

**Minutes of Meeting**  
**Airport**  
**July 25, 2022**  
**9:00 a.m.**

The Kootenai County Board of Commissioners: Chairman Chris Fillios, Commissioner Leslie Duncan and Commissioner Bill Brooks met to discuss the following agenda items. Also present were Airport Director Steven Kjergaard, BOCC Communications Coordinator Jonathan Gillham and Deputy Clerk Tina Ginorio. Also present were Airport Advisory Board Chair Greg Gfeller, Board Members Joan Genter and Mark Vehr, T-O Engineers Representative Corrie Esvelt-Siegford, LaRiviere, Inc. Representative Paul Loska, Luxury International LLC Representative Walt Frasier and Kootenai County Resident Steve Anderson. Commissioner Bill Brooks was present via teleconference.

- A. Call to Order:** Chairman Chris Fillios called the meeting to order at 9:00 a.m.
- B. Changes to the Agenda (Action):** There were no changes to the agenda.
- C. Business:**

**Review of July 2022 Advisory Board Minutes (Discussion)**

Airport Advisory Board Chair Greg Gfeller reported that an exception to minimum standards had been agreed upon for D-Zone Skydiving, which would allow them to operate July 28 through July 31 and September 1 through September 4.

Mr. Gfeller said the lease development with Luxury International LLC had been discussed and the Advisory Board had indicated their approval. He stated that they would seek an opinion from Legal and then bring it to the BOCC.

Mr. Gfeller remarked that there had also been a discussion with Scott Keller, who expressed an interest in leasing about eight acres next to the Gun Club for fuel storage facilities. He said a presentation had been provided to them on the qualities of the fuel tanks.

Airport Director Steven Kjergaard reported that the Air Expo had taken place this past Sunday and had about 5,000 visitors, about 600 more than in the past. He said they also had Allegiant Air Charter arrive with 92 passengers last Thursday. Additionally, he updated the BOCC on other ongoing projects:

- D-North would be closed out shortly.
- 64 Decoupling Design Phase Improvements: The Airport was still working on details with the FAA (Federal Aviation Administration). He noted that costs had increased to a projected \$3.25 million and the FAA had only approved \$2 million in the original plans two years ago. Potential solutions were being investigated.
- Taxiway Charlie had been also been impacted. He said the FAA was pushing the Airport to begin design work on a lighting system. He described the challenges involved in this issue.

- Infinite Apron was moving forward and might be ready for bids this fall.
- Sewer Inventory draft report had been received and there appeared to be two areas which would require work.
- ATC (tower) planning had been put on hold for the time being. A temporary tower had been put in place yesterday and would function eight to ten hours per day, from about 10:00 a.m. to 8:00 p.m.

### **Luxury International, LLC Lease (Discussion)**

Commissioner Leslie Duncan asked when the Advisory Board had been given the third version of the lease for Luxury International LLC.

Mr. Kjergaard said the changes in the lease had been provided during the meeting. He said that the Board Members had not indicated a desire to review the entire lease.

Mr. Gfeller said he had not felt the need to review the whole lease, since the only changes were in the charging of the lease fee and the term of 50 years rather than 25/25. He confirmed that they had received a letter from Idaho State Representative Doug Okuniewicz which detailed some concerns.

Commissioner Duncan said that her questions had still not been answered about the lease. She said she felt the document had ambiguous elements.

Airport Advisory Board Member Mark Vehr supported Mr. Gfeller's statements regarding the lease document. He said the Board Members were comfortable with the changes, given the potential benefit to the Airport.

Commissioner Duncan expressed her concerns about the arrangement, citing a lack of a succession plan, a business plan or an operating agreement from the LLC, which she noted was only three years old. She said she thought a storage unit project was a good idea but she was not comfortable with the documents at this time.

Mr. Gfeller remarked that, even if the project failed, the lease rate would go to market rate or the property would revert to the Airport. He indicated that he did not think the project presented a risk of loss. He said that this level of scrutiny was not leveled at people who were building hangars.

Commissioner Duncan responded that this was a different situation than an individual building a hangar. She said she wanted to hear what Legal would say about the latest version of the lease.

Mr. Gfeller said that the Advisory Board had not felt they had the resources to investigate the lease further and had decided to leave the decision to the County Commissioners.

Commissioner Bill Brooks stated that he felt the Advisory Board had done a great job.

Mr. Kjergaard reported that the updated lease document had been submitted to Legal. He said he thought they had approved it, since it was included on the agenda for tomorrow's Business Meeting.

Chairman Fillios said he had spoken to Airport Advisory Board Member Brett Boyer, who had been the sole dissenting voice on the issue. He said Mr. Boyer had not listed any specific concerns, he had just wanted some idea of what the BOCC wanted done. He added that he was comfortable with the project himself, as long as the Advisory Board had given its approval, but he would still like to hear what Legal had to say.

Commissioner Duncan said that, since there were two applications for this project, she would suggest it be put out for an RFP (Request for Proposal) for the 20 acres and see if someone could be found to develop the project while paying market rent, instead of a revenue sharing venture.

Mr. Kjergaard provided his reasoning in selecting Luxury International LLC's proposal over the other individual. He noted that the other person had been offered an 8 acre parcel.

Airport Advisory Board Member Joan Genter voiced her support for the proposal by Luxury International LLC.

Mr. Kjergaard explained why the lease was for a 50 year term instead of the usual 25 years with an option to renew for another 25 years. He pointed out that a succession plan had never been required of any other lease holder, including Stancraft and the Resort.

Commissioner Duncan restated her point, which was that the reason was this represented a non-aeronautical use of Airport land and a revenue sharing proposal, not a standard lease.

Commissioner Brooks remarked that this hesitation could kill the project.

Chairman Fillios reminded those present that this was listed as an action item on tomorrow's Business Meeting agenda.

### **Change Orders for Gulfstream Road Utility Project (Discussion)**

#### **LaRiviere, Inc.**

Mr. Kjergaard stated that there were two change orders, one each from LaRiviere, Inc. and T-O Engineers. He explained that these were caused by the increases in materials costs over the duration of the projects, which were beyond anyone's control. He said the total increase in cost was \$15,288.28 and listed the items involved. He stated that the increased costs could be billed to the tenants.

T-O Engineers Representative Corrie Esvelt-Siegford provided additional information from the paving supplier explaining why their price had increased. She said she felt the change order was justifiable.

Mr. Kjergaard confirmed that there was a provision in the affected leases that would allow the Airport to charge the tenants for the increased expense. He said the total cost would be split between six parties.

#### T-O Engineers

Mr. Kjergaard stated that this change order was for the same project and for a similar reason. He said the project was taking longer than expected due to a delay in receiving an item. He said there were two options: pay T-O for construction observation or not pay anyone to do construction observation. He noted that he would not like to forgo the observation because that was how they insured a project had been done correctly. He recommended that the Board approve the change order.

Commissioner Duncan remarked that the cost for this service was listed as \$666 per day.

Ms. Esvelt-Siegford described the qualifications of the person involved and listed the duties included.

Mr. Kjergaard confirmed that both of these orders were included in tomorrow's Business Meeting.

#### **Future Projects (Discussion)**

Commissioner Duncan suggested putting off the Northside Development Request for Proposal and the question of commercial service until January.

Mr. Kjergaard remarked that he had not had time to write the RFP. He confirmed that he had been approached regarding commercial service at the Airport and estimated that it could move forward within six months to a year.

Chairman Fillios said he would not object to proposals being brought to the Board regarding commercial service if a company made the first move, but voiced agreement with Commissioner Duncan's suggestion.

Commissioner Brooks said that they should be prepared to move on offered opportunities or they could be lost.

#### **Pre-Treatment HARSB (Discussion)**

Commissioner Duncan reported that, at the last HARSB (Hayden Area Regional Sewer Board) meeting, they had addressed the problem of pre-treatment of materials. She said they were having some chemical issues resulting from material being dumped inappropriately. She said that there would be outreach to all the users regarding an agreement intended to correct the problem.

Mr. Kjergaard stated that the Airport had sent out the pretreatment information to businesses and had received 75% response. He remarked that there were only about ten entities on the field that would need to participate.

**Lift Station Repair (Discussion)**

Commissioner Duncan reminded those present that the Airport had requested money in 2019 for lift station repair.

Mr. Kjergaard gave the designation for the lift station that needed repair and said that the Airport had requested \$60,000, based on a quote from a provider. He said they would replace both pumps in the lift station and upgrade the electronics and other items to match HARSB requirements. He stated that they had not received enough money to proceed.

Commissioner Duncan said she would like them to look at the HARSB account and felt that the lift station should be addressed soon.

Mr. Kjergaard said he would contact the provider and ask for an updated quote.

Commissioner Brooks voiced his agreement with the suggestion.

- D. Public Comment:** This section is reserved for citizens wishing to address the Board regarding a County related issue. Idaho Law prohibits Board action on items brought under this section except in an emergency circumstance. Comments related to future public hearings should be held for that public hearing.

Kootenai County Resident Steve Anderson expressed his reservations regarding the Luxury International LLC lease as proposed. He said he did not feel the Advisory Board had researched the project thoroughly. He stated that he felt the question to be answered was, bluntly, "Is this a good deal for the County."

Luxury International LLC Representative Walt Frasier described his personal history as a businessman and some details of his plans for the project. He touched on issues of financing, stating that he had a "placement letter in the amount of \$10 million from the Bank of China."

- E. Adjournment (Action):** Chairman Fillios adjourned the meeting at 9:54 a.m.

Respectfully submitted,

JIM BRANNON, CLERK

BOCC SIGNATURE

BY: \_\_\_\_\_  
Tina Ginorio, Deputy Clerk