

July 27, 2019

The City Council of the City of Idaho Falls met in Airport Leadership Workshop, Saturday, July 27, 2019, at the Idaho Falls Regional Airport, 2140 N. Skyline Drive in Idaho Falls, Idaho at 8:00 a.m.

There were present:

Mayor Rebecca L. Noah Casper  
Councilmember Thomas Hally  
Councilmember John Radford  
Councilmember Jim Francis  
Councilmember Michelle Ziel-Dingman  
Councilmember Shelly Smede  
Councilmember Jim Freeman

Also present:

Rick Cloutier, Airport Director  
Jayme Verish, Airport Operations Manager  
Kathy Hampton, City Clerk

Mayor Casper called the meeting to order at 8:02 a.m. with the following:

Announcements:

Mayor Casper believes it's important to have an on-site meeting to experience the Airport culture. She expressed her appreciation for Council attendance. Director Cloutier believes it's important to understand the intricacies of the Idaho Falls Regional Airport (IDA) as IDA is not part of General Fund and is governed by many different rules. He also believes there will be a need for the Council to make future Airport decisions with the growing community and the growing Airport.

Federal Aviation Administration (FAA) Regulations/ Compliance, Sponsor Responsibilities Discussion/Q&A:

Ms. Verish stated airports are a heavily-regulated business enterprise in the country. These regulations include Federal, State, and, local government agencies. The most notable bodies include the Department of Transportation (DOT), the FAA, the Transportation Security Administration (TSA), and, the Environmental Protection Agency (EPA). Airports are volunteering to abide by the regulations.

Ms. Verish stated an Airport must be a National Plan of Integrated Airport Systems (NPIAS) Airport in order to qualify for FAA grants/funding. Airports in the NPIAS should have the following attributes: safe & efficient; affordable; flexible and expandable; permanent; compatible; developed in concert with air space and air traffic improvements; support multiple critical national objectives; and, be extensive.

Ms. Verish reviewed categories in the Airports NPIAS to receive funding. IDA is considered a primary non-hub Airport.

Ms. Verish reviewed DOT and FAA goals for NPIAS Airport: safety; infrastructure, innovation, and, accountability. IDA shares and complies with the Airport Capital Improvement Plan (CIP). The CIP helps IDA comply and stay in the goals to receive grants. Funding for CIP may come from Airport Improvement Program (AIP) grants, Passenger Facility Charge (PFC) revenues, P3 initiatives, and, State and/or local funding mechanisms. NPIAS only includes development that is eligible to receive federal grants under the AIP. Brief discussion followed regarding the fuel tax. It was noted IDA and Boise are the only two (2) self-sufficient airports in the State. Ms. Verish briefly reviewed the CIP for the next five (5) years. The CIP is prioritized based on the goals of the FAA and the DOT.

Ms. Verish stated there are 39 grants assurances made by IDA. Acceptance of a grant assurance states IDA is volunteering to accept the rules. Ms. Verish reviewed ten (10) Key Assurances with general discussion including: Preserving Rights and Powers; Pavement Preventative Maintenance (it was noted pavement varies by regions); Accounting System, Audit, and Record Keeping Requirements; Operation and Maintenance; Compatible Land Use

July 27, 2019

(this includes the recent coordination with Community Development Services Department); Economic Nondiscrimination (most complex assurance); Exclusive Rights (cannot prohibit other viable air carriers, additional air carriers would need to operate within viable parameters); Fee and Rental Structure (to make as self-sustaining as possible, prohibits federal projects to be included in the rate base); Airport Revenue (including aviation fuel taxes); and, Policies, Standards, and Specifications (for bidding and conducting a project). She stated a report is available for all grant assurances. The assurances are only applicable to the specific project.

Ms. Verish stated the regulating agency has the authority to audit and inspect an Airport at any time. Consequences of non-compliance for a certified NPIAS Airport could include a letter of investigation/letter of correction, sanctions (withhold future grants and/or grant payments/reimbursement), civil penalties, and, criminal charges. Director Cloutier stated approximately 10% of Airports will get audited year each.

Ms. Verish reviewed 14 Code of Federal Regulations (CFR), Part 139 – Airport Certification. She stated this is a large regulation which requires the FAA to issue operating certificates to Airports that meet the following criteria: serve scheduled and unscheduled air carrier aircraft with more than 30 seats; serve scheduled air carrier operations in aircraft with more than nine (9) seats but less than 31 seats; and, the FAA Administrator requires the Airport to have a certificate to ensure safety in air transportation by complying with Federal Aviation Regulations (FARs) and associated guidance from the DOT and the FAA.

Ms. Verish stated FAR 139 compliance is the cornerstone of Airport safety through continuous inspection and condition reporting including facilities, equipment, construction, design and standards, and, inspection authority. Compliance assures a safe operating environment and also ensures responsible spending of local and federal dollars. As a commercial service Airport, IDA is required to have an approved Airport security program that discusses challenges, potential threats, and, restriction of areas. Failure to comply may result in actions depending on the type and severity of the violation. Director Cloutier stated the TSA inspects IDA on an annual basis regarding the security program.

#### Airport Revenue (Current and Future) Sources Discussion/Q&A:

Director Cloutier reviewed the following with general discussion throughout:

Operating Revenue Categories:

- Airlines (passengers)
- General aviation (tenants)
- Parking
- Rental cars
- Non-aeronautical
- Federal/State operating

Airline revenue:

- Common use space – shared by airlines, based on enplanements
- Exclusive use leased space – each airline
- Landing fees – dependent on gross landing weight of aircraft
- Passenger facilities charge – each Airport of enplanement receives a charge

Parking revenue:

- Parking fees – IDA receives ~50% of profit from the parking management company
- Parking violations – IDA receives a percentage of each fee

General aviation:

- Hangar leases
- Commercial leases
- Fuel flowage – received from providers and tenants that have their own fuel tank. It was noted self-fuelers cannot share their fuel.

## July 27, 2019

Brief discussion followed regarding the hanger leases and allowable uses for these hangars.

Rental cars:

- Rental counter/office space leases – IDA receives 10% of each car rented

Director Cloutier stated this percentage includes rental cars within 20 miles of IDA.

Non-aeronautical:

- Advertising sales
- Concessions – restaurants and stores
- Industrial/commercial leases – Airport property buildings leased out
- Farm land leases

Federal/State Operating:

- Law Enforcement Officer (LEO) wage reimbursement – the TSA has a wage reimbursement program that will pay up to \$20/hour
- IDOT operating revenue grants (very infrequent)

Director Cloutier reviewed current operating revenue sources for 2018/2019 = \$3,060,545. He reiterated this amount does not include funding from the General Fund as the City entity does not provide City services. Collection of Airport, and owned properties, property taxes may require future discussion. Director Cloutier reviewed operation revenue by percentage.

Non-operating revenue:

- FAA AIP grants and IDOT AIP grants – these are identified and used for specific projects, mainly for construction and improvement projects

Director Cloutier stated FAA/IDOT AIP grants for 2018/10 = \$3.2M. The typical grant amount is \$3-5M year. The grant amounts are tied to growth with \$1M entitlement each year as being the primary hub. There is currently \$1.4M in entitlement grants. 15% increase will increase the entitlement grant to \$1.8M. Director Cloutier stated IDA writes their own grants with assistance from consultants.

All revenue by percentage:

- AIP is the largest percentage (52%)

Director Cloutier stated there is ~\$6.2M revenue in the current Fiscal Year (FY). FAA funds ~93% of all projects with the remaining funds being allocated from the Airport operating funds. Director Cloutier stated staff is putting a grant package together that will list projects for the next ten (10) years. User fees need to be included and a PFC needs to be considered.

Possible future revenue sources:

- Ground transportation – taxis, busses, shuttles (Uber, Lyft, etc.). This discussion may need to occur with State legislators.
- Parking – Airport-managed parking. Per the contract, IDA is required to maintain the parking lot with the exception of electronic equipment. Director Cloutier believes Airport-managed parking would be a large revenue increase.
- Hangar development – Airport-owned hangars (would be a benefit to have ‘T’ hangars)
- Non-aeronautical development – industrial park, retail (can be lucrative)

Other possibilities include a property tax-sharing adjustment and a percentage of hotel taxes. It was noted increased revenue could attract additional airlines.

FAA Airport CIP Discussion/Q&A:

Director Cloutier stated the FAA Airport CIP includes a five-year plan of projects, improvements, and, eligible equipment to facilitate airports meeting and maintaining safety standards, capacity and growth, and, development to

**July 27, 2019**

support the goals of the DOT and the FAA as well as the surrounding communities. He briefly reviewed CIP projects for the next five (5) years. There are more than \$30M in improvements funded at 93.75% by the FAA. Director Cloutier stated grant acceptance must be approved by Council. He noted the FY2021 Airport Master Plan will take approximately 18 months to review. He also noted the State is completing an economic impact study.

Facilities Tour:

Those in attendance were given a tour of IDA facility as well as the perimeter of the IDA facility. Director Cloutier and Ms. Verish described the current and future improvements/expansion to IDA.

Airport Leadership Discussion/Closing Comments:

Councilmember Smede believes the workshop provided helpful information. She recommended future Airport meetings. Mayor Casper concurred. She believes the frequency should be 2-3 times per year. She questioned a formal board process. Director Cloutier believes quarterly meetings would be helpful to educate and discuss current projects. These meetings would meet or exceed FAA regulations. Mayor Casper stated dialogue will need to occur regarding board members and meeting frequency. The next tentative meeting will be scheduled for October, 2019.

There being no further business, the meeting adjourned at 12:15 p.m.

s/ Kathy Hampton \_\_\_\_\_  
CITY CLERK

s/ Rebecca L. Noah Casper \_\_\_\_\_  
MAYOR