

AGENDA ITEM SUMMARY

DATE: 4/30/2012

DEPARTMENT: Legal

DEPT. HEAD SIGNATURE: _____

SUBJECT:

Friedman Memorial Airport Authority ("FMAA") Meeting

AUTHORITY: ID Code _____ IAR _____ City Ordinance/Code _____
(IFAPPLICABLE)

BACKGROUND/SUMMARY OF ALTERNATIVES CONSIDERED:

I just reviewed the FMAA agenda and packet for the FMAA meeting scheduled for May 1, 2012. I am attaching the agenda and the meeting brief, along with several attachments which may be instructive.

Under Unfinished Business, there will be a discussion about a scope of work for the planning process for the Airport Layout Plan. See ¶ III(5)(a). The meeting brief suggests that the consultants for the ALP look at a modest expansion outside of the existing footprint.

For informational reasons, I have attached Attachment No. 1 (see ¶ III(7)(b), Attachment No. 5 (see ¶ IV(D), and Attachments Nos. 12 and 13 (see ¶ VI(E)).

I did not see anything else on the agenda, the meeting brief or any other attachment which I feel should be discussed during the City Council meeting. If you want access to the entire FMAA packet, please go to www.flyfma.com and click onto FMAA Meetings & Agendas.

Ned

FISCAL IMPACT / PROJECT FINANCIAL ANALYSIS: Casele # _____
Budget Line Item # _____ YTD Line Item Balance \$ _____
Estimated Hours Spent to Date: _____ Estimated Completion Date: _____
Staff Contact: _____ Phone # _____
Comments: _____

ACKNOWLEDGEMENT BY OTHER AFFECTED CITY DEPARTMENTS: (IFAPPLICABLE)

___ City Attorney	___ Clerk / Finance Director	___ Engineer	___ Building
___ Library	___ Planning	___ Fire Dept.	___ _____
___ Safety Committee	___ P & Z Commission	___ Police	___ _____
___ Streets	___ Public Works, Parks	___ Mayor	___ _____

RECOMMENDATION FROM APPLICABLE DEPARTMENT HEAD:

Review and discuss the agenda and meeting brief. If appropriate, direct FMAA representatives on action to be taken at the next FMAA meeting.

FOLLOW-UP REMARKS:

**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, May 1, 2012 at 5:30 p.m. at the old Blaine County Courthouse Meeting Room, Hailey, Idaho. The proposed agenda for the meeting is as follows:

**AGENDA
May 1, 2012**

- I. **APPROVE AGENDA**
- II. **PUBLIC COMMENT (10 Minutes Allotted)**
- III. **UNFINISHED BUSINESS**
 - A. Airport Solutions
 - 1. Chairman Report
 - a. Election Timing of FMAA Officers DISCUSS/DIRECT
 - 2. Blaine County Report DISCUSSION
 - 3. City of Hailey Report DISCUSSION
 - 4. Airport Manager Report
 - a. FAA NW Mountain Region Airports Conference DISCUSSION
 - b. SMS/SRM Update DISCUSS/DIRECT
 - 5. Existing Site
 - a. Airport Layout Plan – Planning Process Scope of Work DISCUSS/DIRECT
 - 6. Replacement Airport DISCUSS/DIRECT
 - 7. Retain/Improve/Develop Air Service
 - a. FSVA Report DISCUSS/DIRECT
 - b. Air Service Scope of Work – Attachment #1 DISCUSS/DIRECT
- IV. **NEW BUSINESS**
 - A. Credentialing Management System – Attachments #2 - #4 ACTION
 - B. FY '13 Budget Process DISCUSS/DIRECT
 - C. Website Update DISCUSS/DIRECT
 - D. Mead & Hunt Program Management Team Update – Attachment #5 ACTION
- V. **APPROVE FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:**
 - A. April 3, 2012 Regular Meeting – Attachment #6 ACTION
- VI. **AIRPORT STAFF BRIEF**
 - A. Noise Complaints
 - B. Parking Lot Update
 - C. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data – Attachments #7 - #10
 - D. Review Correspondence – Attachment #11
 - E. Fly Sun Valley Alliance Update – Attachments #12, #13
 - F. Airport Weather Interruptions
 - G. License and Use Agreement Off-Airport Rental Car Operator
 - H. Employee of the Calendar Year 2011
 - I. PFC Application 12-08-C-00-SUN Status
 - J. City of Hailey LEO Retirement
- VII. **PUBLIC COMMENT**
- VIII. **ADJOURNMENT**

FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETINGS ARE OPEN TO ALL INTERESTED PARTIES. SHOULD YOU DESIRE TO ATTEND A BOARD MEETING AND NEED A REASONABLE ACCOMMODATION TO DO SO, PLEASE CONTACT THE AIRPORT MANAGER'S OFFICE AT LEAST ONE WEEK IN ADVANCE BY CALLING 766-4956 OR WRITING TO P.O. BOX 929, HAILEY, IDAHO 83333.

III. UNFINISHED BUSINESS

A. Airport Solutions

1. Chairman Report

a. Election Timing of FMAA Officers

BOARD ACTION: 1. Discuss/Direct

2. Blaine County Report

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

BOARD ACTION: 1. Discussion

3. City of Hailey Report

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

BOARD ACTION: 1. Discussion

4. Airport Manager Report

a. FAA NW Mountain Region Airports Conference

The Airport Manager, Contracts/Finance Administrator and Operations Chief attended the FAA Northwest Mountain Region Annual Conference April 16-18. As always, the conference was comprised of presentations on a broad range of airport topics, to include Airfield Markings, NOTAMS, Vehicle/Pedestrian Deviations, FAR 139 Inspection Trends, SMS & Wildlife Hazard Assessments, Sustainable Planning, New DBE Rules, Airport Compliance Issues, TSA and ADO Procedures & Geographics, to name a few. Additional and significant benefits of this conference are the opportunity for networking with our peers in the airport industry in the Northwest, as well as consultants and product representatives.

BOARD ACTION: 1. Discussion

b. SMS/SRM Update

As you know, the Safety Risk Management Panel will meet April 24 and 25 to evaluate the Change Proposal submitted by the Authority. In short, the impacts of including Scheduled Commercial Approach Category C aircraft, in the existing Letter of Agreement between the Airport and the Air Traffic Control Tower will be evaluated. The panel's task is to determine if such a change will add risk to the National Airspace System. If risk is caused by the change, the panel will also discuss mitigation that might be

appropriate. The Airport Manager, a panel member, will brief the Board on the process.

BOARD ACTION: 1. Discuss/Direct

5. Existing Site

a. Airport Layout Plan – Planning Process Scope of Work

As briefed at the April meeting, the FAA indicated to the Airport Manager that it would be acceptable to move forward with preparing a Scope of Services for an Airport Layout Plan update at the existing airport site. Airport Manager and Dave Mitchell from T-O Engineers have discussed this scope in general terms and believe that this planning study should evaluate the existing airport with the overall goal of retaining, improving and developing air service. Related to retaining air service, the planning study will consider necessary improvements to improve the existing airport's compliance with FAA standards. We see this evaluation in multiple tiers: What can be done within the existing airport property line? What can be done with a modest expansion outside of the existing footprint? And possibly other options that the Board would like to explore. Improving and developing air service could be addressed in this planning study primarily by evaluating potential improvements to reliability.

Staff and Dave Mitchell will present these concepts and request input from the Board in order to develop a detailed scope for discussion at the June FMAA meeting.

BOARD ACTION: 1. Discuss/Direct

6. Replacement Airport

As you know, the Airport Manager has reported previously that the FAA will wait until the Safety Management System process has been completed to begin discussions related to the suspended EIS and the community's ultimate solution to meet FAA design standards and future aviation needs, a Replacement Airport. This item is on the agenda as a place holder in case information related to a discussion with the FAA requires updating.

BOARD ACTION: 1. Discuss/Direct

7. Retain/Improve/Develop Air Service

a. FSVVA Report

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

BOARD ACTION: 1. Discuss/Direct

b. Air Service Scope of Work – Attachment #1

The Board will recall that Ms. Trina Froelich, Mead & Hunt presented the Draft Passenger Demand Analysis for Friedman Memorial Airport. In the April Board meeting, the Board agreed that it would be appropriate to begin development of a scope of work for additional Passenger Demand Analysis to be conducted in FY 2013. This PDA would focus on a leakage study for the purpose of collecting market-driven information the community needs in order to retain, improve and develop air service. This item is on the agenda to address two areas of focus: What can be done to reduce leakage from our community to other airports? What can be done to retain existing and develop new air service to our community?

As a starting point for the discussion, Attachment #1 is a Proposal for Air Service Consulting Services from Mead & Hunt. In the proposal, M&H focuses on Seasonal True Market Estimates, Airfare Monitoring and Additional Value options for SUN, vs. BOI. Staff will not ask the Board for approval but will ask for comment and or suggestions. Staff has asked Mead & Hunt for benchmarks that might be appropriate to include so that the Board might determine if future investment of time, material and money related to this type of study is beneficial.

BOARD ACTION: 1. Discuss/Direct

IV. NEW BUSINESS

A. Credentialing Management System – Attachments #2 - #4

You may recall the Board had previously approved Staff to pursue a Credentialing Management System (CMS) subscription. The CMS will substantially reduce workload around airport badging procedures and federal compliance requirements. A total of five companies submitted RFP's in response to notices placed with AAEE, Airport Report Today, Business Opportunities and the Idaho Mountain Express (Attachment #2). The bid opening took place on February 27, 2012 at 2:00 p.m. Present were Rick Baird, Airport Manager, Steve Guthrie, Airport Security Coordinator and Roberta Christensen, Alternate Airport Security Coordinator. Based on a comprehensive review by FMA Staff, FMA Legal Counsel and Lori Beckman, Aviation Security Consulting, Inc. (Consultant), the review team rejected all capital acquisition bids and elected to base the bid evaluation on a monthly subscription model. As you can see, the bid-tab sheet (Attachment #3) indicates that Quantum Secure, Inc. is the apparent qualified, low-bid respondent. As previously reported, services from Quantum Secure, Inc. would be established on a monthly subscription model, requiring very little up-front capital funding and the low, qualified proposal fits within the Airport's established budget. Staff would like direction to proceed, to include Board Chairman Execution of the Quantum Secure, Inc.: End-User Subscription License Agreement (Attachment #4). Please note FMAA Legal Counsel has reviewed and approved the Quantum Secure, Inc.: End-User Subscription License Agreement.

BOARD ACTION: 1. Action

B. FY '13 Budget Process

Staff is in the process of assembling the Fiscal Year 2013 Budget with the assistance of the Finance Committee. The Board can anticipate a draft budget included on the June meeting agenda.

Some of the budget preparation assumptions are:

- The Airport will remain at the existing site for the near and mid-term
- Revenues will most likely remain close to the same; expenses will increase
- Utility costs will increase
- No further decrease of air carrier enplanements and seats
- The Airport will not experience another light winter
- The SMS will not impact the Airport in a negative way
- LEO program to remain as is
- EIS to be restarted
- Receipt of spending entitlement funds
- The credentialing management system will be in place
- Staff size will not increase
- The Airport will enter into an Off-Airport Use Agreement with Enterprise

BOARD ACTION: 1. Discuss/Direct

C. Website Update

As suggested in the March Board meeting by the Airport's Interim Communications Director, the process to merge the FMA website with the Replacement Airport website has been initiated. A proposal has been requested and received from Marketing By Design. Staff anticipates the review of the proposal to be completed and that a recommendation will be presented to the Board at the May meeting.

BOARD ACTION: 1. Discuss/Direct

D. Mead & Hunt Program Management Team Update -- Attachment #5

During the April 3rd FMAA meeting, Staff was directed to place this item on the agenda for Board consideration. Attachment #5 is the *First Amendment To Master Services Agreement Between Mead & Hunt, Inc. And Friedman Memorial Airport Authority* to amend Mead & Hunt Key Personnel. ✓

BOARD ACTION: 1. Action

V. APPROVE FRIEDMAN MEMORIAL AIRPORT AUTHORITY MEETING MINUTES OF:

A. April 3, 2012 Regular Meeting – Attachment #6

BOARD ACTION: 1. Action

VI. AIRPORT STAFF BRIEF

A. Noise Complaints:

LOCATION	DATE	TIME	AIRCRAFT TYPE	INCIDENT DESCRIPTION	ACTION TAKEN
Chantrelle	3/31	1:15 am	Turbo Prop	Late Operation	This was a Life Flight. Caller notified.
Lwr Brdfrd	4/1	3:45 am	Unknown	Late Operation	Unable to ID. Caller notified
Chantrelle	4/1	11:55 pm	Turbo Prop	Late Operation	Aircraft ID'd. Operator contacted and notified. This operator historically supports the Vol. Noise Program. Circumstances regarding the health of their client in this event prevented them from operating within the requested hours. Caller was briefed.
Lwr Brdfrd	4/17	N/A	N/A	Concerns about Voluntary Noise Program	Ops Chief had a productive conversation with the caller.
Deerfield	4/21	6:33 pm	Sgl Eng.	Airplane flying repeatedly over caller's home.	Investigation revealed that this was a student pilot and instructor doing pattern work. Winds at the time dictated departures to the north. The aircraft utilized recommended north departure routes and maintained correct altitude. Ops Chief explained to caller, who was satisfied.

B. Parking Lot Update

The Car Park Gross/Net Revenues

	FY 2010 Gross	FY 2010 Net	FY 2011 Gross	FY 2011 Net	FY 2012 Gross	FY 2012 Net
March	\$18,640.00	\$9,308.00	\$18,546.42	\$8,987.14	\$16,330.00	\$6,889.26

C. Profit & Loss, ATCT Traffic Operations Count and Enplanement Data - Attachments #7 - #10

Attachment #7 is Friedman Memorial Airport Profit & Loss through February 2012.
 Attachment #8 is air traffic control tower traffic operations data for March 2012.
 Attachment #9 is 2001 - 2012 air traffic control operations data comparison by month.
 Attachment #10 is 2008 - 2012 enplanement data including non-revenue passengers.
 The following revenue and expense analysis is provided for Board information and review:

	February 2011/2012	
Total Non-Federal Revenue	February, 2012	\$140,129.93
Total Non-Federal Revenue	February, 2011	\$137,225.40
Total Non-Federal Revenue	FY '12 thru February	\$803,766.04
Total Non-Federal Revenue	FY '11 thru February	\$777,634.55
Total Non-Federal Expenses	February, 2012	\$142,538.74
Total Non-Federal Expenses	February, 2011	\$133,237.96
Total Non-Federal Expenses	FY '12 thru February	\$884,674.76
Total Non-Federal Expenses	FY '11 thru February	\$867,088.30
*Net Income to Include Federal Programs	FY '12 thru February	\$-208,472.79
*Net Income to Include Federal Programs	FY '11 thru February	\$-277,355.15

*Difference in net income is related to federal transactions.

D. Review Correspondence - Attachment #11

Attachment #11 is information included for Board review.

E. Fly Sun Valley Alliance Update – Attachments #12, #13

Attachment #12 is the March 12, 2012 Fly Sun Valley Alliance Meeting Minutes.
 Attachment #13 is the April 9, 2012 Fly Sun Valley Alliance Meeting Agenda.

F. Airport Weather Interruptions for April, 2012

Airline	Flight Cancellations	Flight Diversions
Horizon Air **	N/A	N/A
SkyWest	0	0

Wx: Weather Mech: Mechanical

Horizon Air suspended SUN service March 25. Service will resume June 3 to Seattle and June 22 to Los Angeles.

G. License and Use Agreement Off-Airport Rental Car Operator

Mr. Scott Reese, Enterprise Rent-A-Car, has contacted Staff and has expressed Enterprise's interest in entering into an Off-Airport Rental Car License and Use Agreement with the Airport. Staff is working with Mr. Reese to complete necessary requirements and expects that Enterprise will be operating at the Airport prior to the June Board meeting.

H. Employee of the Calendar Year 2011

Mr. Jim Hicks, Atlantic Aviation, was selected as the Friedman Memorial Airport Employee of the Year for 2011. He was selected from a field of four extremely qualified nominees. Customer service, knowledge of the airport, responsibility, flexibility and professionalism are among the qualities in the selection process. It is truly a pleasure to have such a dedicated individual at the Airport who anticipates the needs of our customers and employees as well as an exemplary safety record, which has resulted in Jim's nomination and eventual selection as Employee of the Year.

In recognition of his effort and as acknowledgement of this honor, we would like to present Jim Hicks the following gifts:

\$25 Amex Credit card	Hertz Rent A Car	\$50 Gift Certificate	Atlantic Aviation
\$20 GC to KB'S	Serco ATC	Model of Q400	Horizon Air
\$40 GC to Albertson's	The Car Park	Food Certificate	Runway Cafe
\$75 in Certificates for rentals in US	Avis Rent A Car	\$100 in Chamber Bucks	Friedman Memorial Airport
\$20 Gift Certificate	SkyWest Airlines		

Again, on behalf of the FMAA and tenants, Congratulations and thank you, Jim!

I. PFC Application 12-08-C-00-SUN Status

On April 11th Staff, Mr. Geoffrey Wheeler and Mr. Kevin McPeck, Ricondo & Associates held an Air Carrier Consultation Meeting at Friedman Memorial Airport. Horizon Air and SkyWest Airlines did not attend. A draft Notice of Intent document will be submitted to the FAA for review and comment prior to formal submittal.

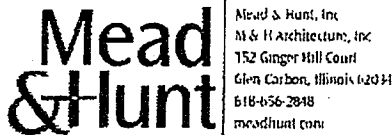
J. City of Hailey LEO Retirement

Hailey Police Officer Paul Brown has retired from law enforcement and his service as one of the Airport LEOs. Paul completes a long and distinguished career in service to the public here, as well as throughout Idaho. The Airport has been fortunate to have always enjoyed exemplary law enforcement support, coupled with extraordinary

customer service from the Hailey Police Dept. Officer Paul Brown has been a shining illustration of that service. Staff and Tenants wish Paul all the best in his retirement, with a little bit of purely selfish regret!!!

VII. PUBLIC COMMENT

VIII. ADJOURNMENT



April 24, 2012

Rick Baird
Airport Manager
Friedman Memorial Airport
PO Box 929
Hailey, ID 83333

Subject: Proposal for Air Service Consulting Services

Dear Rick,

Based on our discussions, it is my understanding that you are interested in taking steps to increase enplanements by improving passenger usage at Friedman Memorial Airport (SUN) and reducing passenger diversion to Boise Airport (BOI). Mead & Hunt is pleased to submit this proposal for your review, which includes a scope of services and compensation.

Scope of Services

After acceptance of this proposal, Mead & Hunt shall complete the following tasks:

1. Seasonal True Market Estimates

The February analysis of SUN's true market identified a significant number of passengers using BOI for travel to/from the Sun Valley area. This analysis included detailed community data measuring the difference in SUN usage by passengers from Hailey, Ketchum and other area communities. This information can be used to target areas for improvement and to measure the success of these efforts.

There is no perfect source of data for passenger diversion information, and consultants differ on the best way to estimate the size of an air service market. Mead & Hunt addresses this issue by basing passenger diversion estimates on market and destination data developed from airline booking/ticketing information from the Airline Reporting Corporation (ARC) mathematically combined with US Department of Transportation (DOT) reported airline information, creating the best possible estimate for your area. Mead & Hunt uses this method for determining passenger diversion because:

- a) It is our judgment that original airline booking/ticketing information, ARC, combined with US DOT airline data is the best method for determining passenger diversion.
- b) The survey sample is significantly larger than other methods used for collecting passenger diversion information.

- c) ARC data is accepted and used by most airlines.

Mead & Hunt will complete an analysis of the airport's primary catchment area using ARC data and reported origin and destination data following the winter and summer seasons as the data becomes available. By reviewing the true market seasonally, airport usage patterns can be determined and particular areas within the catchment area can be targeted for additional market, etc. by season.

Keep in mind that US DOT data typically lags from three to six months behind. The output of this effort will be a letter and spreadsheet with the top domestic and international true markets with a comparison to prior reporting periods.

2. Airfare Monitoring

The primary purpose of monitoring airfares at SUN is to identify non-competitive airfares with competing airports to prevent local passenger diversion. Local passengers that are using BOI for their air service needs often do so because of differences in airfares. To reduce passenger diversion, periodic tracking of airfares and follow-up communication with air carriers may minimize pricing disparities.

To monitor airfares at SUN, Mead & Hunt recommends comparing local walk-up, business, and leisure airfares with airfares at BOI, regardless of the air carrier providing the airfare. This report identifies airfares that may be causing diversion from the SUN catchment area. Mead & Hunt will also compare Alaska Airlines and Delta Air Lines walk-up, business, and leisure airfares with airfares that Alaska and Delta offers at the competing airport. This comparison provides the airfare information needed for follow-up communication with individual airlines.

The airfare comparisons will be based on a snapshot of published airfares obtained through one of the Global Distribution/Computer Reservations Systems (GDS/CRS). Fare comparisons will include SUN's top 25 catchment area destinations. Because of pricing dynamics, many airfares (i.e. time sensitive sale airfares) are obsolete within days and perhaps hours; however, overall "structural airfare" relationships tend to be constant, and this is the focus for possible changes. For this reason, time-sensitive (sale) airfares will be ignored.

Mead & Hunt proposes to use the following definitions for monitored airfares:

Walk-up	No advance purchase, no restrictions, and fully refundable.
Business	No Saturday night stay required, no more than a one-day minimum stay requirement, may be non-refundable, and may require a seven-day advance purchase.
Leisure	The lowest published airfare excluding time sensitive sale airfares.

Business fares and leisure fares may require a roundtrip purchase; however, for the purpose of these reports, all fares will be shown as one-way.

Mead & Hunt will provide the airfare comparisons electronically in Excel format. The date of the first monthly report will be determined upon contract signing. Subsequent monthly reports will be completed within 30 days of the end of the previous month.

3. Additional services

Additional services may be requested by SUN that are not described above. Additional services typically include but are not limited to: the preparation of ad hoc reports; ongoing performance monitoring; identification of potential new carriers and destinations for further evaluation; communication with airlines; coordination with SUN community to solidify support for air service initiatives such as an Airline Travel Bank or Small Community Air Service Development Program; review of marketing initiatives to aggressively promote new or improved service; and other elements as identified on an as needed basis.

For this effort we believe that Mead & Hunt can assist SUN in a number of areas that will need to be evaluated to determine the value to this effort and the work required for completion. Initially we suggest consideration of the following:

- a) Compare results of the true market estimates with recent resort survey data. Depending on the outcome of this exercise Mead & Hunt may recommend the collection of additional travel information via a new survey targeting hospitality properties in the area.
- b) Monitor available leisure airfares from key markets including nonstop markets like Los Angeles and Seattle plus a limited number of other key markets to SUN, BOI and competitive resorts. This would track available fares over time for specific travel periods such as holidays (Christmas, President's Holiday), other peaks like spring break, July 4th, and off-peak periods like mid-January and slack periods between seasons.
- c) Assist SUN in identifying value options for SUN versus BOI including current services (e.g. free Wi-Fi, parking rates, rental car rates, other) and evaluate potential changes that could have a meaningful impact in reducing passenger diversion.

Compensation

Mead & Hunt will be compensated for the work described under Scope of Services as set forth below:

1. True Market Estimate

Mead & Hunt will be compensated on a lump sum basis and will invoice based on the percent of project completed.

True Market Estimate (per season)\$8,500

2. Airfare Monitoring

Mead & Hunt will be compensated on a lump sum basis.

Airfare monitoring (per month/per report) \$995

Rick Baird
April 24, 2012
Page 4

3. Additional Services

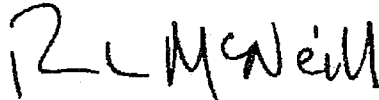
Additional services provided by Mead & Hunt not described above or in other supporting documentation will be accommodated with a separate task order or billed in accordance with the Standard Billing Rate Schedule, attached hereto and incorporated herein by reference.

The following are Mead & Hunt's Standard Billing Rates for services billed on a time-and-materials basis. Standard billing rates are subject to annual adjustments in January of each year. Mead & Hunt reserves the right to change billing rates based on increases in unforeseen operational costs.

Standard Billing Rates	
Clerical	\$73.00 / hour
Accounting/Administrative Assistant	\$88.00 / hour
Technical Editor	\$100.00 / hour
Senior Editor	\$148.00 / hour
Consultant	\$120.00 / hour
Senior Consultant	\$185.00 / hour
Expenses	
Company or Personal Car Mileage	\$0.90 / mile
Air and Surface Transportation	Cost plus 10%
Lodging and Subsistence	Cost plus 10%
Out-of-Pocket Direct Job Expenses	Cost plus 10%

We appreciate the opportunity to submit this proposal to SUN.

Respectfully submitted,
MEAD & HUNT, Inc.



Ron McNeill
Senior Consultant

ATTACHMENT #5

FIRST AMENDMENT TO MASTER SERVICES AGREEMENT BETWEEN MEAD & HUNT, INC. AND FRIEDMAN MEMORIAL AIRPORT AUTHORITY

This First Amendment to Master Services Agreement between Mead & Hunt, Inc. and Friedman Memorial Airport Authority ("Master Agreement") is made this ___ day of April, 2012 by and between the Friedman Memorial Airport Authority ("Authority") and Mead & Hunt, Inc. ("M&H").

RECITALS

On the 11th day of March, 2010, Authority and M&H entered into the Master Agreement;

The parties wish to amend the Agreement regarding M&H's key personnel as stated in the Agreement.

NOW, THEREFORE, Authority and M&H hereby agree that the Agreement shall be and the same is hereby amended to read as follows:

28. KEY PERSONNEL. Key personnel required by the Owner to be active on this assignment include the following: Andy Platz, Scott Cary and Matt Dubbe.

All other terms and conditions of the Agreement shall remain in full force and effect.

FRIEDMAN MEMORIAL AIRPORT

By _____
Tom Bowman, Chairman

MEAD & HUNT, INC.

By _____
Andy Platz, President and Group Leader-Aviation Services



FLY SUN VALLEY ALLIANCE MEETING MINUTES
Monday, March 12, 8:00am – 8am, Sun Valley Resort

Board Members Present: Eric Seder, Maurice Charlat, Warren Benjamin, Lisa Horowitz, Arlene Schieven, Deb Fox, Michelle Griffith, Jack Sibbach, Rick Baird, Patrick Buchanan. Staff: Carol Waller.

Board Members Absent: Peter Scheurmier, Martha Burke, Dick Fenton

TOPIC DISCUSSED:

Consent Items:

- February Board Minutes: Warren moved to approve, Jack seconded VOTE: All in favor
- February FY12 YTD Financials: Warren moved to approve, Maurice seconded. VOTE: All in favor

Committee Reports:

1. Funding Committee

MRG Legal Assessment/Airport Meetings: Eric reported that MRG legal assessment work from HT is still in progress. FSVA Board members encouraged to continue to reach out to elected officials and other stakeholders on importance of air service and funding, and to encourage local businesses to do same.

City/County FY13 Contract for Services Request: FSVA will be preparing FY 13 budget request to present to cities and county – board to review and approve at April meeting.

Upcoming Presentations: Carol will be providing FSVA update to Idaho Travel Council on March 14 and to SV Board of Realtors on April 10. Carol has also helped provide air service/enplanement data to Sustain Blaine for their upcoming March 15 Economic Forum.

2. Program Committee

New Fundraising Ideas: Warren developed a list of 5 new ideas for potential FSVA fundraising events. Board reviewed and thanked Warren for his work on generating these new ideas. Considering FSVA limited staff and resources, board agreed that 2 of the ideas could be developed further with projected P&L, and brought back to board for consideration.

Alaska Airlines 30th Anniversary of Service to SUN: Carol noted that Dec will mark the 30th anniversary of Alaska Airlines service to SUN so she will be working with FSVA Program Committee, SVC, SVMA, FMA and Alaska to develop some fun and creative celebration ideas and promotions.

Air Service Initiatives/Research/Promotions:

- Alaska Airlines MRG performance update from Mead & Hunt: Winter bookings for all months (Dec – March) still running behind YTD last year for season. Dec 2011 revenues were much higher due to additional flights, and expect higher fares for Feb and March will also help revenues, although expenses significantly increased over last winter, mainly due to fuel costs. Early March spring fare sale helped generate an additional 1100 bookings during the week of the sale, last week of service in March is still weak so Carol will discuss one final spring fare promotion push mid-March with AS to stimulate additional bookings.
- Alaska Airlines Summer 2012 Service Contract: Negotiations have been completed and contract signed. Costs increased but service schedule was adjusted to help mitigate downside by running LAX service later in June and running both LAX later into September, because there is better opportunity to stimulate demand in September than early June. SEA-SUN will run daily June 3- September 16. LAX-SUN will run daily June 22-September 16. Carol will work with AS/SVMA/SVR to determine summer/fall season fare promotional program in April.
- Airport Update: FMAA has meeting with FAA scheduled for April 2. SMSA is underway, should be completed by end of April. FMAA is continuing to be involved with various city/public meetings for outreach and input on current situation and potential options. Have started new Airport Solutions Enews to provide timely updates to public and FSVA has helped promote this new initiative, and FSVA board members encouraged to sign up to receive.
- Potential new service:
FSVA sent letter of support on behalf of new regional carrier hoping to start service between SUN and Boise. FSVA also continues to be in communications with carriers about other potential new service from new markets.
- Air Service Marketing Update: SVMA and SVR continuing marketing efforts in air service markets.
- Research:
 - > Competing Air Service Update: Carol compiled a comparison of service to competing destination resort areas for summer 2011 and winter 2012.
 - > Rocky Mountain Air Service News: (compilations of articles related to air service in competitive set) provided.

Monthly Directors Report: Provided for review.

Respectfully Submitted, Carol Waller, FSVA Director



LOT FOR AIR SERVICE - BRIEFING SHEET

April 2012

THE PROBLEM: *We are losing business because of lack of air service*

1. We are at a huge competitive disadvantage with our limited and declining air service access.

- Total seats flying into SUN are now below 1990 levels, while virtually all of our competitors have seen significant increases over this time. *Our seats have decreased 39% and our enplanements have decreased 33% over the past 5 years, a much more significant drop than our competitors.*
- Virtually all of Sun Valley's competitor resort communities have significantly better non-stop service from major markets, most of which involve substantial Minimum Revenue Guarantees (MRGs). *Looking at just four competitors (Aspen, Vail, Steamboat and Jackson), this winter they were served by a combined 240+ major market flights per week, compared to Sun Valley's 14.*

2. Most of our competition has publicly tax funded air service MRG programs in place, with costs ranging from \$1-\$4 million annually.

All of these programs except ours depend on a reasonable split of MRG costs between the resort and the community. In each case other than Jackson, the main funding source for the community portion is a sales and/or lodging tax. In our area, Sun Valley Company has borne 95% of the cost of MRGs either directly or indirectly, which they cannot continue due to the significant increase in MRG's required as a result of airline higher fuel costs. *Our MRG costs for daily seasonal non-stop service to SUN from LAX and SEA have increased nearly 30% over the past 2 years.*

3. Retention of current non-stop flights and addition of new non-stop flights will require an estimated \$2 million annually in MRG's. Sun Valley Resort is still committed to covering 50% of annual MRG costs.

MRG contract costs in competing resort destinations average \$35 per air seat secured. Ours is currently higher (\$65) due to limited number of carriers (due to aircraft type) we are able to negotiate with and a comparative lack of marketing funding to promote the flights. An MRG - Minimum Revenue Guarantee is an agreed upon "risk" cost, with the actual amount paid to the airline(s) varying depending on revenues and load factors vs. guaranteed revenues. *We did not have significant MRG payouts between 2003-2009, but in 2010/11 the MRG contract costs rose considerably and our MRG payout did as well.*

We have some new opportunities to obtain non-stop air service from key markets, which would have a dramatic positive effect on our local economy. We can seize these opportunities only if the community partners with Sun Valley Company to provide funds for MRGs. Sun Valley Company will commit to continuing to provide funding for its share of MRG costs. Competitor resorts all have different arrangements, but a 50/50 split is the average ratio of resort/community funding obligations.

4. Increased Marketing is Also Needed to Support Current and Future New Air Service

The marketing effort of Sun Valley Marketing Alliance must be significantly focused on the markets where we have direct air service, both now and in the future. The key objective for expansion of air service access is to provide better access opportunities for visitors and local residents. In this way, the actual cost of MRGs will decrease over time and/or service can be established to other new markets.

THE SOLUTION: An Additional LOT Dedicated for Air Service & Marketing

1. Funding Needed: \$2 Million Annually - \$1 M for MRG/Air Service + \$1 M for Marketing

Air Service/MRGs: An annual source of approximately \$1 million would be necessary to fund 50% of the current MRG maximum obligations (Seattle and LA) plus 50% of the likely maximum for one to two additional direct service major markets (the other 50% is assumed to be funded by the Sun Valley Company). The development of these additional direct service opportunities is in progress now, and actual costs will be known in the coming months.

Marketing: The proposed structure would utilize 50% of the funds for MRGs and related expenses and the other 50% for marketing through SVMA. The marketing portion would be at least 50% dedicated to marketing in the metropolitan areas served by non-stop flights, with the remainder earmarked for increased general tourism marketing efforts of SVMA and Hailey Chamber.

2. Source of Funds – LOT increase of 1%

An increase in the LOT of the three LOT-eligible cities is the most feasible source of these funds. A 1% additional tax on all items currently LOT taxed would produce approximately \$2,000,000 per year at current collection levels and would be specifically dedicated to air service support through MRGs and marketing. This increment, which would be subject to a vote in each city, could be separate from the existing LOT, and could be re-evaluated after an initial term of five years.

Legality: The Attorney General, on March 13, 2012, opined in a letter to Rep. Wendy Jaquet that public funding of MRGs is permissible "provided care is taken in their consideration, drafting and adoption."

3. Timeframe

To take advantage of the opportunities available to us, the additional LOT needs to be on the November ballot in all three cities. There is a great deal of work to be done in terms of legal structure, garnering political support, crafting a ballot statement and designing an educational and marketing campaign.

4. Administration/Accountability

Potential structure could be a Joint Powers Authority between Blaine County and whichever cities participate financially in the LOT funding. This JPA would then have authority to contract with organizations such as FSVA and SVMA to provide air service MRG and marketing services.

QUICK Return On Investment FACTS

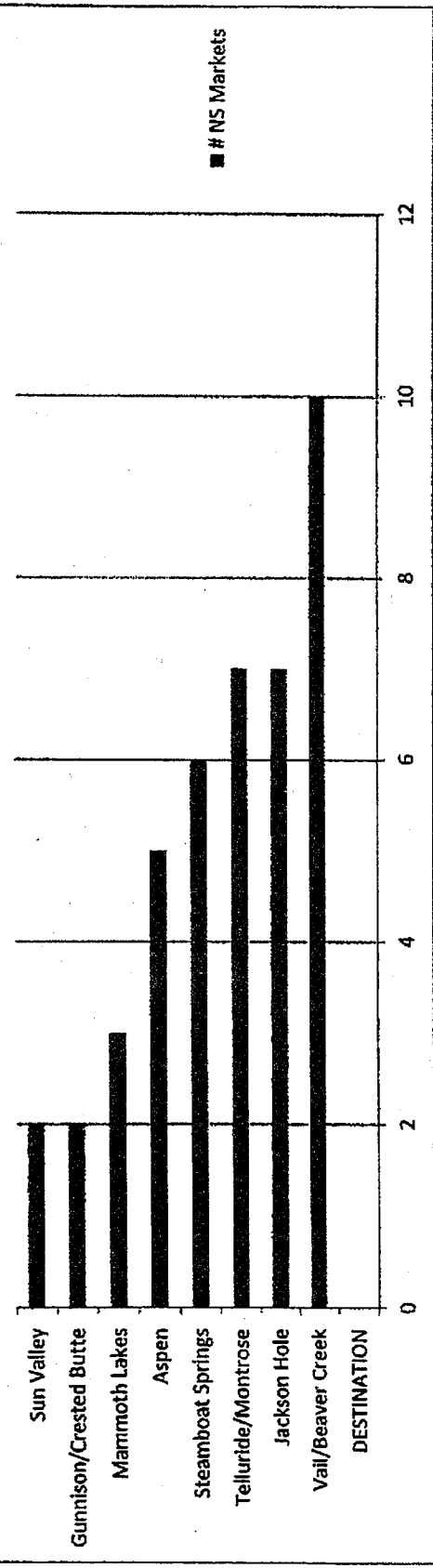
- 77% OF AIR PASSENGERS INTO SUN are Visitors/Second Homeowners
- EACH NON-STOP MRG SEAT FROM LAX AND SEA COSTS US A MAXIMUM OF \$65.
- EACH VISITOR/SECOND HOMEOWNER WHO FLIES HERE SPENDS \$1750 DURING EACH VISIT.
- \$1750 IN DIRECT SPENDING = \$5000 IN TOTAL ECONOMIC IMPACT (w/multiplier)
- \$65 Max INVESTMENT PER SEAT = \$5000 PER PERSON IN TOTAL ECONOMIC IMPACT PER VISIT
- AND 85% OF LOCAL BUSINESSES SAY AIR SERVICE IS VERY IMPORTANT FOR THEIR FUTURE

BETTER AIR SERVICE = MORE BUSINESS

COMPETING AIR SERVICE - COMPARISON OF NON-STOP MARKETS SERVED 2011

DESTINATION	MAJOR NON-STOP MARKETS											CONNECTING			
	Dallas	LAX	Houston	Atlanta	Chicago	NYC-EWR	NYC-LGA	NYC-JFK	SFO	Seattle	San Jose	Miami	Mpls	Cincinnati	Denver SLC
Vail/Beaver Creek	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Jackson Hole	X	X		X	X	X	X	X	X	X	X	X	X	X	X
Telluride/Montrose	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Steamboat Springs	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Aspen	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Mammoth Lakes	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Gunnison/Crested Butte	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Sun Valley	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X

Non-Stop Air Service Markets Served 2011



Airport Solutions Retain/Improve/Develop Air Service

- February 2012 – Ms. Trina Froehlich, Mead & Hunt presented a Passenger Demand Analysis (PDA) to the Board
- Percentage of passengers in SUN catchment area using other airports is significant

Passenger Demand Analysis

- Percentage of passengers in SUN catchment area using area airports:



Airport Solutions Retain/Improve/Develop/Air Service Continued

- Staff is working on a plan for Board consideration that will focus on SUN catchment area
- That plan will likely & initially be in the form of a Mead & Hunt Scope of Work
- The Scope of Work will include the following elements as a minimum:

- Detailed analysis of leakage variances by season. Analyze differences of seasonal leakage by destination to identify possible influences of schedules and fares or other factors on leakage.
- Compare results of Mead & Hunt leakage analysis with resort survey data. Teaming with BOI to gather information would be helpful to both communities.
- Routinely monitor and compare business and leisure airfares from SUN and BOI to top 20 markets. Compare fares filed by Alaska and Delta from SUN and BOI and also identify any lower fares on Southwest, US Airways, United, etc. that may contribute to leakage to specific markets.
- Monitor leisure airfares from key markets including nonstop destinations like Seattle and Los Angeles, plus a limited number of other key markets to SUN, BOI and competitive resorts. This would track available fares for specific periods such as holidays (Christmas, Presidents, Easter) and off-peak periods like mid-January and slack periods between seasons.
- Compare value options for SUN vs. BOI including current services (free Wi-Fi, parking rates, other) and determine if there are reasonable changes at SUN that could have a meaningful impact in reducing passenger leakage. May require passenger surveys.
- Review leakage data at the zip code level and identify areas to target for improvement. Develop plans to focus on geographic areas with the greatest potential for improvement.
- Re-run ARC travel data seasonally to determine whether marketing efforts, service improvements and other value options are having the desired impact in improving SUN usage.



Monthly Director's Report March, 2012

1. TRANSPORTATION SERVICES

AIR SERVICE PROGRAM

- Received/reviewed Alaska Airlines booking/MRG projection reports. Promoted spring fare sale on AS flights and Alaska Airlines/SV Resort/SV Film Festival sweepstakes via FSVA outreach channels (social media, Email, press/PR, etc), shared with lodging properties and other local businesses , etc
- Completed negotiations with AS for summer 2011 schedule/contract in conjunction with SV Resort & M&H.
- Ongoing communication/work with M&H consultant re: proforma update, enplanement reports, etc.
- Coordinated and attended meeting with airline partner officials and key FSVA & SVR representatives
- Attended various meetings re: air service with local officials, FMAA, etc.
- Made FSVA presentation at Idaho Travel Council meeting on March 14; worked on presentation information for Sun Valley Board of Realtors March meeting; will make FSVA presentation to SVBR General Membership in April.
- Provided air service data and information for and attended Sustain Blaine Economic Forum in March.

BOISE SHUTTLE SERVICE

- Monitored customer service delivery issues, maintained communication.

2. FUNDING

ACCESS SUN VALLEY CARD

- Continued promotion on reduced scale: Created/sent ENews updates – updated database of holders and businesses on ongoing basis. Continued promotion of Get It Now Hot Deals!, deals, business participants and other air service news via FSVA Facebook. Promoted new FMAA Airport Solutions Enewsletter.
- Processed 1 new card order. Answered customer and business questions, handled customer & business issues.

STATE/LOCAL FUNDING OPTIONS:

- Continued follow-up/communications with legal counsel, board, stakeholders on assessment of MRG funding.

TRANSFERABLE SKI PASSES – no action

FSVA COMMUNITY SKI DAY – no action

3. BOARD/ADMIN BUSINESS

- Developed/compiled/distributed all materials for monthly Board Packets; prepared minutes from meeting. Prepared Monthly Report. Reviewed Financials, approved invoices/signed & processed checks, reviewed payables list, presented to President for review/approval. Made deposits as needed.

4. RESEARCH/OTHER

- Continued work on compiling/tracking relevant comparative data and information of air service re: SUN and within competitive set of ski resorts. Worked with FMAA staff on updating historical seats/enplanement data.
- Compiled monthly issue of FSVA Rocky Mtn Air Services News, and distributed to key stakeholders.



FLY SUN VALLEY ALLIANCE BOARD OF DIRECTORS MEETING
Monday, April 9, 8:00am – 10:00am – FRIEDMAN MEMORIAL AIRPORT

AGENDA:

1. Consent Items:

- Approval of March Meeting Minutes (*attached*)
- Approval of March financials (*to be distributed*)
- Review/approval of Draft 2012-13 Budget (*attached*)
- *Budget Proposals & Presentations to cities, schedules*

2. Committee Reports:

Funding Committee:

- Long-term funding – legal & strategy update, Brief Sheet (*attached*)
- FSVVAir Service Presentations:
 - To SV Board of Realtors on April 10

Programs Committee:

- New fundraising...
- 30th Anniversary of Alaska Airlines service to SUN in Dec 2012

3. Air Service Initiatives/Research/Promotion

- Winter SUN Enplanement Update (*to be distributed*)
- Alaska Airlines winter booking update/MRG projection from Mead & Hunt (*attached*);
- Proposed summer fare calendar/promotion schedule (*working on with AS/SVMA*)
- Update on competing air service (*attached*)
- New Service Initiatives: March airline meeting recap
- Boise Chamber "Air Service Summit" on May 15
- Airport update – Rick
 - Meeting with FAA 4/2
 - Proposed Scope of Work for Leakage Study Follow-Up (*attached*)
- Air service Marketing update – Jack & Arlene

Other attachments:

- March Director Report
- April Flight News

