

MINUTES OF THE JACKSON HOLE AIRPORT BOARD

DATE: May 17, 2017

BOARD PRESENT: Jim Waldrop, Jerry Blann, Rick Braun, Mary Gibson Scott and John Eastman were present in the Airport Board Conference Room.

OTHERS PRESENT: Mike Morgan, Lohf Shaiman, Jacobs Hyman & Feiger PC; Mike Mahoney, KLJ; Gene Murphy, SEH; Greg Herrick, Suzanne Herrick, Michael Lawrence, Caitlin Lawrence, Denny Moffett, Wyoming Jet Center; Jeff Brown, Matt Wright, Jackson Hole Aviation; Pete Lindell, Fly Jackson Hole; Jeremy Mayo, Hertz; Jonathan Currier, Currier & Co; Greg Epstein, Teton County; Jim Stanford, Town of Jackson; David Coyle, Public; Jeanne Kirkpatrick, Dustin Havel, Tony Cross, Megan Jenkins, Aimee Crook, Ron Campbell, Jake Sperl, Alton George, Kody Jeppson, John Simms, Kaitlin Perkins, Jackson Hole Airport.

CALL TO ORDER: Waldrop called the meeting of the Jackson Hole Airport Board to order at 9:00 am on Wednesday, May 17, 2017.

I. EMPLOYEE OF THE MONTH: Elwood recognized Jake Sperl and Adriana Sanchez as April's employees of the month. He said Chance Grimmatt has been recently hired as the Airport's electrician and general maintenance employee.

II. COMMUNITY OUTREACH: Elwood stated that Little Lambs preschool did two tours of the Airport in April. He said the Airport participated in the EcoFair on May 13th.

III. APPROVAL OF MINUTES: Eastman made a motion to approve the April 19th public hearing and regular meeting minutes. Braun seconded the motion. Having no further discussion, the motion passed unanimously.

IV. COMMENTS FROM – NATIONAL PARK SERVICE, TOWN OF JACKSON, TETON COUNTY AND THE PUBLIC: Epstein asked all residents to participate in reducing their traffic footprint during the summer months.

V. COMMITTEE UPDATES: Blann stated that the Conceptual Committee has met regarding the Fuel Farm. Braun said that the Concessions Committee met with Mike Gireau and the Airport staff and mentioned the extension of Jedediah's lease until April, 2018. Eastman spoke for the Facilities Committee stating that the LED parking lot light project has been completed. He said there will be an "Airport Clean-Up" on May 31st. Eastman said the Grand Teton National Park Mitigation Committee met on April 21st and discussed the eclipse and construction updates. Gibson Scott spoke for the Human Resources & Health Committee stating that the housing and transportation allowance in the budget was approved by the Town and County. She said there was excellent coverage relating to the allowance in the Jackson Hole News & Guide. Gibson Scott stated the Transportation Committee had no new updates. She asked about the status of TNCs at the Airport. Elwood said that the Airport was still having discussions with Uber, but had not come to an agreement at this time.

VI. ACCOMMODATION OF SECOND FBO: Waldrop stated that an application for a second FBO was received from Wyoming Jet Center (WJC) and there has been interest expressed by others relating to the second FBO. He said there have been written submissions and legal briefs

received from Jackson Hole Aviation (JHA) and WJC. He thanked both parties for the thorough information. He explained both JHA and WJC will be able to give 15 minute presentations after which the Board can ask questions. He said after both presentations are given there will be a chance for public comment.

A. Comments by Wyoming Jet Center and Jackson Hole Aviation: Greg Herrick and Michael Lawrence gave a 15 minute presentation explaining that a second FBO would benefit the Airport by enhancing general aviation safety, customer service and satisfaction, and would improve airport revenue. For Herrick's presentation, please see Exhibit 1 attached to the minutes. Waldrop asked how WJC will get planes to decide which FBO they will go to. Lawrence said that the tower controllers will ask the aircraft operator where they plan to park and if they do not know, the tower will give them the options.

Jeff Brown gave a 15 minute presentation discussing the impact on space if a second FBO is accommodated. Brown stated that a second FBO would reduce ramp space and severely cramp operations. He said that the Park Service makes provisions for sole source operators. He said the allocation of the ramp space is an unanswered question. He said for example what if JHA has 90% of the traffic but only 50% of the ramp space. Brown said that fuel utilization would be the same due to the runway length at the Airport and aircraft needs. He said there are inherent difficulties managing a shared fuel facility. He said a new FBO will have to have hangar and office space per the minimum standards. He said that space with customer and employee parking would impact the proposed plans the Airport has for the new fuel farm, QTA and other projects. He stated that rejecting a second FBO would not be a violation of the exclusive rights grant assurance due to the reduced allocation of ramp space. Eastman asked Brown to elaborate on the grant assurance exclusivity relating to ramp usage. Brown stated that the law states if it is unusually burdensome or impractical to require reduction of space, then there is no issue with grant assurances and exclusive utilization. Eastman asked Brown if he thought adding an additional second FBO would increase the volume of general aviation aircraft to the Airport. Brown said in his opinion it would not increase the volume, that Jackson Hole is a destination resort. Wright stated he believes traffic will increase based on Herrick's presentation and comments to Jackson Hole News & Guide. Braun asked if there have been conversations with the Airport District Office (ADO). Elwood stated that the Airport has been in communication with the ADO since the application of a second FBO. Waldrop stated there have been informal, non-committal talks with the FAA.

Waldrop asked for public comment on issues that have yet to be raised. He asked the public to please limit comments to three minutes. Stanford asked the Board to take into consideration the impact of private jet traffic relating to increased operations and the volume of flights. David Coyle suggested slot times be implemented to reduce traffic on the ramp.

B. Executive Session: Gibson Scott moved the Board go into Executive Session to receive information classified as confidential by law and on matters concerning litigation to which the Board may be a party as authorized by Wyoming Statute §16-4-405(a)(ii) and (ix)). Braun seconded the motion, which was unanimously adopted. The public meeting was adjourned into Executive Session at 9:58 am.

Blann moved the Board come out of Executive Session. Eastman seconded the motion, which was unanimously adopted. Executive Session was adjourned into public meeting at 10:41 am.

C. Consideration of Whether 2nd FBO May be Accommodated: Braun stated that the issue at hand is FAA grant assurances and whether to accommodate a second FBO. Blann said he has seen two FBOs operate at the Airport and the limited space makes it difficult to deal with efficiency and demands. Gibson Scott stated that the Hangar 3 demolition and construction could meet minimum standards for a second FBO. She stated that the new fuel farm could be designed to meet minimum standards for two FBOs as well. Eastman stated that the FAA has considerable authority over the Airport and complete authority over the airspace and aircraft operations. He said the Board cannot assess the market needs or make a determination for any applicant on whether there is a need for a second FBO. He said the Board cannot take into consideration the management or operational challenges presented to two FBOs at the Airport. He said there were three questions to ask: Is there space? Is the candidate qualified to run the operation? Is the type of activity already authorized by the Airport? He said that if the answer to all three questions is affirmative, which in his opinion it is, then Board policy could accommodate a second FBO. He said while the Airport could raise a safety issue relevant to a second FBO, the FAA will not allow the Airport to posit safety as a rationale for refusing a second FBO. He said that is a decision the FAA will make, not the Board.

Waldrop asked if a second FBO is authorized, would it be awarded to WJC or be put out to bid by RFP. Gibson Scott said an RFP tailored to the unique place and conditions of the Airport would be beneficial. She said Councilman Stanford made an excellent point in his concerns regarding the sensitivity of operating in a National Park. Braun stated that a second FBO would not be delayed in operating due to the construction of the new fuel farm to meet minimum standards. Eastman said that pursuing a market driven response for a second FBO is not a statement of the quality of work of WJC. Waldrop stated that this decision was a difficult decision for the Board and was not based on Jeff's inability or commitment to operating a well-run FBO. He thanked WJC and JHA for their preparation.

Blann made a motion to: 1. find that a second FBO may be accommodated at the Airport; 2. direct Airport staff and legal counsel to draft a Request for Proposals for operation of a second FBO; and, 3. that all applications for a second FBO be held in abeyance until completion of the Request for Proposals. Eastman seconded the motion. The motion passed unanimously.

VII. ACTIVITIES REPORTS REVIEW: Elwood stated that passenger enplanements decreased 1% in April 2017.

VII. ACTION ITEMS:

A. Financial Reports:

1. Customer Facility Charge (CFC): Kirkpatrick said that the balance of the Customer Facility Charge account is \$3,039,011. She said these funds will be used to construct the new QTA and a portion of the south access road. She said since the QTA will be constructed after the fuel farm, the account will grow which will reduce the required loan amount.

2. Income & Expense Operating Statements: Kirkpatrick said that operating expenses are 5% over budget and operating income is 7% over budget. She said it is anticipated that operating income will exceed operating expenses by more than \$400,000 at fiscal year-end. Blann made a motion to approve the financial reports. Braun seconded the motion, which passed unanimously.

B. Payment of the Bills: Braun made a motion to approve checks 33587-33716, check 2843 and ACH payroll and tax deposits April 30, May 1 and May 15, 2017. Blann seconded the motion, which was unanimously adopted.

C. Consent Agenda: Waldrop stated that item C4, the Jorgensen Well Permitting Scope and Fee Agreement, was being removed from the Consent Agenda and will be considered at a future meeting. Elwood gave a brief summary of each item on the Consent Agenda.

1. **Grand Teton Park Book Store – Amendment**
2. **Antler Arch Purchase**
3. **Jackson Hole Security – Agreement**
4. **Jorgensen – Well Permitting – Scope and Fee Agreement**
5. **Sprinkler Rehabilitation for Tree Line**

Eastman made a motion to approve items C-1 through C-3 and item C-5 on the Consent Agenda. Gibson Scott seconded the motion, which was unanimously adopted.

D. Seal Coat/Marking – Notice of Award: Kirkpatrick said that this project is bid by the State and that Straight Stripe was the low bid at \$203,465 for the pavement maintenance project. She said that the total cost of the project will be the amount paid to Straight Stripe plus engineering fees. She said the Board share will be \$30,400 for a total anticipated project cost of \$304,000.

Blann made a motion to approve the notice to proceed for Straight Stripe in the amount of \$203,465. Braun seconded the motion. Having no further discussion, the motion passed unanimously.

E. Facilities Amendments – Hangar 2, North Fuel Farm and South Fuel Farm: Elwood stated that Hangar 2 has historically been rented to Jackson Hole Aviation in the amount of \$12,063. He said the proposed Amendment extends the term from July 1, 2017 to June 30, 2018 with rent to remain the same. Blann moved approval of the amendment to Hangar 2. Eastman seconded the motion. Having no further discussion, the motion passed unanimously.

Elwood said the North Fuel Farm Amendment will expire June 30, 2017. He said the proposed Amendment extends the term from July 1, 2017 to June 30, 2018 with annual rent remaining at \$48,194. He said the Board will have the right to terminate upon completion of a new fuel farm or finding of exclusive right. Blann made a motion to approve the Amendment to the North Fuel Farm. Gibson Scott seconded the motion, which passed unanimously.

Elwood said the South Fuel Farm Amendment will expire July 31, 2017. He said the proposed Amendment extends the term from August 1, 2017 to June 30, 2018 with the right to terminate upon completion of a new fuel farm or finding of exclusive right. He said annual rent will remain the same at \$29,618. Blann made a motion to approve the South Fuel Farm Amendment. Braun seconded the motion. Having no further discussion, the motion passed unanimously.

F. Fuel Farm – Design Recommendation and Contract: Havel explained the proposed fuel farm drawings. Braun asked if there was a containment area incorporated into the design. Havel stated there was a containment area in every location associated with loading and unloading of fuel. Currier said there will also be double walled tanks. Eastman asked if there will be fencing around the proposed fuel facility. Havel said there will be a fence and screening around the facility. Havel said that Phase 1 of Currier's scoping contract has been completed. He said staff recommends approval of Currier's Design Contract to include Fire Marshal coordination and bidding. Havel said the time and materials fees and expenses are not to exceed \$675,200.

Eastman made a motion to approve the Contract for Professional Services, Phase 2: Fuel Facility Design, Pre-Permitting and Bidding, in the form presented. Blann seconded the motion, which passed unanimously.

G. SEH Contract Amendment 14 – Apron Schedule 4: Kirkpatrick stated that Schedule 4 and 5 of the Commercial Apron Reconstruction Project will replace apron spaces 3, 4 and 5 and continue the construction of the storm drain improvements and apron light modifications. She said the scope of the Amendment is for design, bidding, project administration and coordination, and construction observation services. She said the lump sum fee will be \$528,063 plus not to exceed for construction observation \$431,049. She said that the Airport has not yet received concurrence from the FAA, so the motion should be contingent upon FAA concurrence.

Braun made a motion to approve Amendment 14 to the SEH Agreement subject to FAA concurrence. Blann seconded the motion, which was unanimously adopted.

H. SEH Contract Amendment 15 – South Access Road and Drainage System: Elwood explained Amendment 15 is for the south landside access roadway, storm drainage and grading improvements. He said that the Airport historically hasn't had a centralized drain system to collect flows. He said this drainage system will collect flows of the new developments and put it into a water purification system. He said that this improvement is a part of the greater initiative to be good stewards of the environment. He said the lump sum fee is \$154,655. Blann made a motion to approve Amendment 15 to the SEH Agreement subject to FAA concurrence. Braun seconded the motion. Having no further discussion, the motion passed unanimously.

I. Electric Vehicle Charging Station Purchase: Havel stated the Airport has proposed to purchase two level two electric vehicle charging stations, which will allow for four vehicles to charge. He said the charging stations will be in the public parking lot, and the Airport is currently working with stakeholders to find the optimal location. He said the total cost of the charging stations is \$9,750 but the Airport has received a \$5,000 grant from Yellowstone/Teton Clean Cities Coalition. He said Airport share of the cost is \$4,570. Waldrop applauded the staff's proactive approach to mitigate the Airport's footprint in the Park and on public lands. Blann said the location of the charging stations is critical during peak season.

Blann made a motion to approve the purchase of two electrical vehicle charging stations. Gibson Scott seconded the motion. Having no further discussion, the motion passed unanimously.

VIII. DIRECTOR'S COMMENTS: Elwood stated that Ruben Mendoza will become a United States citizen on May 26th. Havel gave a brief update on the Eclipse Mitigation Plan. Elwood recognized Havel and Operations Staff for their work relating to the Full Scale Exercise. Gibson Scott commented that Hilary Fletcher's After Action Review was well received by participating agencies in the Full Scale Exercise. Elwood stated the FAA Part 139 Certification went well, with only two minor items that were both fixed before the inspection was over.

IX. BOARD COMMENTS: Eastman thanked Mike Morgan for his work relating to the second FBO. Gibson Scott recognized the staff's efforts to keep all projects moving forward. Waldrop recognized JHA and WJC for the preparation relating to a second FBO.

X. **ADJOURN:** Eastman made a motion to adjourn the meeting at 11:47 am on May 17, 2017. Blann seconded the motion and the meeting was adjourned.



Jim Waldrop, President



Mary Gibson Scott, Secretary

EXHIBIT 1

WYCOMING

JET CENTER LLC

Jackson Hole Airport Board Registration

WEDNESDAY, MAY 17, 2017

2nd FBO Wanted

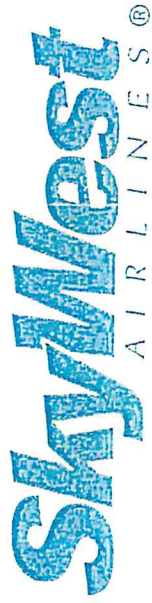


“The demand at JAC during the high season can overwhelm a single provider. We have suffered service disruptions simply because there are too many flights needing fuel at the same time.”

A handwritten signature in black ink that reads "Paul Neville". The signature is fluid and cursive.

Paul Neville
Fuel Sourcing Operations
United Airlines

Letters of Support



SkyWest flies for many carriers into JAC and the demand during the busy season can be very high for just one FBO to provide complete coverage. We welcome competition and think Wyoming Jet Center, LLC would be a great addition to the airport.

A handwritten signature in black ink, appearing to read "Jason Trask".

Jason Trask
Manager - Contracts
SkyWest Airlines

SkyWest

10000 Skyway
Denver, CO 80231
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www.skywest.com

WYOMING
JET CENTER

National FBO Surveys and Reviews

Professional Pilot Magazine's PRASE survey considered the "gold standard" of aviation ground service leaders

In 2017, 29 of the top 35 rated US FBOs at airports with 2+ FBOs (40 of top 45 in 2016)

Aviation International News (AIN) & Fltplan.com's "Pilots' Choice Awards" show same trend
Airnav.com and Fltplan.com most commonly used websites to leave reviews of FBOs

Many glowing reviews posted on highly rated FBOs

Other FBOs choose to not allow public reviews to be posted

Competition fosters the best customer service experience

AIN FBO Survey

2017

Top Rated FBOs in the Americas by Region ROCKY MOUNTAINS

FBO	2016	2017	2018	2019	2020	2021	2022
Albuquerque							
Bole							
Denver							
Glacier & Yellowstone							
Grand Junction							
Jackson Hole							
Mountain Area							
Phoenix/Scottsdale							
Salt Lake City							
Sun Valley							
Tucson							

Survey details
in your packet

2016

Albuquerque	100
Bole	100
Denver	100
Glacier & Yellowstone	100
Grand Junction	100
Jackson Hole	100
Mountain Area	100
Phoenix/Scottsdale	100
Salt Lake City	100
Sun Valley	100
Tucson	100

General Aviation Ramp Space & Safety

Sufficient ramp space currently exists to accommodate GA aircraft.

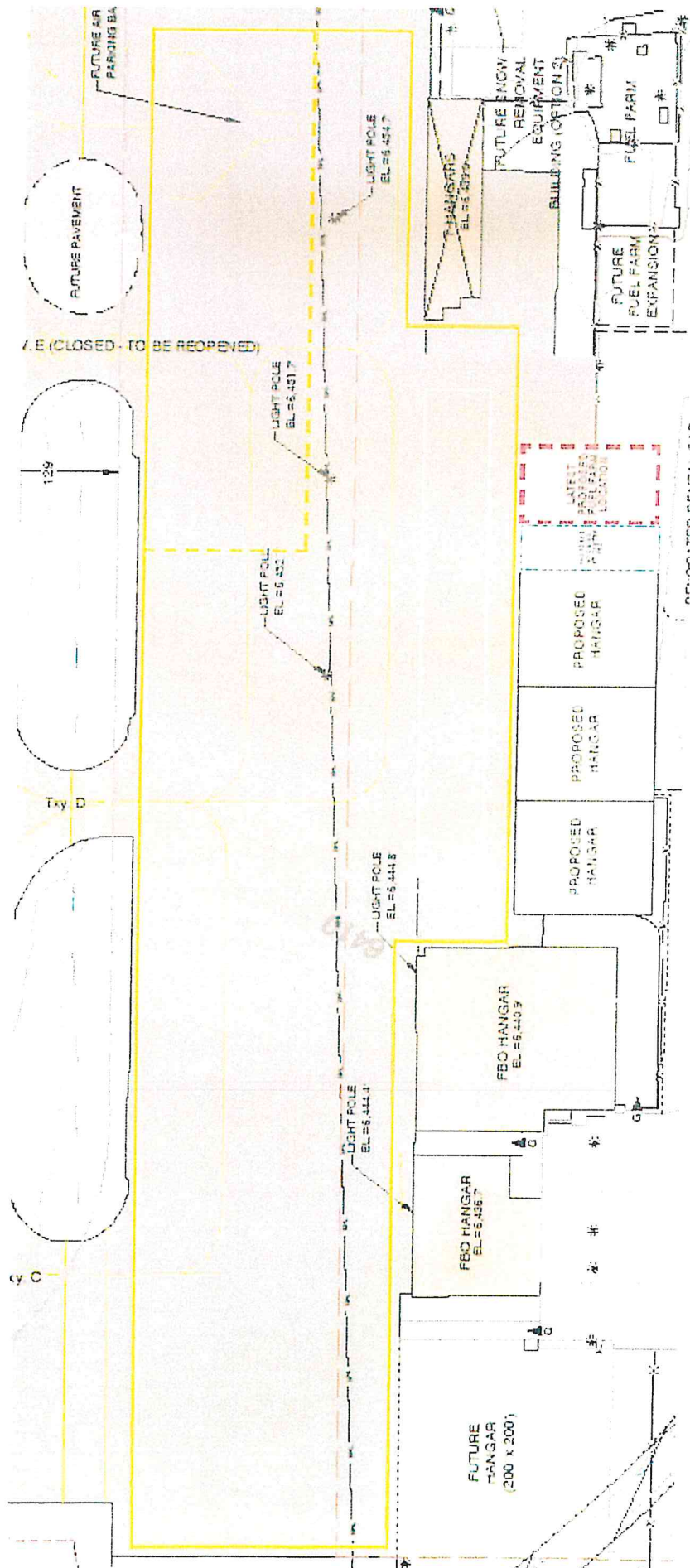
- No traffic increase due to a second FBO

Additional GA ramp space is being created in this construction phase

Adding a second FBOs trained and NATA Safety 1st certified personnel and equipment equates to enhanced ground handling safety, increased efficiency and speed of service

4. Looking at 2015 until now 43,090 GA flight operations (in and out)
No significant incidents were reported. In fact, there were only two out of that 43,090
 - one plane got stuck in the ice
 - one plane's wingtip scratched by a rental car

See: JAC Ramp Maps, Incident Reports, Bozeman and Denver ramp examples



Let's Talk About the Money for a Moment

FBO Revenue Sources Include:

1. Fuel Sales Revenue
2. "Handling Fees" in Lieu of Fuel purchase
3. Ramp Parking Fees
4. Hangar and tie-down fees
5. Other service fees; De-ice, maintenance, etc.

Wyoming Jet Center 2016 Fuel Opportunity Estimates – Quoted Truckload

	AIRLINE		GENERAL AVIATION	
	Jet A	Jet-A	Avgas	
Base Price	2.0208	2.0208	3.2608	
Fed Tax	0.044	0.243	0.193	
State Tax	0.05	0.05	0.05	
FED LUST tax	0.001	0.001	0.001	
OSFT-spill	0.0021	0.0021	0.0021	
JAC Flowage	0.05	0.12	0.12	
Total Cost	\$2.1679	\$2.3169	\$3.6269	
Price Per Gallon	negotiated	\$6.66	\$6.69	
Cost	\$2.17	\$2.32	\$3.63	
Gross Margin/gallon		\$4.34	\$3.06	
2016 Gallons Delivered	3,573,763	1,829,935	27,034	
Our Gross Margins	negotiated	\$7,947,591	\$82,808	
Airport's revenue (flowage)	\$178,688	\$219,592	\$3,244	

WJC example data only. Based on delivered truckload fuel prices quoted to us and 2016 Jackson Hole Airport B



Wyoming Jet Center Competitive Pricing Opportunities for Jackson

Airport	Air Miles from		Jet A Full		Jackson Jet-A		2016 Jet-A Premium		100LL Full		Jackson	
	Jackson	0	Serve \$/gal	Premium	Charged	Charged vs. Comp	Serve \$/gal	Premium	Charged	Serve \$/gal	Premium	Charged
Jackson**	0		\$6.66	--	--		\$6.69	--		\$6.69	--	
Driggs**	18		\$5.10	\$1.56	\$2,854,699		\$5.00	\$1.69		\$5.00	\$1.69	
Alpine	29		\$4.25	\$2.41	\$4,410,143		\$5.39	\$1.30		\$5.39	\$1.30	
Dubois*	46		\$4.80	\$1.86	\$3,403,679		\$5.00	\$1.69		\$5.00	\$1.69	
Rexburg Air	48		\$3.85	\$2.81	\$5,142,117		\$5.00	\$1.69		\$5.00	\$1.69	
Afton	55		\$4.29	\$2.37	\$4,336,946		\$4.99	\$1.70		\$4.99	\$1.70	
Idaho Falls**	58		\$4.25	\$2.41	\$4,410,143		\$5.35	\$1.34		\$5.35	\$1.34	
*self serve												
Billings	161		\$4.60	\$2.06	\$3,769,666		\$5.50	\$1.19		\$5.50	\$1.19	
Cheyenne**	301		\$3.39	\$3.27	\$5,983,887		\$4.79	\$1.90		\$4.79	\$1.90	
Salt Lake	178		\$5.20	\$1.46	\$2,671,705		\$5.41	\$1.28		\$5.41	\$1.28	
Bozeman**	131		\$4.75	\$1.91	\$3,495,176		\$5.05	\$1.64		\$5.05	\$1.64	
Denver, Cent.	358		\$3.33	\$3.33	\$6,093,684		\$5.50	\$1.19		\$5.50	\$1.19	

**Avfuel branded

WJC Review of 2016 Airport Fuel & Parking Revenue Sharing Model

	Notes:	WJC Gross Margin \$ Estimates	Airport Revenue	Park Revenue*
GA Jet-A Fuel Gross Profit:	1,829,935 gallons	\$7,947,591	\$219,292	\$3,285
Airline Jet-A Fueling	3,573,763 gallons	negotiated	\$178,688	\$2,681
Aviation Gasoline	27,034 gallons	\$82,808	\$3,244	\$487
Handling Fees Charged in Lieu of Fuel Purchase	9,900 TL GA arrivals 6,547 were IFR	\$ unknown	\$0	\$0
Ramp Day Parking Revenue	9,900 TL GA arrivals	\$ unknown	\$0	\$0
Overnight Parking	5,000+ Nights	\$ unknown	\$0	\$0

Numbers are actual or approximate

*per 1985 USNPS/USDI lease @1.5% of airport revenue

Additional FBO-Driven Revenue Opportunities for the Jackson Hole Airport

1. Competition brings higher flowage fee revenue
 - Aviation fuel sales are price sensitive; high prices = lower flowage revenue
 - Lower prices, more sales, higher airport flowage revenue
2. High fuel prices result in more aircraft opting to pay the “Handling Fee” in lieu buying fuel
 - The airport receives **no revenue** from “Handling Fees” even though they are in lieu of fuel purchases
 - We suggest the airport consider adding 15% Revenue Sharing to FBO “Handling Fees”
3. The **airport receives no revenue** for transient and overnight aircraft parking on the ramp
 - There are no airport charges for the parking area on the public’s ramp
 - The airport receives none of the parking revenue generated
 - We recommend adding a 15% Revenue Sharing of all airport ramp parking fees collected
4. Reduce FBO commission on landing fee collections, presently at 15%
 - 2016 landing fees were approximately \$490,000 resulting in a collection commission of \$73,000+
 - WJC is willing to collect and remit airport landing fees at a significantly lower cost

Airport Receives No Revenue For Ramp Parking

In reply to our inquiries: No Ramp Revenue. No Parking or Handling Fee Revenue

3. Response: "As for ramp usage see paragraph 8.13 of the FBO Operating Agreement. There are no other financial agreements with respect to ramp usage."

8.13.2 All aircraft parking ramp space south of the line described in 8.13.1 above is designated for use on a non-exclusive basis by general aviation aircraft. Operator may use such general aviation ramp for its operations on a non-exclusive basis. Should allocation of ramp space by the Airport Manager between fixed based operators become necessary, Operator shall comply with such allocations.

4. Response: "JHA's current leases and agreement do not require it to pay a percentage of any aircraft ramp parking revenues to the Board."

5. Response: "JHA's current leases and agreement do not require it to pay a percentage of any "handling fee" to the Board.

Legal Perspectives

WJC's Airport Improvement Program Grant Assurances Legal Brief

1. FAA Grant Assurances encourage competition
 - Grant Assurance Part 22, Economic Nondiscrimination and
 - Grant Assurance Part 23, Exclusive Rights and 49 U.S.C 40103(e) a prohibition on the grant of exclusive rights.
2. An FBO monopoly jeopardizes FAA AIP funding. In the last five years alone has totaled more than \$27,000,000. More than \$88,000,000 to date.
3. Sponsors may only limit certain classes or types of operations, **not** individual operators
4. It is the FAA not the sponsor who has the authority to approve or disapprove aeronautical restrictions based on safety

See: WJC Legal Brief, AOPA General Counsel letter

IN SUMMARY

As The New Second FBO Wyoming Jet Center Will:

- Further Enhance General Aviation Safety
- Enhance Customer Service and Satisfaction
- Improve Airport and National Park Revenues
- Enhance Compliance AIP Funding Requirements and other Federal Regulations

We look forward to working with all involved for the benefit of the airport,
our visitors and the community as a whole.