	7.0%
Total 6520-00 · VEHICLES/MAINTENANCE	26,345.45	40,075.00	-13,729.55	65.7%
6530-00 · ARFF MAINTENANCE				
6530-01 · ARFF Maint. Gen/Supplies	624.09	2,500.00	-1,875.91	25.0%
6530-03 · ARFF Maint. - '87 Oshkosh	0.00	500.00	-500.00	0.0%
6530-04 · ARFF Maint. - Radios	0.00	250.00	-250.00	0.0%
6530-05 · ARFF MAint. - '03 E-One	2.92	500.00	-497.08	0.6%
Total 6530-00 · ARFF MAINTENANCE	627.01	3,750.00	-3,122.99	16.7%
6540-00 · REPAIRS/MAINTENANCE - BUILDING				
6540-01 · R/M Bldg. - General	0.00	1,250.00	-1,250.00	0.0%
6540-02 · R/M Bldg. - Terminal	6,417.96	6,565.00	-147.04	97.8%
6540-03 · R/M Bldg. - Terminal Concession	0.00	625.00	-625.00	0.0%
6540-04 · R/M Bldg. - Cold Storage	220.00	1,000.00	-780.00	22.0%
6540-05 · R/M Bldg. - AOB/SHOP	2,620.00	6,050.00	-3,430.00	43.3%
6540-06 · R/M Bldg. - Hangars	0.00	500.00	-500.00	0.0%
6540-07 · R/M Bldg. - Tower	276.50	400.00	-123.50	69.1%
6540-08 · R/M Bldg. - Parking Booth	95.00	250.00	-155.00	38.0%
Total 6540-00 · REPAIRS/MAINTENANCE - BUILDING	9,629.46	16,640.00	-7,010.54	57.9%

**Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017**

	Oct 17	Budget	\$ Over Budget	% of Budget
6550-00 · REPAIRS/MAINTENANCE - AIRSIDE				
6550-01 · R/M - General	0.00	2,500.00	-2,500.00	0.0%
6550-02 · R/M - Airfield/Runway	22,161.48	10,000.00	12,161.48	221.6%
6550-04 · R/M - Lights	0.00	1,000.00	-1,000.00	0.0%
Total 6550-00 · REPAIRS/MAINTENANCE - AIRSIDE	22,161.48	13,500.00	8,661.48	164.2%
6551-00 · REPAIRS/MAINTENANCE - LANDSIDE				
6551-01 · RM - General	0.00	750.00	-750.00	0.0%
6551-02 · R/M - Parking Lot	0.00	650.00	-650.00	0.0%
6551-03 · R/M - Landscaping	648.50	1,000.00	-351.50	64.9%
Total 6551-00 · REPAIRS/MAINTENANCE - LANDSIDE	648.50	2,400.00	-1,751.50	27.0%
6560-00 · SECURITY EXPENSE				
6560-01 · Security - General	240.00	10,000.00	-9,760.00	2.4%
6560-02 · Security - Law Enf. Offi. (LEO)	272.00	10,000.00	-9,728.00	2.7%
6560-03 · Security - Subscription Licen.	425.00	58,440.00	-58,015.00	0.7%
6560-04 · Security - Perlm./Access/CCTV	0.00	17,600.00	-17,600.00	0.0%
6560-05 · Security - Professional Serv.	0.00	22,500.00	-22,500.00	0.0%
6560-06 · Security - Prof. Services/IT	375.00	12,000.00	-11,625.00	3.1%
Total 6560-00 · SECURITY EXPENSE	1,312.00	130,540.00	-129,228.00	1.0%
6570-00 · REPAIRS/MAINT.-AERONAUTICAL EQU				
6570-01 · R/M Aeronautical Equip - NDB/DME	2,059.20	2,250.00	-190.80	91.5%
6570-02 · R/M Aeronautical Equip. - Tower	1,757.33	1,750.00	7.33	100.4%
6570-04 · R/M Aeron. Equip. - AWOS/ATIS	2,059.20	2,250.00	-190.80	91.5%
Total 6570-00 · REPAIRS/MAINT.-AERONAUTICAL EQU	5,875.73	6,250.00	-374.27	94.0%
Total "B" EXPENSES - OPERATIONAL	69,400.82	222,745.00	-153,344.18	31.2%
Total "B" EXPENDITURES	170,551.38	424,059.00	-253,507.62	40.2%
"C" EXPENSES				
7001-00 · CAPITAL EXPENDITURES				
7001-0 · CONTINGENCY	0.00	10,000.00	-10,000.00	0.0%
7001-02 · Buildings and Improvements	0.00	15,000.00	-15,000.00	0.0%
7001-04 · Office Equipment	7,120.00	27,000.00	-19,880.00	26.4%
7001-05 · Maintenance Equipment /Vehicle	0.00	24,250.00	-24,250.00	0.0%
7001-06 · Assessments/Plans/Studies	0.00	110,000.00	-110,000.00	0.0%
7001-09 · Security Equipment	1,400.00	45,500.00	-44,100.00	3.1%
Total 7001-00 · CAPITAL EXPENDITURES	8,520.00	231,750.00	-223,230.00	3.7%

Friedman Memorial Airport
Profit & Loss Budget vs. Actual (COMBINED '18)
October 2017

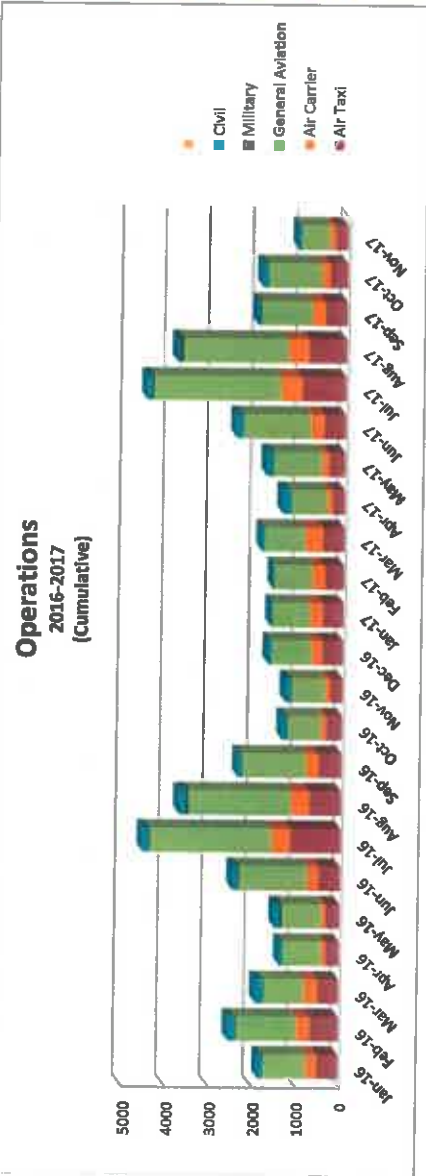
	Oct 17	Budget	\$ Over Budget	% of Budget
7110-00 · DOT/SCADGP				
7110-01 · DOT/SCASGP	0.00	250,000.00	-250,000.00	0.0%
7110-02 · DOT/SCASGP - FMAA	0.00	2,075.00	-2,075.00	0.0%
Total 7110-00 · DOT/SCADGP	0.00	252,075.00	-252,075.00	0.0%
7500-00 · IDAHO STATE GRANT PROGRAM				
7500-18 · '18 ITD Grant (SUN-17 ITD/FMA)	0.00	50,000.00	-50,000.00	0.0%
Total 7500-00 · IDAHO STATE GRANT PROGRAM	0.00	50,000.00	-50,000.00	0.0%
7542-00 · AIP '42 EXPENSE - AC Apron Dsgn				
7542-01 · AIP '42 - Eligible	0.00	0.00	0.00	0.0%
7542-02 · AIP '42 Non-Eligible	0.00	0.00	0.00	0.0%
Total 7542-00 · AIP '42 EXPENSE - AC Apron Dsgn	0.00	0.00	0.00	0.0%
7543-00 · AIP '43 EXPENSE - Air Carr. Apr				
7543-01 · AIP '43 - AC Apron - Eligible	83,425.95	0.00	83,425.95	100.0%
7543-02 · AIP '43 - Parking - Non-Eligibl	0.00	0.00	0.00	0.0%
7543-03 · AIP '43 - SRE Equipment	1,427.50	325,000.00	-323,572.50	0.4%
7543-04 · AIP '43 - RPZ Land Acquisition	0.00	141,250.00	-141,250.00	0.0%
Total 7543-00 · AIP '43 EXPENSE - Air Carr. Apr	84,853.45	466,250.00	-381,396.55	18.2%
7544-00 · AIP '44 EXPENSE RPZ EA				
7544-01 · AIP '44 - Eligible	7,512.90	26,250.00	-18,737.10	28.6%
Total 7544-00 · AIP '44 EXPENSE RPZ EA	7,512.90	26,250.00	-18,737.10	28.6%
9001-00 · PFC 14-09-C-00-SUN				
9001-03 · PFC '14 Master Plan	0.00	3,500.00	-3,500.00	0.0%
Total 9001-00 · PFC 14-09-C-00-SUN	0.00	3,500.00	-3,500.00	0.0%
Total "C" EXPENSES	100,886.35	1,029,825.00	-928,938.65	9.8%
Total EXPENDITURES	383,890.20	1,591,771.75	-1,207,881.55	24.1%
Total Expense	383,890.20	1,591,771.75	-1,207,881.55	24.1%
Net Ordinary Income	81,160.49	-527,567.25	608,727.74	-15.4%
Net Income	81,160.49	-527,567.25	608,727.74	-15.4%

Friedman Memorial Airport
November 2017

ATCT Traffic Operations Record

Month	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
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	1,665
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	1,629
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	1,895
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	1,426
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	1,802
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	2,502
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	4,573
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	3,873
September	3,871	4,636	4,162	4,124	4,609	3,760	4,311	2,696	3,376	3,128	3,359	2,396	2,403	2,237	2,292	2,379	2,036
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	1,939
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	1,135
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	0
Totals	50,858	55,897	44,739	45,032	43,607	43,002	50,712	33,836	31,699	32,350	30,555	26,269	32,140	23,307	24,815	26,716	24,475

ATCT Operations Change (2017 vs. 2016)			
	2017	2016	% Change
Air Taxi	299	277	4%
Air Carrier	125	107	17%
General Aviation	655	901	-27%
Military	6	7	-14%
Civil	50	122	-59%
Total	1,135	1,314	-13.62%
YTD 2017	24,475	24,093	-1.60%

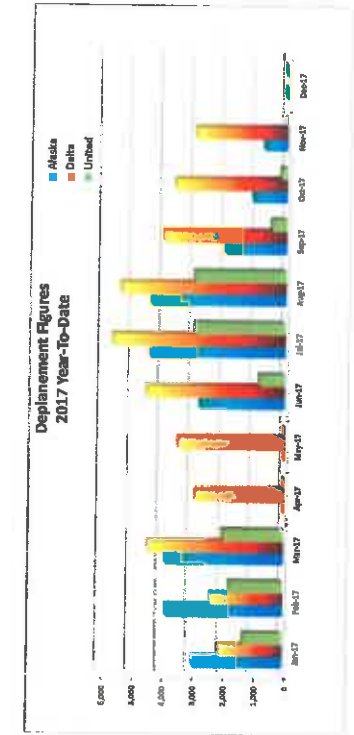
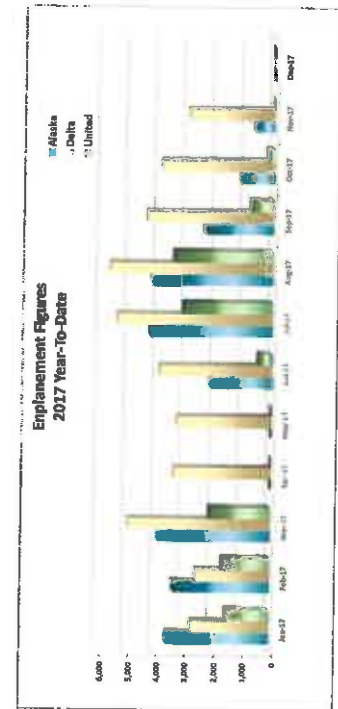


Date	Alaska Airlines				Delta Airlines				United Airlines						
	Revenue	Non-Revenue	Total	Prior Year Month	Revenue	Non-Revenue	Total	Prior Year Month	Revenue	Non-Revenue	Total	Prior Year Month	Total Emp.	Prior Year Total Emp.	Total % Change
Jan-17	3,461	75	3,536	3,232	2,637	48	2,685	2,326	1,492	27	1,519	1,197	7,740	6,755	14.6%
Feb-17	3,272	68	3,340	3,407	2,470	86	2,556	3,262	1,826	19	1,645	1,850	7,541	8,519	-11.5%
Mar-17	3,758	109	3,867	3,048	4,820	124	4,944	4,023	2,074	46	2,120	1,922	10,931	8,993	21.6%
Apr-17	0	0	0	0	3,231	108	3,339	3,327	0	0	0	0	3,339	3,327	0.4%
May-17	0	0	0	0	3,121	114	3,235	2,735	0	0	0	0	3,235	2,735	18.3%
Jun-17	2,058	47	2,105	1,893	3,776	104	3,880	3,825	454	19	473	289	6,458	6,017	7.3%
Jul-17	4,145	70	4,215	3,492	5,282	97	5,379	4,964	3,006	58	3,064	3,187	12,658	11,643	8.7%
Aug-17	4,103	83	4,186	3,640	5,582	72	5,654	5,196	3,321	81	3,402	3,506	13,242	12,342	7.3%
Sep-17	2,329	58	2,387	2,004	4,270	80	4,350	4,443	742	21	763	819	7,500	7,268	3.2%
Oct-17	1,110	34	1,144	517	3,794	62	3,856	3,347	202	13	215	0	5,215	3,864	35.0%
Nov-17	652	23	675	189	2,970	59	2,929	3,122	0	0	0	0	3,604	3,311	8.5%
Totals	24,888	567	25,455	21,422	41,853	954	42,807	40,570	12,917	284	13,201	12,780	81,463	74,772	8.9%

Legend for Chart:

Date	Alaska Airlines				Delta Airlines				United Airlines						
	Revenue	Non-Revenue	Total	Prior Year Month	Revenue	Non-Revenue	Total	Prior Year Month	Revenue	Non-Revenue	Total	Prior Year Month	Total Dep.	Prior Year Total Dep.	Total % Change
Jan-17	2,822	80	2,902	2,589	2,004	49	2,053	1,888	1,238	39	1,278	790	6,231	5,287	18.3%
Feb-17	3,702	68	3,771	3,341	2,293	51	2,344	3,148	1,729	30	1,759	1,787	7,874	8,274	-4.8%
Mar-17	3,700	100	3,800	3,033	4,268	118	4,386	4,005	1,951	31	1,982	1,858	10,168	8,896	14.3%
Apr-17	0	0	0	0	2,767	99	2,866	2,638	0	0	0	0	2,866	2,638	8.6%
May-17	0	0	0	0	3,318	114	3,432	2,885	0	0	0	0	3,432	2,885	19.0%
Jun-17	2,689	56	2,745	2,362	4,408	88	4,496	4,257	808	25	833	636	6,084	7,255	-11.4%
Jul-17	4,302	77	4,379	3,740	5,539	98	5,637	5,275	2,869	52	2,921	3,198	12,937	12,213	5.9%
Aug-17	4,270	89	4,359	3,743	5,293	87	5,380	4,862	2,901	62	2,963	2,928	12,702	11,533	10.1%
Sep-17	1,832	49	1,881	1,826	3,921	71	3,992	4,105	469	15	484	513	6,457	6,444	0.2%
Oct-17	1,051	41	1,092	438	3,538	78	3,616	2,998	172	8	180	0	4,888	3,435	42.3%
Nov-17	717	18	735	231	2,908	55	2,963	3,076	0	0	0	0	3,668	3,307	11.8%
Totals	25,195	579	25,774	21,301	40,257	908	41,165	39,136	12,137	261	12,398	11,710	79,337	72,147	10.0%

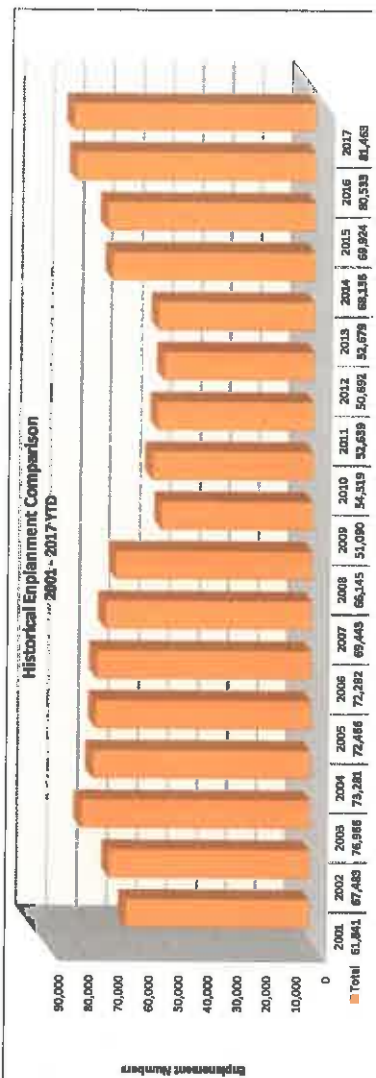
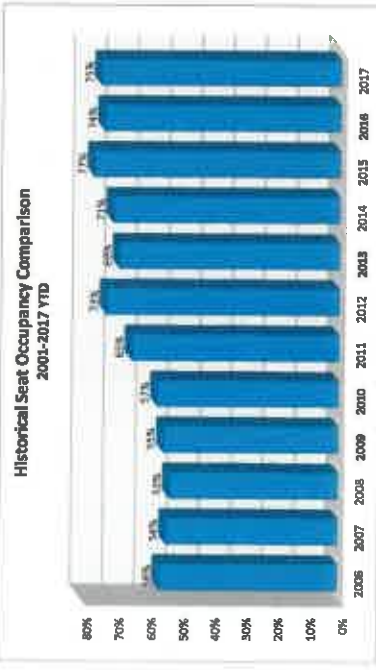
Legend for Chart:



Friedman Memorial Airport
November 2017

2017 Seat Occupancy																		
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 % Seats Available	Prior Year % Change Total Seats Occupied	Prior Year % Change Total % Occupied
Jan-17	63	4,786	3,536	74%	51	3,366	2,685	80%	34	2,244	1,519	68%	10,398	7,740	74%	10%	15%	3%
Feb-17	60	4,560	3,340	73%	53	3,498	2,556	73%	35	2,310	1,645	71%	10,368	7,541	73%	-3%	-11%	-8%
Mar-17	68	5,168	3,867	75%	99	6,534	4,944	76%	43	2,838	2,120	75%	14,540	10,931	75%	25%	22%	-4%
Apr-17	0	0	0	0%	60	3,960	3,339	84%	0	0	0	0%	3,960	3,339	84%	0%	0%	4%
May-17	0	0	0	0%	62	4,092	3,235	79%	0	0	0	0%	4,092	3,235	79%	11%	18%	7%
Jun-17	48	3,264	2,105	64%	81	5,346	3,880	73%	22	1,452	473	33%	10,062	6,458	64%	6%	0%	0%
Jul-17	80	5,440	4,215	77%	104	7,280	5,379	74%	62	4,712	3,064	65%	17,432	12,658	73%	12%	9%	-3%
Aug-17	78	5,304	4,186	79%	104	7,176	5,654	79%	60	4,200	3,402	81%	18,680	13,242	70%	10%	7%	-2%
Sep-17	49	3,332	2,387	72%	81	5,588	4,350	78%	22	1,452	763	53%	10,373	7,500	72%	6%	3%	-3%
Oct-17	20	1,520	1,144	75%	61	4,209	3,856	92%	9	594	215	36%	6,323	5,215	82%	40%	35%	-4%
Nov-17	13	988	675	68%	51	3,519	2,929	83%	0	0	0	0%	4,507	3,604	80%	3%	9%	5%
Totals	479	34,364	25,455	74%	807	54,569	42,807	78%	287	19,802	13,201	67%	108,735	81,463	75%	16%	14%	-1%

Note: Total of 68 Seats Available on aircraft for summer months
Total of 76 Seats Available on aircraft for winter months
Total of 70 Seats starting in July
*Seats are capped at 68 during some periods in the summer due to weight and balance requirements and other items of the year seats may be capped due to environmental conditions





KAPLAN KIRSCH ROCKWELL

semi-annual airport law digest *2017 year in review*

No. 27 | January 2018



As so often happens with a change in administration, the federal government saw considerable upheaval in 2017. Many federal agencies, including FAA, found themselves short-staffed and adjusting to a change in political policies. A number of senior agency executives saw the new administration as an opportunity to leave the FAA to take new positions within the agency. That being said, FAA saw fewer changes than many other federal agencies in part because the Administrator's term does not expire until January 2018. Administrator Huerta is due to leave his position in early January, so there will be at least an Acting Administrator to begin the new year. Notwithstanding the White House order that discourages new regulation, the new Administrator is likely to prompt at least some regulatory shifts at FAA in 2018.

This Digest contains short articles on several important developments in airport law in 2017 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 materials about drones (or UAS) appear at the end of the Digest in a separate category. We have attempted to provide links to publically available documents, and most other documents are available via subscription services such as Westlaw or LexisNexis. The Digest also includes a look-ahead to some of the important legal and political developments we expect to see in 2018.

We hope you find this Digest useful in your efforts to remind current in the always-evolving legal and regulatory framework that governs airports.

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Articles

NextGen Implementation Sees Shakeup in Phoenix

FAA continues to work towards implementation of its Next Generation (NextGen) navigation system, an effort to improve efficiency in so-called “Metroplexes.” The agency continues to face significant resistance from community groups in the form of public comments and litigation across the country. While the experience in each metropolitan area has been different, FAA has received considerable resident complaints that the changes in flight patterns wrought by NextGen have considerably increased aircraft overflight noise in their communities without warning.

Affected communities scored a win in August 2017, when the United States Court of Appeals for the District of Columbia Circuit issued a groundbreaking opinion vacating NextGen patterns serving Sky Harbor International Airport in Phoenix, Arizona. The court agreed with the City of Phoenix that FAA violated the National Environmental Policy Act, National Historic Preservation Act, and Section 4(f) of the Department of Transportation Act when it issued new NextGen procedures without adequate public notice and consultation. The City and FAA have since [agreed to a settlement](#) that will require FAA to conduct additional community outreach while temporarily reverting to the original, pre-NextGen routes.

Similar cases are pending across the country. In Washington, DC—one of the first Metroplexes to be considered “complete”—community groups sued FAA alleging that the federal environmental approval was obtained without sufficient public involvement. The Governor of Maryland has formally [requested that the FAA revert to pre-NextGen flight patterns and has threatened litigation if the agency does not acquiesce](#). Another [lawsuit is pending](#) in Southern California. While the Phoenix case was factually and legally unique in many respects, communities nationwide have taken the D.C. Circuit decision as a signal that litigation over NextGen procedures is an effective tool for achieving relief. It remains to be seen the extent to which the Phoenix litigation will influence these other pending cases and, more importantly, what procedural changes FAA implements as a result of lessons from that case. The agency has informally taken a pause in implementation of its Metroplex plans as it assesses how to involve the public in NextGen more generally.

Santa Monica Settlement Agreement Faces Resistance

A year ago, in January 2017, the City of Santa Monica and FAA announced an historic settlement agreement that resolved decades of litigation and controversy over the future of Santa Monica Airport (SMO) by, among other things, allowing the City to reduce SMO’s runway by almost one-third of its length in the immediate future and to close SMO entirely after 2028. We reviewed this settlement agreement in depth on page 5 of our [June 2017 Semi-Annual Airport Law Digest](#) and noted that the National Business Aviation Association (NBAA) has challenged FAA’s authority to enter into the consent decree.

Since June, the briefing in the NBAA case has concluded, and oral arguments will likely be scheduled for early 2018. In addition, a local citizens’ group challenged the City’s decision to enter into the consent agreement, arguing that the City violated state open meetings laws. After briefly granting a temporary restraining order that prohibited the City from shortening the runway, [a federal district court dismissed the case in mid-December](#). Like virtually every decision concerning SMO, it is likely that the settlement agreement will be subject to future litigation.

Impact of Executive Orders Still Unclear

On page 2 of our June 2017 Semi-Annual Airport Law Digest, [we discussed at length](#) the President’s various Executive Orders aimed at reducing regulations, streamlining federal environmental approvals, and reorganizing the federal government. The President added another Executive Order in August, directing federal agencies to explore ways to streamline environmental approvals with a specific focus on infrastructure projects. Thus far, it is unclear how these Executive Orders will influence airport projects. Past efforts to streamline environmental reviews have met with mixed success and have, in some cases, introduced additional paperwork without real improvement in the environmental process. However, with the possibility of both FAA reauthorization and an infrastructure package on the horizon, these Executive Orders may become important tools in expediting approvals for new airport projects. This will become an especially important arena in coming years as airport sponsors face mammoth infrastructure needs after almost a decade of modest airport development.

What to Watch for in 2018

New Kid in the Air: FAA Will Have a Fresh Administrator in January

FAA Administrator Michael Huerta's term expires on January 7, 2018, and thus far, there has been no indication if the President has any candidates for a permanent replacement. In late June, [Dan Elwell](#) was sworn in as the FAA Deputy Administrator, and he is set to become the Acting Administrator upon Huerta's departure. Among other important issues, the next Administrator will shape agency policy on NextGen, UAS, and air traffic control reform. The Administrator is also likely to lead the agency through the reauthorization process. It is also possible that the President will appoint a permanent replacement for the vacant Associate Administrator for Airports position, which has been held in an acting capacity by [Winsome Lenfert](#) since the departure of Eddie Angeles over one year ago.

Waiting for Go(DOT): Long-Awaited Federal Rules Still On Hold

Since taking office in January, the President has made regulatory rollbacks a prominent part of his agenda. DOT and FAA have followed suit and have yet to issue a number of expected rules that are of particular interest to airport sponsors and local governments. As one prominent example, FAA rescinded its draft Passenger Facility Charge (PFC) Order on November 4, 2016, and there has been no apparent movement to reissue a new draft or final Order. FAA also published a Supplemental Notice of Proposed Rulemaking for Safety Management System (SMS) for Certificated Airports nearly 18 months ago. The final SMS rule was initially expected in early 2017, but that timeline has been extended multiple times, and it is now unclear when, if ever, a final rule may be published. Finally, in mid-2016, FAA issued operational regulations for unmanned aircraft systems (UAS) at 14 C.F.R. Part 107. 14 C.F.R. § 107.39 specifically prohibits the operation of UAS over most people, and FAA has stated that regulations which would permit such operations are forthcoming. While no rule has been published, there has been some movement on this issue in the form of FAA's [UAS Integration Pilot Program](#). In the meantime, UAS operators may continue to apply for a waiver of this prohibition. New and clarified regulations on UAS remote identification and possible air traffic control for UAS are also being held. Airport sponsors should continue to watch out for these and other federal rules.

Kick the Can Down the Road: Congress Again Confronted with Expiration of FAA Authorization

When FAA authorization was set to expire in September 2017 (after only a short 18-month reauthorization), there was expected to be fierce debate on the potential privatization of air traffic control, a rollback of FAA authority to regulate non-aeronautical development on airports, the potential to raise (or uncap) the PFC authorization, and other topics of importance. While some of that debate did occur, Congress instead saw the clock winding down and elected to punt the discussion by extending FAA's authorization through March 2018. In the coming months, Congress will again be presented with these tough issues, and industry groups such as ACI-NA and AAAE expect to play a major role. While short-term extensions are not unusual (the last reauthorization came after 23 short-term extensions), the current Congressional majority is likely to exert significant pressure on policy issues in advance of the 2018 elections. That being said, Congress has not shown great ability to tackle politically complex and divisive issue so a further short-term extension is possible. (While short-term extensions allow FAA and the AIP program to continue, short-term extensions of less than one year can play havoc with AIP-funded projects since airport sponsors cannot responsibly plan for funding multi-year projects when AIP funding levels are only established for a few months at a time.) The recent news of House Transportation & Infrastructure Committee Chairman Rep. Bill Shuster's impending retirement adds another layer of uncertainty to the reauthorization process.

34th Annual Basics of
Airport Law Workshop
and 2018 Legal Update

COMING THIS FALL

CONTINUED FROM PAGE 3

White House Promises Infrastructure Plan for January

Throughout the first year of his term, the President has continued to state that he believes the country should invest in infrastructure, including roads, bridges, and airports. To date, there has been little in the way of detail about or action on these issues outside of a [six-page Fact Sheet](#) associated with the 2018 budget published last May.

However, the White House announced in early December that it planned to deliver an [infrastructure plan to Congress in January 2018](#), stating that it will outline the President's principles and priorities for infrastructure development. It is expected that any such plan will be heavily weighted towards encouraging private investment while deemphasizing direct federal funding. In addition, it is unclear if the infrastructure plan will be designed to utilize any elements of the President's Executive Orders on streamlining federal environmental approvals (see above).

Regardless of how it is funded, the infrastructure initiative will undoubtedly prove important for airport sponsors as they simultaneously face a serious backlog of capital investment and a rapidly growing interest in private sector investment. Many airports have taken their own initiative in seeking private investment—privatization efforts at Westchester County (NY), Kansas City (MO), and St. Louis (MO) have received some of the greatest press attention—and those efforts are expected to intensify with a federal Infrastructure initiative.

Noise, What Noise?

As a result of the coincidence of many factors (e.g., NextGen implementation, air traffic growth, real estate encroachment), airports who have noticed noise problems gradually decrease since 2000 are now realizing an increase in noise complaints and community outcry. This dynamic has been especially dramatic at general aviation airports, which were the last to see the phase out of the noisiest jets and were the last to see growth after the end of the Great Recession. FAA is looking at modifying how it reports noise impacts for NextGen and is in the midst of a multi-year study on if their decades-year-old reliance on the DNL metric and the 65 decibel threshold remain appropriate today. There should be new developments in both areas in 2018, with or without new litigation.

Litigation (Listed in Reverse Chronological Order)

Court Decisions

Preemption. *SilverWing at Sandpoint, LLC v. Bonner Cty.*, No. 15-35589 (consolidated), 2017 U.S. App. LEXIS 21970 (9th Cir. Nov. 1, 2017) (affirming district court decision holding that plaintiff's state law claims of breach of good faith were preempted by federal law because the sponsor was acting to comply with federal obligation, and also that the plaintiff's § 1983 claims failed for similar reasons).

Regulatory Takings. *Dryden Oaks, LLC v. San Diego Cty. Reg'l Airport Auth.*, 16 Cal. App. 5th 383 (as modified Oct. 19, 2017) (affirming trial court grant of summary judgment for defendant where plaintiff alleged a regulatory taking based on the sponsor's adoption of an Airport Land Use Compatibility Plan, but where the City had actual zoning authority).

Labor Law and Preemption. *Airline Serv. Providers Assn. v. L.A. World Airports*, 873 F.3d 1074 (9th Cir. Oct. 16, 2017) (holding that a City policy requiring airport service providers to enter into "labor peace agreements" with employee organizations upon request was not preempted by federal law because the City was acting as a market participant).

Preemption. *Tweed-New Haven Airport Auth. v. Jepsen*, No. 3:15-cv-01731, 2017 U.S. Dist. LEXIS 162356 (D. Conn. Sept. 30, 2017) (holding that a Connecticut statute limiting the length of a runway was not preempted by federal aviation safety laws).

NextGen Flight Procedures. *City of Phoenix v. Huerta*, 869 F.3d 963 (D.C. Cir. Aug. 28, 2017) (striking down new NextGen routes because FAA did not adequately perform appropriate environmental or historical review).

Environmental Review. *Barnes v. FAA*, 865 F.3d 1266 (9th Cir. Aug. 3, 2017) (denying petition for review and finding that FAA did not act arbitrarily and capriciously by accepting a supplemental environmental assessment and issuing a FONSI for a new runway project).

Airline Seats. *Flyers Rights Educ. Fund, Inc. v. FAA*, 864 F.3d 738 (D.C. Cir. July 28, 2017) (requiring FAA to reconsider earlier decision not to promulgate regulations on size of airline seats because the agency provided no evidence to support that decision).

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Preemption and Governance. *Jackson Mun. Airport Auth. v. Bryant*, No. 16-cv-246, 2017 U.S. Dist. LEXIS 115839 (S.D. Miss. July 25, 2017) (dismissing complaint of local airport authority that alleged state statute transferring governance of the airport to a state entity was preempted by federal law).

Contracts Clause. *Gary Jet Ctr., Inc. v. AFCO AVports Mgmt. LLC*, 863 F.3d 718 (7th Cir. July 13, 2017) (dismissing allegations of Constitutional Contracts Clause violations where sponsor enacted minimum standards that required FBO to pay certain fees to sponsor in contravention of the sponsor-FBO lease because other remedies were available).

Use Restrictions and ANCA. *Town of E. Hampton v. Friends of the E. Hampton Airport, Inc.*, 137 S. Ct. 2295 (June 26, 2017) (denying petition for certiorari in review of 2nd Circuit decision holding that Town's use restrictions were enacted in violation of the procedural requirements of ANCA).

Takings and Exhaustion of Remedies. *Hadar v. Broward Cty.*, No. 16-14569 (11th Cir. May 31, 2017) (unpublished) (affirming district court dismissal of complaint alleging taking by aircraft overflights where plaintiff had not availed himself of available state remedies).

Grant Assurances. *Vietnam Helicopters v. Cnty. of Contra Costa*, No. 17-cv-01743-MMC, 2017 U.S. Dist. LEXIS 49728 (N.D. Cal. Mar. 31, 2017) (denying motion for temporary restraining order where plaintiff alleged airport sponsor was preparing to lease hangar in violation of Grant Assurances and where Part 16 complaint was pending).

Settlements. *United States ex rel. Shepard v. Tippetts*, No. 13-cv-00736-CMA, 2017 U.S. Dist. LEXIS 27083 (D. Colo. Feb. 27, 2017) (over objections by *qui tam* relators, approving settlement between FAA and Grand Junction Regional Airport Authority regarding possibly fraudulent statements made to FAA in application for grant funds).

Gate Allocation. *City of Dallas v. Delta Airlines, Inc.*, 847 F.3d 279 (5th Cir. Feb. 2, 2017), *reh'g en banc denied* (affirming district court grant of preliminary injunction regarding gate allocation at Love Field following the expiration of certain provisions of the Wright Amendment).

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Area Navigation. *Citizens Assn. of Georgetown v. FAA*, No. 15-1285 (D.C. Cir. oral argument scheduled Jan. 11, 2018) (challenging RNAV procedures in the D.C. Metroplex area).

Air Tours. *Pub. Employees for Env't'l Responsibility v. FAA*, No. 17-cv-2045 (D.D.C. motion to dismiss filed Dec. 14, 2017) (seeking injunctive relief requiring FAA to develop Air Tour Management Plans for various national parks and recreation areas).

Subject Matter Jurisdiction. *Kaufmann v. FAA*, No. 17-3152 (6th Cir. argued Dec. 5, 2017) (appeal of the district court decision dismissing complaint alleging FAA noncompliance with NEPA and NHPA because complaint should have been filed in the circuit court).

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Premises Liability. *Afoa v. Port of Seattle*, 189 Wn.2d 1015 (Oct. 5, 2017) (granting partial review of Washington Court of Appeals decision holding that the Port had a "nondelegable duty to ensure a safe workplace" on the airfield at Seattle-Tacoma Airport, and was therefore liable for the injuries of an independent contractor's employee).

First Amendment. *McDonnell v. City & Cnty. of Denver*, No. 17-1071 (10th Cir. argued Aug. Sept. 26, 2017) (appealing the district court order requiring City and County officials to "timely process a permit application" to protest Executive Order barring individuals from seven predominantly Muslim countries from entering the United States at Denver International Airport).

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).

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Exclusive Rights. *Mansfield Heliflight, Inc. v. City of Burlington*, FAA Docket No. 16-14-06, Director's Determination (Sept. 5, 2017) (granting sponsor's motion for summary judgment because complainant had provided insufficient evidence of sponsor's refusal to negotiate for space at the airport).

Economic Nondiscrimination. *ComAv, LLC v. S. Cal. Logistics Airport Auth.*, FAA Docket No. 16-16-10, Director's Determination (Aug. 21, 2017) (finding no exclusive rights or economic discrimination violations where complainant was outbid for a particular leasehold and still maintained business operations elsewhere on the airport).

Revenue Diversion. *Air Transport Assn. of Am., Inc. v. Port of Portland*, FAA Docket No. 16-16-04, Director's Determination (Aug. 17, 2017) (finding no violation of Grant Assurance 25 where airlines alleged that airport sponsor had impermissibly charged them certain utility fees it then paid to the City of Portland).

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Kaplan Kirsch & Rockwell, in cooperation with AAAE, 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 are available for purchase from AAAE.

For a copy, please contact Melissa Sabatine at AAAE.
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Airport Law DESK REFERENCE



Federal Rules, Orders, and Guidance

Presidential Executive Orders

[Establishing Discipline and Accountability in the Environmental Review and Permitting Process for Infrastructure Projects](#), Exec. Order 13,807, 82 Fed. Reg. 40,463 (Aug. 15, 2017) (directing federal agencies with environmental review and approval components in infrastructure projects to set performance goals and cooperate with other federal agencies in the environmental review process).

[Buy American and Hire American](#), Exec. Order 13,788, 82 Fed. Reg. 18837 (Apr. 21, 2017) (requiring all executive branch agencies to “scrupulously monitor, enforce, and comply with Buy American Laws, to the extent they apply, and minimize the use of waivers, consistent with applicable law”).

[Comprehensive Plan for Reorganizing the Executive Branch](#), Exec. Order 13,781, 82 Fed. Reg. 13959 (Mar. 16, 2017) (requiring that within 180 days, “the head of each agency shall submit to the Director [of the Office of Management and Budget] a proposed plan to reorganize the agency, if appropriate, in order to improve the efficiency, effectiveness, and accountability of that agency”).

[Reducing Regulation and Controlling Regulatory Costs](#), Exec. Order 13,771, 82 Fed. Reg. 9339 (Jan. 30, 2017) (requiring that “whenever an executive department or agency publicly proposes for notice and comment or otherwise promulgates a new regulation, it shall identify at least two existing regulations to be repealed”).

[Expediting Environmental Reviews and Approvals for High Priority Infrastructure Projects](#), Exec. Order 13,766, 82 Fed. Reg. 8657 (Jan. 24, 2017) (setting process by which project proponents can request “high priority” status for infrastructure projects and petition the White House CEQ for expedited environmental review).

Department of Transportation and FAA

[Q&As – FBO Industry Consolidation and Pricing Practices](#) (Dec. 7, 2017).

AC 150/5360-14A, [Access to Airports by Individuals with Disabilities](#) (Dec. 6, 2017).

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Notice of Withdrawal of Proposed Rulemaking, [Geographic-Based Hiring Preferences in Administering Federal Awards](#), 82 Fed. Reg. 46,716 (Oct. 6, 2017).

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ARP SOP 5.1, [CATEX Determinations](#) (June 2, 2017).

Order 8040.4B, [Safety Risk Management Policy](#) (May 2, 2017).

JO 7400.2L, [Procedures for Handling Airspace Matters](#) (eff. Apr. 27, 2017).

Department of Homeland Security

Fact Sheet: [Aviation Security Enhancement for Select Last Point of Departure Airports with Commercial Flights to the United States](#) (Mar. 21, 2017) (banning large electronic devices on flights originating from 10 Middle Eastern airports).

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U.S. Department of Transportation

[Draft Strategic Plan for FY 2018-2022](#) (Oct. 19, 2017) (public comment closed Nov. 13, 2017).

[Office of Inspector General, Report No. AV/2018001, FAA Has Made Progress Implementing NextGen Priorities, but Additional Actions Are Needed to Improve Risk Management](#) (Oct. 18, 2017).

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[Key Staff Appointments](#) (May 20, 2017) (listing recent senior political appointees to the Department).

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Report 180: [Guidebook for Quantifying Airport Ground Access vehicle Activity for Emissions Modeling](#) (Nov. 2017).

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Report 176: [Generating Revenue from Commercial Development On or Adjacent to Airports](#) (Aug. 2017).

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Report 166: [Interpreting the Results of Airport Water Monitoring](#) (Mar. 2017).

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Synthesis 83: [Preparing Airports for Communicable Diseases on Arriving Flights](#) (Sept. 2017).

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Web-Only Document 33: [Assessing Aircraft Noise Conditions Affecting Student Learning—Case Studies](#) (Nov. 2017).

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Kim Stevens, [FAA Announces New Regional Administrators](#), State Aviation Journal, Oct. 30, 2017.

Mike Ives, [In a Warming World, Keeping the Planes Running](#), N.Y. Times, Sept. 30, 2017.

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#ProjectsThatKeepLifeMoving

Unmanned Aircraft Systems

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Taylor v. Huerta, 856 F.3d 1089 (D.C. Cir. May 19, 2017) (holding that FAA did not have authority to promulgate regulations requiring hobbyist drone owners to register with the agency, but staying enforcement pending a petition for rehearing); *but see* National Defense Authorization Act of Fiscal Year 2018, Pub. Law No. 115-91 (signed Dec. 12, 2017) (reinstating FAA authority to regulate recreational drones).

Boggs v. Merideth, No. 3:16-CV-00006-TBR, 2017 U.S. Dist. LEXIS 40302 (W.D. Ken. Mar. 21, 2017) (dismissing complaint alleging the defendant shot down plaintiff's unmanned aircraft while over defendant's property for lack of subject matter jurisdiction and stating that tort claims were properly brought in state court).

Pending Cases

Elec. Privacy Info. Ctr. v. FAA, Case No. 16-1297 (D.C. Cir. Argument scheduled Jan. 25, 2018) (challenging FAA's decision not to promulgate privacy-specific UAS regulations).

FAA Rules, Orders, and Guidance Reports, Studies, and Articles

[UAS Integration Pilot Program](#) (announced as "an opportunity for state, local, and tribal governments to partner with private sector entities, such as UAS operators or manufacturers, to accelerate safe UAS integration").

Proposed Federal Legislation

[House Resolution 2930](#), Drone Innovation Act of 2017 (introduced June 16, 2017) (proposing to require the Secretary of Transportation to develop policies on drone regulation in cooperation with State and local governments while preserving rights to privacy and local causes of action for trespass, etc.).

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Michael Laris, [Federal drone advisory panel knocked for 'lack of transparency and poor management'](#), The Washington Post, Nov. 8, 2017.

Alliance for System Safety of UAS through Research Excellence, [UAS Airborne Collision Severity Evaluation Final Report](#) (Nov. 2017).

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Editor's Notes



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KAPLAN KIRSCH & ROCKWELL'S airports practice is one of the largest and most experienced in the country. The Firm's attorneys have counseled clients on issues associated with complex airport development and master planning projects, land use, environmental review, rates and charges, airline incentives, finance, security, safety, airport proprietors' rights, and compliance with federal requirements. The Firm has represented clients throughout the nation in regulatory and legislative advocacy on a wide range of policy matters and in litigation related to airport operations and development. The Firm's clients have included airport proprietors, local and state governments, airport tenants, and users and businesses affected by airport operations.

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If you have any questions or would like to learn more about the topics addressed in this Digest, please contact the attorney who normally represents you, or any of the attorneys listed below.

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FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**FINANCIAL STATEMENTS
AND
OTHER FINANCIAL INFORMATION**

September 30, 2017

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INDEPENDENT AUDITORS' REPORT

To the Board
Friedman Memorial Airport Authority
Hailey, Idaho

Report on the Financial Statements

We have audited the accompanying financial statements of the Friedman Memorial Airport Authority which comprise the statement of net position as of September 30, 2017, and the related statements revenue, expenses and changes in net position and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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 required that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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 Friedman Memorial Airport Authority, as of September 30, 2017, and changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Prior Period Financial Statements

The financial statements of Friedman Memorial Airport Authority as of September 30, 2016, were audited by other auditors whose report dated February 1, 2017, expressed an unmodified opinion on those statements.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 8 is presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, which considers it to be an essential part of financial reporting for placing the basic 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 inquiries 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 audit 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 audit was conducted for the purpose of forming an opinion on the Authority's basic financial statements taken as a whole. The schedule of revenue, expenditures and changes in net position – budget and actual and reconciliation of budgetary basis to GAAP is presented for purposes of additional analysis and is 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 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. Such 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 basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 9, 2018, on our consideration of Friedman Memorial Airport 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 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 Friedman Memorial Airport Authority's internal control over financial reporting and compliance.

Meridian, Idaho
January 9, 2018

DISCUSSION
DRAFT

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, 2017. 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. Additional improvements to the terminal were completed in the first quarter of FY 17 when a new concession space was added to the departure lounge area.

As with fiscal year 2016, fiscal year 2017 proved to be a successful year for all three current air carriers that serve the airport (Alaska, Delta, and United) in spite of one of the most harsh winters in 90 years in the Valley. Expanded flight schedules saw an approximate 8% increase in enplanements for the 2017 calendar year. Also exciting on the air services front was the initiation of service of with the new Embraer E-175 next generation regional jet. This new aircraft provides our customers an enhanced passenger service with increased seat space and overhead bin storage, among other upgrades. The E-175 will replace the Bombardier CRJ700 on certain routes. Also announced in late FY2017 was the start of direct, limited air service between Friedman and Chicago O'Hare during the 2017-2018 winter season. This new service to Chicago adds a seventh city to our direct air service in addition to Denver, Los Angeles, Portland, Salt Lake City, San Francisco, and Seattle. 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 2017 saw the Authority and staff continue to focus on maintenance and upkeep of our new facilities. Our new and expanded facilities again resulted in increased maintenance and operations (O&M) expenses. As previously stated, adjustments in our budget to address these increased expenses are expected to continue into fiscal year 2018. Due to the difficult winter, we also realized additional operations expenses in manpower, equipment, and airfield maintenance materials, as a result of increased snow removal efforts. This has also been accounted for in our 2018 budget.

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 completed a Draft airport master plan and submitted it to the FAA in early FY2017. 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.

Addressing the need to meet current air service demand at the existing site, the Authority approved moving forward with a substantial capital improvement project in FY2018. The project will be completed in two phases. Phase one will be a reconfiguration of the airport's access road system and passenger terminal parking lot which will be completed in the second and third quarters of FY2018. Phase two will include the construction of a fourth air carrier aircraft parking spot to accommodate our growing air service and will be completed in the fourth quarter and first quarter of FY 2018/2019 respectively. The total project cost will be approximately \$4 million split between FAA grant funds and a significant amount of local funds for both FAA grant match and FAA ineligible portions of the project.

Looking ahead, the airport master plan has identified additional priorities for the Authority to focus on including potential acquisition of land south of the airport for runway approach protection areas and Aircraft Rescue Firefighting (ARFF) equipment acquisition. To this end, the Authority has contracted with a consultant and is coordinating with the land owner to complete a land acquisition/obstruction removal environmental assessment.

All financial and operational indications are that the overall economy continues to stabilize and improve. Fiscal year 2017 continued to reflect recovery and continues to demonstrate the need for a viable airport with reliable air service in our community. Historically, inconvenience due to frequent flight cancellations and diversions due to less than ideal instrument approach capabilities at the airport is an often-stated concern and the reason for travelers to be reluctant to return to SUN. This remains a concern for the Authority. Alaska Airlines was able to demonstrate safety and accessibility improvements of new approach technology with the implementation of their new proprietary instrument approach procedure this last winter allowing them to land in very low ceiling and visibility conditions, even during this bad, past winter. The Authority continues to seek a similar solution for other airport users.

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 \$56,556,793 as of September 30, 2017, a decrease of \$1,194,951 from September 30, 2016.

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

	<u>2017</u>	<u>2016</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
ASSETS:				
Current Assets	\$ 3,013,364	\$ 2,479,364	\$ 534,000	21.5%
Capital Assets	<u>53,941,684</u>	<u>55,637,540</u>	<u>(1,695,856)</u>	-3.0%
Total Assets	<u>56,955,048</u>	<u>58,116,904</u>	<u>(1,161,856)</u>	-2.0%
LIABILITIES:				
Current Liabilities	262,225	268,928	(6,703)	-2.5%
Noncurrent Liabilities	<u>136,030</u>	<u>96,232</u>	<u>39,798</u>	41.4%
Total Liabilities	<u>398,255</u>	<u>365,160</u>	<u>33,095</u>	9.1%
NET POSITION:				
Invested in capital assets	53,941,684	55,637,540	(1,695,856)	-3.0%
Restricted	7,163	5,776	1,387	24.0%
Unrestricted	<u>2,607,946</u>	<u>2,108,428</u>	<u>499,518</u>	23.7%
Net Position	<u>\$56,556,793</u>	<u>\$57,751,744</u>	<u>\$(1,194,951)</u>	-2.1%

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>2017</u>	<u>2016</u>	Increase (Decrease)	Percentage Change
Operating Revenue	\$3,282,526	\$ 3,131,310	\$ 151,216	4.8%
Operating Expenses	<u>5,455,752</u>	<u>4,764,942</u>	<u>690,810</u>	14.5%
Operating (income/loss)	(2,173,226)	(1,633,632)	(539,594)	-33.0%
Non-operating Revenue (Expenses)	368,516	310,445	58,071	18.7%
Capital Contributions	<u>609,759</u>	<u>1,322,351</u>	<u>(712,592)</u>	-53.9%
Changes in net position	(1,194,951)	(836)	(1,194,115)	-142,836.7%
Beginning net position	<u>57,751,744</u>	<u>57,752,580</u>	<u>(836)</u>	0.0%
Ending net position	<u>\$56,556,793</u>	<u>\$57,751,744</u>	<u>\$(1,194,951)</u>	-2.1%

Operating revenue increased 4.8% from the prior fiscal year. While Rents, fees, commissions and leases revenue decreased by 6.7% from the prior year, all other operating revenue categories increased by 20.7% over the prior year.

Operating expenses increased by 14.5% over the prior fiscal year. While all other operating expense categories decreased by 11% from the prior year, repairs and maintenance increased by 120% over the prior 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, 2017. 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	\$3,167,000	\$3,282,526	\$ 115,526
Total Operating Expenses	<u>2,836,838</u>	<u>2,551,911</u>	<u>284,472</u>
Operating Income (loss)	<u>\$ 330,617</u>	<u>\$ 730,615</u>	<u>\$ 399,998</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 but are reported for GAAP.
2. Depreciation expense is not budgeted but is reported for GAAP.
3. Interest earned on PFCs is budgeted as interest income but is reportable as PFC revenue for GAAP.
4. Capital asset purchases are budgeted as an expense but are reported as an asset 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, 2017, net capital assets totaled \$53,941,684. The Authority acquired or constructed more than \$1.1 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 long-term liability at September 30, 2017, was \$136,030. 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, Hailey, ID 83333.

DISCUSSION
DRAFT

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF NET POSITION
ENTERPRISE FUND
September 30, 2017 and 2016**

ASSETS	<u>2017</u>	<u>2016</u>
Current Assets:		
Cash and cash equivalents	\$ 2,584,261	\$ 2,026,298
Operating accounts receivable	330,669	171,292
Due from other governments	82,774	271,041
Interest receivable	1,882	770
Prepaid expenses	6,615	4,187
Restricted cash and cash equivalents:		
BLM	5,500	5,500
Passenger Facility Charges	1,663	276
Total Current Assets	<u>3,013,364</u>	<u>2,479,364</u>
Noncurrent Assets:		
Capital assets:		
Land	6,712,067	6,712,067
Construction in progress	3,052,836	12,603,136
Airfield, buildings, equipment, improvements, plans and studies	<u>64,790,576</u>	<u>54,552,526</u>
	74,555,479	73,867,729
Accumulated depreciation	<u>(20,613,795)</u>	<u>(18,230,189)</u>
Total Capital Assets	<u>53,941,684</u>	<u>55,637,540</u>
Total Assets	<u>58,955,048</u>	<u>58,116,904</u>
LIABILITIES		
Current Liabilities:		
Trade accounts payable	58,627	68,621
Payable City of Hailey	2,618	2,466
Accounts payable for capital improvements	95,816	117,337
Accrued payroll and benefits	3,933	3,137
Customer deposits	1,400	1,000
Current portion of long-term accrued compensated absences	99,831	76,367
Total Current Liabilities	<u>262,225</u>	<u>268,928</u>
Noncurrent Liabilities:		
Long-term accrued compensated absences	235,861	172,599
Current portion of long-term accrued compensated absences	<u>(99,831)</u>	<u>(76,367)</u>
Total noncurrent liabilities	<u>136,030</u>	<u>96,232</u>
Total Liabilities	<u>398,255</u>	<u>365,160</u>
NET POSITION		
Invested in capital assets	53,941,684	55,637,540
Restricted	7,163	5,776
Unrestricted	2,607,946	2,108,428
Total Net Position	<u>\$ 56,556,793</u>	<u>\$ 57,751,744</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

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

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
Operating Revenue:		
Airlines	\$ 297,045	\$ 266,364
Automobile rental	674,879	595,982
Auto parking	267,875	197,501
Rents, fees, commissions and leases	1,693,219	1,814,634
Fuel flowage fees	335,960	254,836
Other operating revenue	13,548	1,993
Total Operating Revenue	<u>3,282,526</u>	<u>3,131,310</u>
Operating Expenses:		
Employee wages, benefits and taxes	1,461,200	1,313,193
Supplies	91,345	200,607
Utilities	140,975	120,081
Services and contracts	345,773	571,626
Repairs and maintenance	325,798	148,038
Insurance	62,331	58,768
Other operating expense	187,750	153,340
Depreciation	2,840,580	2,199,289
Total Operating Expenses	<u>5,455,752</u>	<u>4,764,942</u>
Operating Income (Loss)	<u>(2,173,226)</u>	<u>(1,633,632)</u>
Nonoperating Revenue (Expenses):		
Passenger Facility Charges	353,944	303,132
Interest income	14,964	7,313
Gain (loss) on sale of fixed assets	13,237	-
Federal grant expenditures	(13,629)	-
Total Nonoperating Revenue and (Expenses)	<u>368,516</u>	<u>310,445</u>
Income (Loss) before Capital Contributions	<u>(1,804,710)</u>	<u>(1,323,187)</u>
Capital Contributions	<u>609,759</u>	<u>1,322,351</u>
Change in Net Position	<u>(1,194,951)</u>	<u>(836)</u>
Net Position, Beginning of Year	<u>57,751,744</u>	<u>57,752,580</u>
Net Position, End of Year	<u>\$ 56,556,793</u>	<u>\$ 57,751,744</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**STATEMENTS OF CASH FLOWS
ENTERPRISE FUND**

For the Years Ended September 30, 2017 and 2016

	<u>2017</u>	<u>2016</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers	\$ 3,123,549	\$ 3,101,538
Cash payments for employees' services and benefits	(1,397,142)	(1,499,549)
Cash payments to suppliers for goods and services	<u>(1,166,242)</u>	<u>(1,437,492)</u>
Net cash provided (used) by operating activities	<u>560,165</u>	<u>164,495</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Operating grant revenue	-	194,206
Operating grant expenditures	<u>(13,629)</u>	<u>-</u>
Net cash provided (used) by noncapital financing activities	<u>(13,629)</u>	<u>194,206</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Proceeds from sales of capital assets	13,237	-
Acquisition and construction of capital assets	(1,166,245)	(4,700,138)
Grants and other amounts received for the purchase of capital assets	798,026	3,599,879
Passenger facility charges received for the purchase of capital assets	<u>353,944</u>	<u>303,132</u>
Net cash provided (used) by capital and related financing activities	<u>(1,038)</u>	<u>(797,127)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Investment earnings	<u>13,852</u>	<u>6,830</u>
Net cash provided (used) by investing activities	<u>13,852</u>	<u>6,830</u>
Net increase (decrease) in cash and cash equivalents	559,350	(431,596)
Balances - beginning of the year	<u>2,032,074</u>	<u>2,463,670</u>
Balances - end of the year	<u>\$ 2,591,424</u>	<u>\$ 2,032,074</u>
RECONCILIATION OF CASH BALANCES TO STATEMENTS OF NET POSITION		
Cash and cash equivalents	\$ 2,584,261	\$ 2,026,298
Restricted cash and cash equivalents:		
BLM	5,500	5,500
Passenger Facility Charges	<u>1,663</u>	<u>276</u>
Total cash balances on Statements of Net Position	<u>\$ 2,591,424</u>	<u>\$ 2,032,074</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES:		
Operating income (loss)	\$ (2,173,226)	\$ (1,633,632)
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,840,580	2,199,289
Change in assets and liabilities:		
(Increase) decrease in operating accounts receivable	(159,377)	(25,955)
(Increase) decrease in due from other governments (non-capital portion)	-	(2,819)
(Increase) decrease in prepaid expenses	(2,428)	(379)
Increase (decrease) in accounts payable trade	(9,842)	(184,653)
Increase (decrease) in accrued payroll and benefits	796	(3,428)
Increase (decrease) in customer deposits	400	(1,000)
Increase (decrease) in accrued compensated absences	<u>63,262</u>	<u>(182,928)</u>
Total Adjustment and Changes	<u>2,733,391</u>	<u>1,798,127</u>
Net cash provided (used) by operating activities	<u>\$ 560,165</u>	<u>\$ 164,495</u>

See Accompanying Notes to Financial Statements

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS For the Year Ended September 30, 2017

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 six 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, 2017

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
Security	3 to 20 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 Authority 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 but are reported for GAAP.
2. Depreciation expense is not budgeted but is reported for GAAP.
3. Interest earned on PFCs is budgeted as interest income but is reportable as PFC revenue for GAAP.
4. Capital asset purchases are budgeted as an expense but are reported as an asset for GAAP.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017**

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. The reclassifications did not affect Net Position for the prior year.

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, 2017 and 2016:

	<u>2017</u>		<u>2016</u>
Cash on hand	\$ 50	\$	50
Bank deposits	9,303		6,189
Repurchase agreement	274,119		430,852
State of Idaho Local Government Investment Pool	<u>2,307,952</u>		<u>1,594,983</u>
	<u>\$ 2,591,424</u>		<u>\$ 2,032,074</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, 2017 and 2016, the Authority's deposits and investment had the following credit ratings:

<u>Investment</u>	<u>2017</u>		<u>2016</u>	
	<u>Fair Value</u>		<u>Fair Value</u>	<u>Credit</u>
Mountain West Checking	\$ 3,322	\$	276	None
Mountain West Certificate of Deposit	5,981		5,913	None
Mountain West Repurchase Agreement	274,119		430,852	None
State of Idaho Local Government Investment Pool	2,307,952		1,594,983	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 entry form. The type of investments allowed is regulated by *Idaho Code* and oversight is provided by the Idaho State Treasurer's Office.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017**

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, 2017, the carrying amount of the Authority's bank deposits was \$283,422 and the respective bank balances totaled \$529,779. The Authority's deposits at September 30, 2017, were covered by \$9,303 of insurance from the Federal Depository Insurance Corporation and \$520,476 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, 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.

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, 2017 and 2016, the Authority had more than 5% of its deposits and investments invested in a repurchase agreement with Mountain West Bank. At September 30, 2017, 100% of the repurchase agreement was invested in the Federal Home Loan Mortgage Corporation. At September 30, 2016, 100% of the repurchase agreement was invested in the Federal National Mortgage Association.

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, 2017 and 2016:

<u>Investment</u>	<u>2017</u> <u>Fair Value</u>	<u>Weighted</u> <u>Average</u> <u>Duration</u>	<u>2016</u> <u>Fair Value</u>	<u>Weighted</u> <u>Average</u> <u>Duration</u>
Repurchase agreement	\$ 274,119	1 day	\$ 430,852	1 day
Investment pool	2,307,952	90 days	1,594,983	90 days
Certificate of Deposit	5,981	4 yrs 16 days	5,913	16 days
Demand deposits	3,322	not applicable	276	not applicable

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017**

Note 3. Capital Assets

Capital asset activity for the year ended September 30, 2017, was as follows:

	Balance 9/30/2016	Increase	Decrease	Transfer	Balance 9/30/2017
Nondepreciable capital assets:					
Land	\$ 6,712,067	\$ -	\$ -	\$ -	\$ 6,712,067
Construction in progress*	12,603,136	537,851	-	(10,088,151)	3,052,836
Depreciable capital assets:					
Buildings and improvements	5,472,910	129,675	-	-	5,602,585
Airfield and general improvements	37,005,939	359,111	(9,377)	10,088,151	47,443,824
Office equipment	91,253	-	(32,989)	-	58,264
Security	311,103	-	(3,217)	-	307,886
Maintenance equipment & vehicles	4,141,716	118,087	(411,391)	-	3,848,412
Assessments, plans & studies	7,529,605	-	-	-	7,529,605
	<u>73,867,729</u>	<u>1,144,724</u>	<u>(456,974)</u>	<u>-</u>	<u>74,555,479</u>
Accumulated depreciation	<u>(18,230,189)</u>	<u>(2,840,580)</u>	<u>456,974</u>	<u>-</u>	<u>(20,613,795)</u>
	<u>\$ 55,637,540</u>	<u>\$ (1,695,856)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 53,941,684</u>

*Construction in progress includes amounts for parking lot improvements, airline ticketing office improvements, a noise modeling agreement, and various airport improvement projects that were not completed as of September 30, 2017.

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

	Balance 9/30/2015	Increase	Decrease	Transfer	Balance 9/30/2016
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	7,529,605	-	-	-	7,529,605
	<u>71,341,478</u>	<u>2,588,186</u>	<u>(61,835)</u>	<u>-</u>	<u>73,867,729</u>
Accumulated depreciation	<u>(16,092,835)</u>	<u>(2,199,289)</u>	<u>61,935</u>	<u>-</u>	<u>(18,230,189)</u>
	<u>\$ 55,248,643</u>	<u>\$ 388,897</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 55,637,540</u>

*Construction in progress includes amounts for parking lot improvements, airline ticketing office improvements, and various airport improvement projects that were not completed as of September 30, 2016.

Note 4. Accounts Receivable

The Airport manager, under the direction of the Authority, 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 Authority clerk posts these charges on a regular basis and bills each user.

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

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017**

The Authority's uncollected accounts as of September 30, 2017 and 2016, are as follows:

	<u>2017</u>	<u>2016</u>
Current	\$ 330,105	\$ 171,235
30-60 days	217	57
60-90 days	(52)	-
90 days and over	399	-
	<u>\$ 330,669</u>	<u>\$ 171,292</u>

Due from other governments	<u>\$ 82,774</u>	<u>\$ 271,041</u>
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Note 5. Long-term Liabilities

Changes in long-term obligations for the year ended September 30, 2017, are as follows:

	<u>Balance at 10/01/2016</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2017</u>	<u>Amount due within 1 year</u>
Compensated absences	<u>\$ 172,599</u>	<u>\$ 63,262</u>	<u>\$ -</u>	<u>\$ 235,861</u>	<u>\$ 99,831</u>

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

	<u>Balance at 10/01/2015</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 9/30/2016</u>	<u>Amount due within 1 year</u>
Compensated absences	<u>\$ 355,527</u>	<u>\$ 20,197</u>	<u>\$ 203,125</u>	<u>\$ 172,599</u>	<u>\$ 76,367</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 \$120,820 and \$105,102 for the years ended September 30, 2017 and 2016, 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, 2017 and 2016.

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 \$77,664 and \$94,537 for the years ended September 30, 2017 and 2016.

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 concessionaire, one parking management company and three rental car agencies.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017

Note 9. Lease Revenue

The Authority leases portions of its property to commercial airlines, car rental companies, concessionaires, fixed base operator(s) who provide support services to the airlines and general aviation users of the airport, and private hangar owners/operators. Hangars owned by the Authority are also leased out. The airlines and some concessionaires lease on a month to month basis. 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 included in amounts calculated. The net book value of property held for operating lease as of September 30, 2017 and 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</u> <u>September 30</u>	
2018	\$ 792,790
2019	687,082
2020	677,004
2021	677,004
2022	677,004
2023 to 2027	3,224,619
2028 to 2032	1,624,520
2033 to 2035	<u>435,418</u>
Total	<u>\$ 8,795,441</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, 2017 and 2016.

The following schedule shows the amounts collected and expended:

	<u>2017</u>	<u>2016</u>		
	<u>Receipts</u>	<u>Expenditures</u>	<u>Receipts</u>	<u>Expenditures</u>
PFC 14-09-C-00-SUN	\$ 353,944	\$ 352,557	\$ 303,132	\$ 310,941

Note 11. Capital Contributions

During the years ended September 30, 2017 and 2016, the Authority received the following capital contributions:

	<u>2017</u>	<u>2016</u>
Federal grants	\$ 493,119	\$ 1,322,351
Other sources	<u>116,640</u>	<u>-</u>
	<u>\$ 609,759</u>	<u>\$ 1,322,351</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017**

Note 12. Commitments

The Authority had two open grants from the U.S. Department of Transportation Airport Improvement Program (AIP) as of September 30, 2017. A summary of these projects is as follows:

Project Description

- AIP 43 Rehabilitate Runway; Acquire Snow Removal Equipment; Apron Expansion
- AIP 44 Conduct Environmental Study

	<u>Total Budget</u>	<u>Federal Awards</u>	<u>Expenditures to date</u>
AIP 43	\$ 2,799,038	\$ 2,624,098	\$ 299,695
AIP 44	111,980	104,981	74,378
	<u>\$ 2,911,018</u>	<u>\$ 2,729,079</u>	<u>\$ 374,073</u>

Note 13. Contingencies

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.

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 completed a Draft airport master plan and submitted it to the FAA in early FY2017. 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.

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2017**

Note 14. 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>2017</u>	<u>2016</u>
Security services	\$ 3,264	\$ 3,264
Utilities for FMAA	24,331	18,025
Construction-related utilities fully reimbursed by the construction companies	-	1,803

The amount due to the City of Hailey at September 30, 2017, is \$2,618 and was paid within 60 days. The amount due to the City of Hailey at September 30, 2016, is \$2,466 and was paid within 60 days.

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>2017</u>	<u>2016</u>
Contracts	\$ 200	\$ 200

There was nothing due to Blaine County at September 30, 2017 or 2016.

DISCUSS DRAFT

SUPPLEMENTARY INFORMATION

DISCUSSION
DRAFT

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN
NET POSITION - BUDGET AND ACTUAL
For the Year Ended September 30, 2017**

	<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	\$ 298,700	\$ 298,700	\$ 297,045	\$ (1,655)
Automobile rental	594,000	594,000	674,879	80,879
Auto parking	250,000	250,000	267,875	17,875
Rents, fees, commissions and leases	1,724,300	1,724,300	1,693,219	(31,081)
Fuel flowage fees	300,000	300,000	335,960	35,960
Other operating revenue	-	-	13,548	13,548
Total Operating Revenue	<u>3,167,000</u>	<u>3,167,000</u>	<u>3,282,526</u>	<u>115,526</u>
Operating Expenses:				
Employee wages, benefits and taxes	1,584,683	1,584,683	1,397,939	(186,744)
Supplies	148,000	148,000	91,345	(56,655)
Utilities	126,550	126,550	140,975	14,425
Services and contracts	568,650	568,650	345,773	(222,877)
Repairs and maintenance	139,000	139,000	325,798	186,798
Insurance	63,500	63,500	62,331	(1,169)
Other operating expense	206,000	206,000	187,750	(18,250)
Total Operating Expenses	<u>2,836,383</u>	<u>2,836,383</u>	<u>2,551,911</u>	<u>(284,472)</u>
Operating Income	<u>330,617</u>	<u>330,617</u>	<u>730,615</u>	<u>399,998</u>
Nonoperating Revenue and (Expenses):				
Passenger Facility Charges	325,000	325,000	353,928	28,928
Interest income	1,500	1,500	14,980	13,480
Gain (loss) on sale of fixed assets	-	-	13,237	13,237
Federal grants	500,000	500,000	-	(500,000)
Federal grant expenditures	(534,000)	(534,000)	(13,629)	520,371
Total Nonoperating Revenue and (Expenses)	<u>292,500</u>	<u>292,500</u>	<u>368,516</u>	<u>76,016</u>
Capital Contributions	<u>2,179,700</u>	<u>2,179,700</u>	<u>609,759</u>	<u>(1,569,941)</u>
Capital Expenditures	<u>(2,650,300)</u>	<u>(2,650,300)</u>	<u>(1,028,084)</u>	<u>1,622,216</u>
Change in Net Position	<u>\$ 152,517</u>	<u>\$ 152,517</u>	<u>\$ 680,806</u>	<u>\$ 528,289</u>

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
RECONCILIATION OF BUDGETARY BASIS TO GAAP
For the Year Ended September 30, 2017

	<u>Actual Budgetary Basis</u>	<u>GAAP Basis</u>	<u>Difference</u>	<u>Number of Explanation</u>
Operating Revenue:				
Airlines	\$ 297,045	\$ 297,045	\$ -	
Automobile rental	674,879	674,879	-	
Auto parking	267,875	267,875	-	
Rents, fees, commissions and leases	1,693,219	1,693,219	-	
Fuel flowage fees	335,960	335,960	-	
Other operating revenue	13,548	13,548	-	
Total Operating Revenue	<u>3,282,526</u>	<u>3,282,526</u>	<u>-</u>	
Operating Expenses:				
Employee wages, benefits and taxes	1,397,939	1,461,200	63,261	1
Supplies	91,345	91,345	-	
Utilities	140,975	140,975	-	
Services and contracts	345,773	345,773	-	
Repairs and maintenance	325,798	325,798	-	
Insurance	62,331	62,331	-	
Other operating expense	187,750	187,750	-	
Depreciation	-	2,840,580	2,840,580	2
Total Operating Expenses	<u>2,551,911</u>	<u>5,455,752</u>	<u>2,903,841</u>	
Operating Income	<u>730,615</u>	<u>(2,173,226)</u>	<u>(2,903,841)</u>	
Nonoperating Revenue and (Expenses):				
Passenger Facility Charges	353,928	353,944	16	3
Interest income	14,980	14,964	(16)	3
Gain (loss) on sale of fixed assets	13,237	13,237	-	
Federal grants	-	-	-	
Federal grant expenditures	(13,629)	(13,629)	-	
Total Nonoperating Revenue and (Expenses)	<u>368,516</u>	<u>368,516</u>	<u>-</u>	
Capital Contributions	<u>609,759</u>	<u>609,759</u>	<u>-</u>	
Capital Expenditures	<u>(1,028,084)</u>	<u>-</u>	<u>1,028,084</u>	4
Change in Net Position	<u>\$ 680,806</u>	<u>\$ (1,194,951)</u>	<u>\$ (1,875,757)</u>	

1. Accruals of compensated absences are not budgeted but are reported for GAAP.
2. Depreciation expense is not budgeted but is reported for GAAP.
3. Interest earned on PFCs is budgeted as interest income but is reportable as PFC revenue for GAAP.
4. Capital asset purchases are budgeted as an expense but are reported as an asset for GAAP.

**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
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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General fund of Friedman Memorial Airport Authority, as of and for the year ended September 30, 2017, 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 January 9, 2018.

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 opinions 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 Matters

As part of obtaining reasonable assurance about whether Friedman Memorial Airport Authority's financial statements are free of 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.

Meridian, Idaho
January 9, 2018

DISCUSSION
DRAFT

**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
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 *Governmental Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the General fund of Friedman Memorial Airport Authority, as of and for the year ended September 30, 2017, 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 January 9, 2018.

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 opinions 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 Matters

As part of obtaining reasonable assurance about whether Friedman Memorial Airport Authority's financial statements are free of 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.

Meridian, Idaho
January 9, 2018

DISCUSSION
DRAFT

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT
COULD HAVE A DIRECT AND MATERIAL EFFECT ON THE PASSENGER FACILITY CHARGE
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE**

To the Board of
Friedman Memorial Airport Authority
Hailey, Idaho

Report on Compliance

We have audited the compliance of Friedman Memorial Airport Authority (the Authority) with the types of compliance requirements described in the *Passenger Facility Charge Audit Guide for Public Agencies*, issued by the Federal Aviation Administration (the Guide), that could have a direct and material effect on its passenger facility charge program for the year ended September 30, 2017.

Management's Responsibility

Management is responsible for compliance with the requirements of laws and regulations applicable to its passenger facility charge program.

Auditors' Responsibility

Our responsibility is to express an opinion on the Authority's compliance 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 Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the 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 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 the Authority's compliance.

Opinion on the Passenger Facility Charge Program

In our opinion, the Authority complied, in all material respects, with the 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, 2017.

Report on Internal Control over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on its passenger facility charge program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance 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 the 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 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 significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. 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, 2017, and have issued our report thereon dated January 9, 2018 which contained an unmodified opinion on those 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 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.

Meridian, Idaho
January 9, 2018

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
 Year Ended September 30, 2017 and Each Quarter During the Year Ended September 30, 2017
 With Cumulative Totals as of September 30, 2017

	September 30, 2016 <u>Program Total</u>	Quarter 1 October to December	Quarter 2 January to March	Quarter 3 April to June	Quarter 4 July to September	Year Ended September 30, 2017 Total	September 30, 2017 <u>Program Total</u>
Revenue:							
Collections	\$ 518,294	\$ 78,765	\$ 95,263	\$ 75,310	\$ 104,590	\$ 353,928	\$ 873,222
Rollover from prior PFC	84,403	-	-	-	-	-	84,403
Interest	832	2	5	3	6	16	848
Total Revenue	604,529	78,767	95,268	75,313	104,596	353,944	958,473
Disbursements:							
Application 14-09-C-00-SUN/15-10-U-00-SUN							
001 RSA Formulation	-	-	17,252	27,123	-	44,375	44,375
002 Acquire SRE	-	-	-	86,631	103,000	189,631	189,631
003 Master Tax Plan	431,449	54,622	64,029	-	-	118,551	550,000
004 Relocate SW Taxiway Bypass	83,480	-	-	-	-	-	83,480
005 Relocate GA Apron	67,208	-	-	-	-	-	67,208
008 Relocate Power to PAPI	5,196	-	-	-	-	-	5,196
019 PFC Administration	16,920	-	-	-	-	-	16,920
Total Disbursements	604,253	54,622	81,281	113,754	103,000	352,557	958,910
Net PFC Revenue	\$ 276	\$ 24,245	\$ 13,987	\$ (38,441)	\$ 1,596	\$ 1,387	\$ 1,663
PFC Account Balance	\$ 276	\$ 24,521	\$ 38,508	\$ 67	\$ 1,683	\$ 1,663	\$ 1,663

See accompanying notes to Schedule of Expenditures of Passenger Facility Charges

FRIEDMAN MEMORIAL AIRPORT AUTHORITY

**NOTE TO SCHEDULE OF EXPENDITURES OF PASSENGER FACILITY CHARGES
For the Year Ended September 30, 2017**

Note 1. Program Description

The Schedule of Expenditures of Passenger Facility Charges presents only the activity of the Passenger Facility Charges Program of the Friedman Memorial Airport Authority. Passenger Facility Charges are fees imposed by the Authority on enplaned passengers for the purpose of generating revenue for Authority projects that increase capacity, increase safety, and/or mitigate noise impact.

Note 2. Basis of Accounting

The Schedule of Expenditures of Passenger Facility Charges presents the revenues received from Passenger Facility Charges and expenditures incurred on approved projects on the cash basis of accounting.

DISCUSSION
DRAFT

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
PASSENGER FACILITY CHARGES SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2017

Findings Relating to Passenger Facility Charges

There are no audit findings for the year ended September 30, 2017.

DISCUSSION
DRAFT

FRIEDMAN MEMORIAL AIRPORT AUTHORITY
PASSENGER FACILITY CHARGES SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2017

Findings Relating to Passenger Facility Charges

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

DISCUSSION
DRAFT

**RESOLUTION OF THE FREDMAN MEMORIAL AIRPORT AUTHORITY
REGARDING CONTRACTING AUTHORITY**

WHEREAS, the Friedman Memorial Airport (“Airport”) in Hailey, Idaho is operated by the Friedman Memorial Airport Authority (“FMAA”) pursuant the Amended and Restated Joint Powers Agreement entered into between the City of Hailey and Blaine County pursuant to Idaho Code§67-2328;

WHEREAS, pursuant to the Joint Powers Agreement and Idaho law, FMAA the authority to enter into contracts and agreements affecting the affairs of the Airport;

WHEREAS, it is the best interests of the FMAA and the efficient and orderly operation of the Airport to grant authority for making expenditures, contracting and/or purchasing of goods and services for Airport purposes (collectively “Contracts”), to members of the FMAA management and Board, without specific approval by the entire Board, except where Board approval is required by Idaho law, as set forth herein;

NOW, THEREFORE, BE IT RESOLVED THAT any Contract with an annual value of \$10,000 or less, may be approved and executed by the Airport Manager. The Airport Manager shall consult with the FMAA Board Chair prior to entering into any Contract with a value of over \$5,000 in any given year;

BE IT FURTHER RESOLVED THAT, any Contract with an annual value of greater than \$10,000 but less than \$25,000, may be approved and executed by the FMAA Board Chair;

BE IT FURTHER RESOLVED THAT, any Contract with an annual value of greater than \$25,000 but less than \$49,999 may be approved by a majority of the FMAA Board Finance Committee and executed by the FMAA Board Chair; and

BE IT FURTHER RESOLVED THAT all Contracts with an annual value of \$50,000 or greater shall be approved by the FMAA Board prior to execution, unless incurred on an emergency basis as the result of a force majeure event, including, but not limited to, acts of God, aircraft indents or acts of terrorism, in which cast Contracts may be approved by any two (2) Board Members during the course of said event.

ADOPTED AND APPROVED by the FMAA Board this ____ day of December, 2017.

By _____
Don Keirn, Chair

PROCEDURES FOR ENACTING AIRPORT REGULATIONS

1. Place the matter on a monthly meeting agenda for general discussion by the Authority.

2. If the Authority wishes to proceed further with the matter after the general discussion at the Authority meeting, instruct counsel and staff to prepare a rough preliminary draft of the proposed Airport regulation.

3. Distribute the rough draft of the proposed regulation to all Airport tenants and interested parties. In the event that the subject matter for the proposed regulation may have impacts on adjacent property owners, distribute the proposed rough draft to the owners of all properties beyond five-hundred (500) feet of the Airport boundaries (i.e., land use matters, noise matters and proposed areas of operation). In the event that the Authority finds that a greater number of property owners may be impacted by the proposed regulation than is provided for above, the Authority may instruct the Staff to provide additional notice.

4. Publish a summary of the proposed regulation in the Authority's newspaper of record and place public discussion of the proposed regulation on the agenda for the next Authority meeting.

5. If after the discussion, the Authority wishes to go forward with the proposed regulation, instruct staff and counsel to prepare the regulation in final form, publish a summary of the final form of the proposed regulation, and place the regulation on the next meeting of the Authority for its first reading.

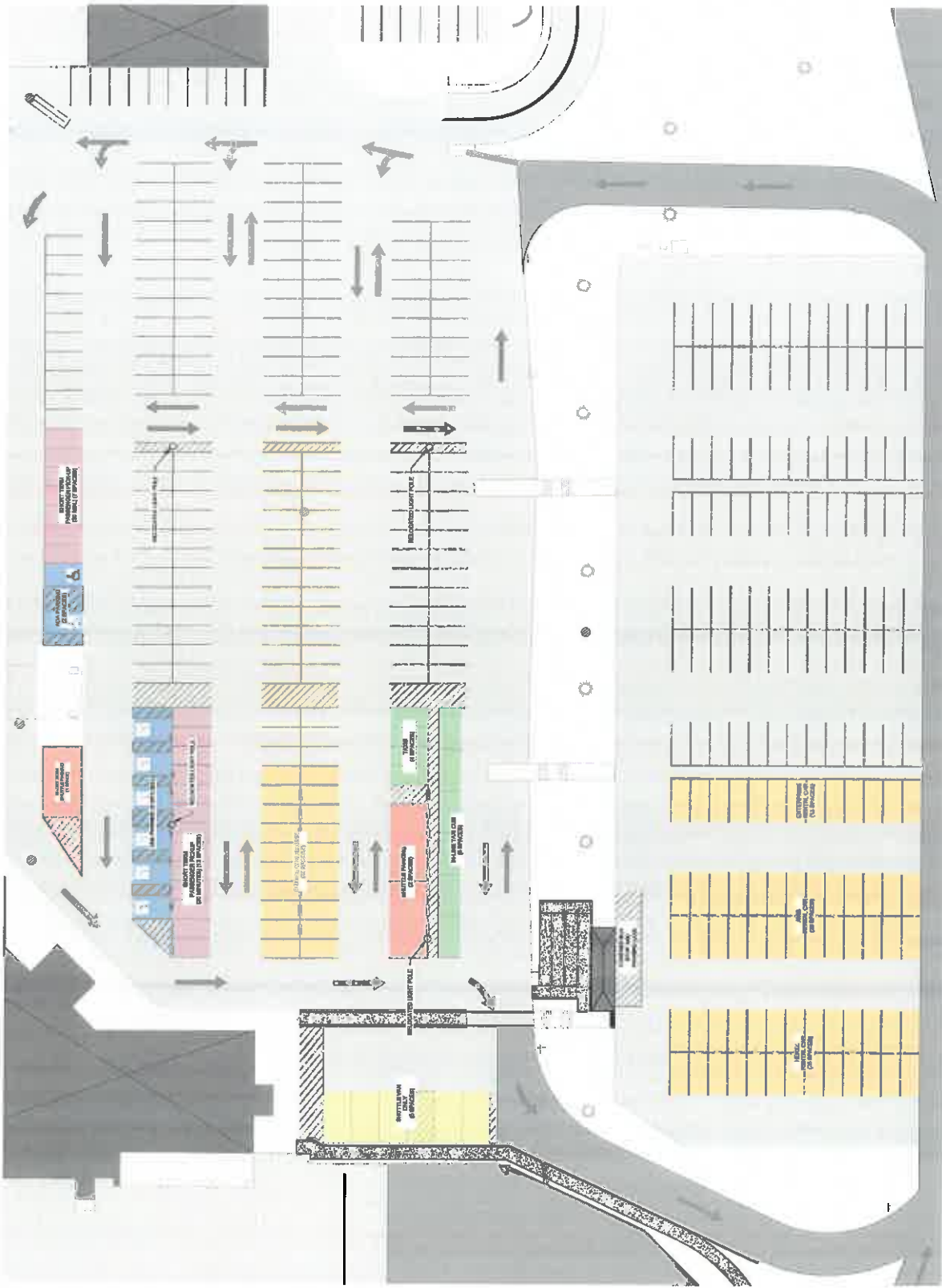
6. Republish the summary after the first reading and place it on the next meeting's agenda for its second reading and approval.

7. Publish the Airport regulation in full within one (1) month after its adoption.

8. In the event that four-fifths (4/5) of the Authority find that an emergency exists concerning the subject matter of the regulation, allow the second reading to be waived and action to be taken on the regulation after the first reading.

APPROVED AND ADOPTED BY THE FRIEDMAN MEMORIAL AIRPORT
AUTHORITY this 6th day of September, 1994.


Tom Blanchard Chairman



TERMINAL APRON EXPANSION - PARKING LOT EXHIBIT
 FREDMAN MEMORIAL AIRPORT