

The regular monthly meeting of the Gallatin Airport Authority was held November 13, 2003 at 3:00 p.m. in the Airport Conference Room. Board members present were Steve Williamson, Richard Roehm, Yvonne Jarrett, John McKenna and Tom Nopper. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Director and Cherie Ferguson, Clerk.

The first agenda item was to review and approve the minutes of the regular meeting held October 9, 2003. John McKenna moved to accept the minutes as mailed, Richard Roehm seconded the motion and it carried.

The second agenda item was the public comment period. There were no public comments. Mark Tellvick, the new general manager at Budget Rent A Car, Summer Hanson, the manager at United Express/SkyWest, and Paul Schneider, the manager at Northwest Airlines, were introduced.

The third agenda item was to consider the request by P. C. Rentals, Inc. to transfer their Auto Rental Concession Agreement to Adellyne Enterprises, Inc. Ted Mathis said that P. C. Rentals has been sold to another corporation but the existing agreement can stay in place. Mr. Roehm moved to approve the request, Mr. McKenna seconded the motion and it passed.

The fourth agenda item was to consider a request by Mr. Mark D. DeGroot to construct a 48' x 80' commercial hangar. The Board members discussed the fact that this is the last large lot for a commercial hangar in this area, if this is the best use of the lot if they approve the request and if the hangar should go on the east ramp since it is commercial.

Mr. Roehm moved to put the request on hold until the next meeting and Tom Nopper seconded the motion. During discussion of the motion, the Board members asked Mr. Mathis to develop some plans for the east ramp so we don't have a mix of smaller and larger

hangars. Mr. Mathis said it is rather difficult to plan without requests. He said that it is rare that we receive consecutive requests for like size hangars.

They also asked Mr. DeGroot to present more specific plans since this is the last hangar to go into this area.

The motion carried unopposed.

The fifth agenda item was to review the annual audit. Mr. Mathis said that this is the first year with the new auditing company so it took longer than usual. Brian Sprenger, Cherie Ferguson, Scott Bell and Mr. Mathis worked with them. The auditors made a few minor recommendations, which we will take steps to correct. Overall, the audit was clean and had no major recommendations and no discrepancies. Mr. Mathis said that speaks well of Mr. Sprenger, Ms. Ferguson and Mr. Bell.

Mr. Nopper said the Board ought to note that this was a clean opinion and that the auditors had the complete cooperation of the staff, which is appreciated by the Board. Adjusting entries were made prior to the audit and only minor recommendations were made. He said that overall it was an excellent report and he congratulated the staff.

Mr. Williamson said that he tended to agree with the auditors regarding the minor recommendations and that it is nice that they did make some. Mr. McKenna said that it is nice to be part of an organization where the biggest things that can be found are the little things and that it is a credit to our staff for the way we do business.

The sixth agenda item was the report on passenger boardings and flight operations - Brian Sprenger. Mr. Sprenger reported that in October there were 428 air carrier operations, 771 air taxi, 2,107 general aviation (GA) itinerant and 45 military, for a total of 3,351 itinerant operations. Local general aviation operations were 2,652, for a total of 6,003 tower operations, up 5.35% from October a year ago. There were 121 landings of aircraft over

12,500 pounds, up 10.00% from October 2002. We are still continuing at a record pace for year-to-date operations.

Mr. Sprenger reported that passenger boardings were 20,663, up 10.2% from October a year ago. Year to date boardings of 240,390 are up 2.4% compared to the same period in 2002. This was the first time October enplanements surpassed 20,000. He said that November is anticipated to be strong as well. This year the last day of the month falls on a Sunday, which is usually the heaviest day of the Thanksgiving rush.

Mr. Sprenger said that Horizon will be adding a 3rd daily flight to Seattle beginning February 8th, which is a reinstatement of an evening flight that has been intermittent since 9/11.

In response to a question from Mr. McKenna regarding why the passenger boardings are up, Mr. Sprenger said that the local traffic is up substantially, plus incoming traffic is up. He said that corporate accounts for Hertz are up close to 300% from last year. Because our air carrier service continues to improve, we are seeing more traffic from other areas. When there are more seats available, there are more cheap seats available as well.

Mr. McKenna asked how the restaurant is doing. Mr. Mathis said he and Mr. Sprenger have met with Jim Schneider, the manager of the Overland Express, and discussed how to better serve the public. Mr. Schneider is going to get some help from professional people to get some options.

Mr. Mathis said that when the passengers get through screening downstairs, they feel they need to get through screening upstairs and don't go to the restaurant as often. It may be a good option for the customers to be able to get a roll out of a refrigerated case and serve themselves coffee and some other things that would speed up service.

Mr. Sprenger said total numbers are fairly equivalent to past years, but are not growing. There is some Overland Express exposure inside the secured area with the gift shop / snack bar doing about \$1,000 per day. This shows there is demand. Some other Montana airports are saying they don't need to do something like this, but we are seeing that it is necessary. The gift shop business downstairs has stabilized and the growth has occurred upstairs.

Mr. McKenna said he gets concerned because it is a spiral they are caught in that was not necessarily all of their own making. Certainly being inside security is a relief and now the customers can buy a newspaper and get a cup of coffee, when in fact they probably would have had time to do that on the outside. So all of a sudden the outside business drops, and quality goes downhill a little bit, and service isn't really great. Their menu says that they are providing the finest dining experience in the Gallatin Valley. Mr. McKenna disagrees and wants to know if there is anything we can do to aid them in whatever might be helpful to them.

Mr. McKenna said he has quit going to the restaurant. The food is bad, the service is bad and the place isn't clean. He just doesn't go. The food is cold, the waitress are kind of ho-hum and act like it is an inconvenience for you to be there. He travels a fair amount, but he just doesn't go to the restaurant.

Mr. Sprenger said that is one of the reasons why he and Mr. Mathis have talked with them, specifically on looking at different ways they can do business, particularly in the dining room area. They suggested the idea of self-serve so that service can be speeded up. The customers would no longer have to wait for a waitress to come to them, but would go to the cash register, put in an order for a quick item, like a slice of pizza or a hot dog, and it would be made right there. There is a potential for that to offset the decline in business and it

would be a lot easier because wait staff would no longer be needed. There would be kitchen staff and one register person. It is a tough business up there when you have 400 people go through in three hours and then nobody goes through for the next two hours. Looking at speeding up service is one way that we have worked with them to try to come up with ideas. Quite honestly, we have had to prod them along as well because it is different than how they have done business before and nobody is quite sure what the best way is.

Mr. McKenna asked if there is anything we should do. It shouldn't be anything we are doing. He would like to make it the best and make sure that it's not our fault that there is a problem or whatever the case may be. He said he sees a couple of people from the airlines sitting here and said he sort of doesn't buy in very well on the argument that they run 400 people through in two or three hours. That's the nature of the business. The night before, he could probably walk down and see how many people will be in here and if he didn't have a guess as to what is going to happen the next day, then he's not a good operator. He said they have been here long enough to know and he just doesn't think we are providing the level of service up there that we possibly could. Whatever part is the Airport Authority's fault, if there is a part, lets get it fixed, but if the problem is theirs, he thinks we should put a foot on the brakes or the throttle or whatever. He knows it is a tough business but believes somebody could make it work.

Mr. Mathis said that in his discussion with Mr. Schneider last week, he also brought up the cleanliness issue and talked about several areas that need to be worked on. Mr. Nopper said that there is no excuse for uncleanliness and Yvonne Jarrett said that has been a continuing problem. Mr. Nopper asked what other airports are doing and Mr. Mathis said that some airports our size aren't even able to get a restaurant and have problems keeping a

restaurant. That is mainly because people are going through security immediately after check in.

Mr. Mathis said that in Salt Lake City what is available is inside security. As you are walking down a concourse, there is pizza over here, yogurt over there, Cinnabon there, and you can see it and smell it and that is not the case here. Our restaurant is somewhat out of the way.

Mr. Williamson said that this is a different situation and that we weren't able to foresee these types of security issues. Obviously, if you were going to build an airport from the ground up right now, you would build it like Salt Lake. You'd put security outside and put everything else inside. Mr. Nopper said that would still be a problem because you have situations such as a husband and wife coming in together and only one of them flying out. They may want to have a cup of coffee or a meal together.

Mr. Sprenger said that the afternoon business is still quite good. The number of people going up and having lunches and dinners is comparable to previous years, but the impact that has been very negative has been primarily the morning time frame when we have three to four departures in half an hour. That is something that we have not had before. United Express departs at 7:50 a.m., Delta and Horizon both have departures at 8:00 a.m. and Northwest leaves at 8:40 a.m. What happens is that the line at the security checkpoint starts a lot quicker. If there is no line people will generally go eat, but human nature being what it is, if someone has an inkling that they will miss their flight, they will get in line. This has had a big impact and probably won't get corrected until closer to spring when the airline schedules change. The reason that we have the situation is because there are more airplanes out there than are needed. For the first time airlines are scheduling flights around the best time for the passengers which is 8:00 in the morning with arrivals at 7:00 at night. In the past

they needed to use that airplane as much as possible, and they would leave here at 6:15 in the morning and get back here at 11:30 at night. As the economy improves and the airlines start turning things around and have to utilize airplanes better, we will see the flights spread out. It is the chicken or the egg question. Which do we work on first and what can we control? As soon as we correct one problem, then all of a sudden what instigated the problem goes away.

Mr. McKenna said he is glad we are doing everything we can to help them do their business better.

The seventh agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that the terminal project is progressing but at this time it is about three weeks behind schedule. Mr. Mathis met with the contractors last week and they provided a new schedule. They are bringing more people in and assured us they will get back on schedule. The end date for the project is May 31st. Mr. Mathis said they meet weekly and meet with us monthly, along with the architect and subcontractors.

The Board and Mr. Mathis expressed concerns that the project is behind schedule and that there were no apparent legitimate factors. The contractors said they had problems getting steel but the architect said it shouldn't have been a problem.

Mr. Mathis said that we had it planned so we would have some of the public space upstairs available right after the Christmas rush but it won't be available until around March 1st.

Mr. Mathis also reported that our new generators have been installed and that next spring we will have to raise the wall surrounding them and that will be a good time to enclose the dumpster as well.

There is nothing new to report on radar at this time. Congress still hasn't passed the appropriations bill for the FAA.

Mr. Mathis said that for the next few months he will be working on contracts for the car rental agencies and will be seeking input from the Board members.

Scott Bell has been working with KMC Partners on closing the sale. He's not sure if it will happen before January 1st.

Mr. Roehm asked Mr. Mathis about rates for landing fees. Mr. Mathis said that we charge \$1.14 per 1,000 lbs. gross landing weight (GLW) with a minimum fee of \$25.00 for aircraft over 12,500 lbs. GLW. Except for FedEx and Ameriflight scheduled flights, there is no charge for aircraft less than 12,500 lbs. GLW. There are a number of aircraft that are just under 12,500 lbs. GLW that pay nothing, while aircraft that are just over 12,500 lbs. GLW have to pay \$25.00. Mr. Mathis has felt for quite some time that we are not being fair to everyone and that we are not getting the income we deserve. Our tie down fees are quite low at \$5.00 per night and should probably be increased as well. The FBOs collect tie down fees and the \$2.50 they make for collecting it doesn't make it worth their time.

Mr. McKenna gave a quick update on the East Gallatin Zoning District zoning petition. He said that it is in the final stages of being drafted and should go in front of the county next week. The airport may be asked for comments.

The eighth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. McKenna moved to pay the bills and Ms. Jarrett seconded the motion, which carried.

The meeting was adjourned at 4:05 p.m.



Steven H. Williamson, Chairman