

**Sun Valley Air Service Board
Meeting Minutes
February 28, 2018
Hailey City Hall Meeting Room 2 pm**

Present: Peter Hendricks – Mayor, City of Sun Valley
Fritz Haemmerle – Mayor, City of Hailey
Neil Bradshaw – Mayor, City of Ketchum

Absent: Larry Schoen – Blaine County Commissioner

Staff Present: Sun Valley – Susan Robertson
Hailey – Heather Dawson
Ketchum – Suzanne Frick

CALL TO ORDER

2:05:06 PM call to order by Chair Fritz Haemmerle

ROLL CALL

Neil Bradshaw, Peter Hendricks, and Fritz Haemmerle

2:05:34 PM Carol Waller hands out a report on leakage to Boise, the update came from the Sun Valley Resort, it's from 2010 through last winter, in 2010-2011 30% of skiers were flying into Boise, and the leakage dropped in half this winter.

2:06:21 PM Hendricks asked what the approximate numbers of skiers queried? Waller not sure the size, they get their information weekly. And the leakage trend is dropping.

2:07:14 PM Nina Jonas Ketchum business owner comments, and is wondering about the Fly Sun Valley audit, do you have it? Is there any progress on that? And moving forward are you going to adopt a new contract without having that information and how it coordinates with the Ballot language and the JPA.

No remarks from the Chair.

CONSENT AGENDA:

2:07:53 PM **Hendricks moves to approve the minutes from January 31, 2018, seconded by Bradshaw, motion passed with roll call vote. Hendricks, yes. Bradshaw, yes. Haemmerle, yes.**

OLD BUSINESS/REPORTS:

Item number 2: Continuation of discussion regarding the Sun Valley Air Service Board Communities' Administrative costs:

2:08:27 PM Robertson, last time we discussed this was in the December 2017 meeting and each community relayed how they determined their administrative costs. There was some discussion about what went into the anticipated cost prior to the 1% for air election and then how real costs and reimbursement of staff time after the election. The Board asked the various communities to go back and find out what was intended in the beginning of this board. In case of Sun Valley, she could not find anything that said how the administrative costs would be calculated. In Ketchum, Grant has information on how their administrative costs are calculated. Robertson asked Dawson about Hailey City. Dawson replied, Hailey did not discuss the matter.

2:09:51 PM Bradshaw would like all cities do use the same methodology for consistency sake. Bradshaw likes the fully allocated basis, as it is better to support, easier argument to taxpayers. Bradshaw has used this model in the businesses he's been involved with, otherwise the city is subsidizing the process. He would like to see Hailey and Sun Valley adopt a similar format.

2:11:38 PM Haemmerle, after the December meeting, what precipitated this is that the administrative costs from Ketchum were much higher than other 2 cities. The way we left it is each city has their own way of applying its administrative costs, not sure if the other cities can do anything about that. We collect LOT money for public purposes and the public wants to see as little as possible to go towards administrative purposes. I think we each have to be accountable to our political forces when the votes for these LOT purposes come due.

2:12:53 PM Bradshaw, there are costs associated with collecting the LOT funds, if not fully allocated, Ketchum would have to absorb costs within the city if not allocated to LOT.

2:13:56 PM Hendricks, this could be looked upon as a subsidy. I don't know if Sun Valley would go through a process of allocation, or if it would change things.

2:14:41 PM Robertson, did not include some time as we were already collect LOT before the 1% was passed, she'd have to spend time if requested to get more specific on the time allocation. Hendricks, would it make a difference? Robertson, replies, it could be a bit more, \$15,000 - \$20,000.

2:16:03 PM Bradshaw it is not a fully allocated FTE, 1 person does LOT full time.

2:16:49 PM Haemmerle, interest is to bring visitors here, seems contradictory to the purpose.

2:17:25 PM Hendricks, should we use the same method. Haemmerle responds, doesn't seem to be worth it to do it the same way. Hendricks agrees with Haemmerle,

understanding that Ketchum has biggest burden, is it important to use the same method.

OLD BUSINESS ITEM NUMBER 3:

2:18:47 PM Continuation of discussion and possible action regarding a review and scope of work for an audit of FSVA and SVMA.

Robertson, was on December SVASB meeting, while Jonas was on board. We need to determine size and scope, how in depth do you want? Before staff could do RFPs we need input from you the board.

2:20:15 PM Bradshaw thinks it is a good idea to do an audit for the taxpayers. Bradshaw is happy to pick up his equivalent share of the audit for Fly Sun Valley Alliance, relative costs, \$66,000 versus \$8,000 and \$7,000 for Sun valley and Hailey.

2:21:24 PM Hendricks responds, Fly Sun Valley Alliance should pay for the audit themselves. The scope of the audit should be similar to what Dennis Brown performs for us, so it should be a similar cost. If we have other questions, then address those later. Hendricks suggests that Dennis Brown perform the audit and a closer audit if warranted by results.

Bradshaw is okay with this approach.

Haemmerle asked if Fly Sun Valley Alliance (FSVA) or Sun Valley Marketing Alliance (SVMA) has any comments.

2:22:39 PM Eric Seder, with FSVA speaks, he's not sure he knows what the auditor does, but he is sure they have no objection to an audit.

2:23:28 PM Haemmerle we are half way through this year, maybe next year have the audit before we adopt the next contract.

2:23:50 PM Hendricks how long does audit take? Robertson, usually the auditor works during the November December months. Hendricks which audit year would it be for? Robertson replies, it would be for FY17/18 and Dennis Brown could bill each agency for their audit costs.

2:24:46 PM Scott Fortner with Sun Valley Marketing Alliance (SVMA) replies, we provide a report on yearly basis already to our funding partners. We are going through the RFP process now to hire someone to do the annual report. This annual report is a requirement of a grantee.

Hendricks is good with the FY18 audit. Haemmerle is also okay with it. Haemmerle then asks FSVA and SVMA if they are okay with the audit? Seder confirmed, yes. Fortner replied yes. Bradshaw is okay with this too.

Carol Waller with FSVA asked if the audit would be for the FY18? Their fiscal year end is Sept 30th.

2:25:48 PM Robertson comes to this board with budget information in July, you will talk about budget and audit at that time.

Old Business item number 4, Discussion of contract with FSVA.

2:26:05 PM Haemmerle opens this item, there is a redlined and clean version on page 31 of the packet. Does anyone have any questions on the contract?

2:26:39 PM Hendricks on page 21, looking at the redlined version, under 5. Consideration, ASB will reimburse....as a not to exceed on exhibit B, page 29, \$1,268,000, when you go down to page 22, under C. Limitation of Funds, annual FSVA pays pursuant exhibit c, page 23, bottom of page section d, invoices and supporting docs., reimbursement of up to 50% Air Service contracts of cost. You come up with 1,268,000 and the Sun Valley Company pays 50%, then ASB pays...2:28:48 PM Waller jumped in to clarify, Sun Valley Company pays 50% of \$1,138,849, the other costs are paid for by ASB, the difference between \$1,138,849 and \$1,268,849.

2:29:19 PM Hendricks clarifies, Sun Valley Company pays 50%, and the other elements and other 50% are paid by ASB?
Lastly, is the MRG acronym an industry standard. It's more than revenues right asks Hendricks?

2:30:31 PM Dick Fenton replies, it is revenue to cover cost plus marketing.

2:30:58 PM **Motion to approve contract with FSVA as presented by Bradshaw, Hendricks seconds. Motion passed with roll call vote. Bradshaw, yes. Hendricks, yes. Haemmerle, yes.**

NEW BUSINESS/REPORTS:

2:31:51 PM Haemmerle opens this item, there are 3 invoices.

2:32:13 PM **Hendricks moves to approve payment of bills as presented, Bradshaw seconds. Motion passed with roll call vote. Bradshaw, yes. Hendricks, yes. Haemmerle, yes.**

2:32:34 PM With no further business to conduct, Bradshaw moves to adjourn meeting, Hendricks seconds, motion passed unanimously.



Fritz Haemmerle, Chairman

VICE CHAIR

ATTEST:

A handwritten signature in blue ink, appearing to read 'N. Bradshaw', written over a horizontal line.

Neil Bradshaw, Secretary/Treasurer