

The regular monthly meeting of the Gallatin Airport Authority was held February 9, 2006 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, Steve Williamson, John McKenna, Greg Metzger and Deborah Dietz. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

John McKenna, Chair, introduced Deborah Dietz, our new board member. Eric Hastings retired and the County Commissioners appointed Ms. Dietz to fill his remaining term. Ms. Dietz and her husband have lived in Big Sky for 8 years. She has served on the Chamber of Commerce and is the property manager at the club at Spanish Peaks. Her husband and her father are retired Navy aviators and her husband is a commercial airline pilot. She wants to serve on the airport board because she believes it is a good way to get involved and represent the entire county.

Mr. McKenna welcomed her and said the board is looking forward to what she may bring to this board from her past experience and for her input.

The first agenda item was to review and approve the minutes of the regular meeting held January 12, 2006. Steve Williamson said he didn't receive a copy of the minutes but that he wasn't at that meeting and wouldn't make any changes. He will be given a copy. Greg Metzger moved to accept the minutes as mailed, Ms. Dietz seconded the motion and it passed unopposed.

The second agenda item was the public comment period. There were no public comments.

The third agenda item was the election of a new Board Vice Chair, which was vacated by Eric Hastings. Richard Roehm nominated Greg Metzger. Mr. Metzger nominated Steve Williamson. Mr. Williamson seconded the nomination for Mr. Metzger.

Ms. Dietz seconded the nomination of Mr. Williamson. Mr. McKenna called for a vote on the nomination of Mr. Metzger. The nomination was approved with only Mr. Metzger voting nay. Mr. Metzger is our new Board Vice Chair.

The fourth agenda item was to consider the request by Leslie C. Waldow to construct a 48' x 45' non-commercial hangar. Ted Mathis said that Mr. Waldow owns an American Champion Scout and would like to build a 48' x 45' hangar behind the Shropshire hangar. He would like to have water and sewer, which is available in that location. Mr. Williamson moved to approve the request by Mr. Waldo to construct a 48' x 45' non-commercial hangar in the recommended location. Mr. Metzger seconded the motion, which passed unopposed.

The fifth agenda item was to consider the request by Linda Marshall to construct a 182' x 120' five-unit non-commercial hangar in the east hangar area. Mr. Mathis said that Linda Marshall would like to build the hangar in the east hangar area. It would face north toward Taxiway U and would have ramps on both sides.

They would like to have water and sewer so it will be necessary for the Airport Authority to extend the water and sewer lines 750' to that area for hookup. Mr. Mathis said \$90,000 was allocated in this fiscal year's budget for this project. The estimated cost is \$103,000 so the additional funds will have to be transferred from another capital improvement project.

Mr. Roehm moved to approve the request; Mr. Metzger seconded the motion and it carried unopposed.

The sixth agenda item was to consider the request by Timothy Linn and Robert Green for a new ten-year non-commercial hangar ground lease agreement for hangar # 10. Mr. Mathis said this is the 2nd of the three old Quonset hangars that the board has recently been discussing. The lease terminates at the end of March. Mr. Mathis recommended including

the 100' x 75' ramp in front of the hangar in the lease. He said that would be consistent with the way Arlin's hangar was treated.

Mr. Roehm was disappointed that neither Robert Green nor Tim Linn were present because he wanted to ask them if they had any alternatives they wanted to discuss.

Doug Chapman said he wanted to register an objection. He doesn't believe hangar owners should have to lease property beyond the width of their hangars.

Mr. Roehm said the board was seeking for equal justice.

Mr. Metzger moved approval of the request; Mr. Roehm seconded the motion and it carried unopposed.

The seventh agenda item was to consider the request by Gallatin Flying Service to construct a 70' x 110' commercial hangar in the east hangar area. Mr. Mathis said it will house Aero Flight School as well as Gallatin Flying Service. They will need to put in 20 vehicle parking spaces because there will be two commercial businesses in the building.

Mr. Roehm asked if there was any communication from Yellowstone Jetcenter because they will be buying the hangar Gallatin Flying Service currently owns.

Mr. Mathis read a letter from Kent Foster dated 2/8/06 that said:

"In regards to the Gallatin Flying Service request to build a hangar at the February 9th airport board meeting, Yellowstone Jetcenter has plans to build a hangar for the Gallatin Field Flying Service in trade for their current building and lease located at 450 Gallatin Field Road adjacent to the Yellowstone Jetcenter facilities. Our initial intended use of this property is to demolish the current building and expand our parking lot to the east as far as possible.

“The reason for the memo is to state our plans and make sure that our intended use to increase our parking area will or would receive approval from the Airport, otherwise we would not move forward with the Gallatin Flying Service project.

“We hope that the Airport Board will grant permission to Roger Stradley to obtain the right to build his new hangar at his location of choice so we can move forward with this project.”

Mr. Roehm moved approval of the request by Gallatin Flying Service and Mr. Metzger seconded the motion. Mr. Williamson said that the request by Gallatin Flying Service and Yellowstone Jetcenter seem to be tied together and he asked if the board has a problem with a parking lot.

Mr. Mathis said that it would be an improvement for them and us as well as it currently is a safety issue.

Mr. Metzger asked how to proceed and Mr. Mathis said Gallatin Flying Service has 90 days to sign a lease and 180 days after that to construct a building.

Mr. Williamson said that the board will probably receive a request from Yellowstone Jetcenter at the next board meeting.

The motion carried unopposed. Mr. McKenna said that he believes it is probably clear where the board stands and that this is welcome news.

The eighth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in January there were 578 air carrier operations, 927 air taxi, 1,920 general aviation (GA) itinerant and 14 military, for a total of 3,439 itinerant operations. Local GA operations were 3,162, for a total of 6,601 tower operations, up 51.78% from January a year ago. There were 248 landings of aircraft over 12,500

pounds, up 30.53% from January 2005. Local GA was strong because of relatively good weather and active flight training.

Mr. Sprenger reported that passenger boardings were 26,629, down from 27,179 from last January. This is a decrease of 2.0%, but is still strong despite the decline in enplanements. The percentage of seats filled increased from 72% to 81%. Due to the higher yields/fares we are beginning to see interest in adding seats back to Bozeman. United Express is adding a larger aircraft in March, providing an additional 16 seats daily. We will continue to struggle in February and March and anticipate enplanements to be down 8% to 10% for both months.

This is a nationwide and statewide problem. In the western part of the state, Kalispell and Butte were both down 20% in December and Missoula was down 15%.

Mr. Sprenger said that bankruptcy concerns at Northwest and Delta and the potential for devastating strikes at both carriers continues to be a concern. This should be resolved within the next 6 weeks. We hope the resolutions will be positive for us but we need to be aware of the potential for something more drastic.

Mr. Roehm said the carriers in the Asian and European markets seem to be doing better than those in this country. Mr. Sprenger said that carriers in the United States have been harder hit since 9/11. The addition of regional jets (RJs) has made an already very competitive market even more competitive. Traffic in Europe has been mostly international which is more heavily regulated, while traffic in the United States is mainly domestic. Our legacy carriers are restructuring to add more international services.

Mr. Sprenger said that no other industry is more true to the capitalistic system than the airline industry, which has the ability to reallocate resources and assets at a moments notice to almost anywhere. In other industries, information about the competition is limited.

Airlines know what other airlines are doing, which makes for a very competitive environment.

Mr. McKenna said that load factors are up and he asked how the airlines are feeling about yields. He said he is often asked why the cost of tickets is so high.

Mr. Sprenger responded that tickets are by far higher than they have been and that is why we are beginning to see an interest by the airlines to add more seats. Hopefully, our carriers are making money and will continue to provide excellent service at Gallatin Field.

Mr. McKenna asked how income for rental cars could be up at a time when airline numbers are down. Mr. Sprenger said we knew in advance that the passenger numbers would be down and we informed our other tenants. That gave them the opportunity to make adjustments in their long-range planning and raise their rates.

Mr. McKenna thanked Mr. Sprenger and said he did a great job.

The ninth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that FedEx will be moving into their new building this weekend and will operate their first flights on Monday. Yellowstone Jetcenter has been subletting a hangar to FedEx and will use it for business related to their FBO, possibly truck maintenance or aircraft storage, after FedEx moves out.

Mr. Mathis said that the state Aviation Conference will be held the first week in March. Any board members wishing to attend should notify the airport office staff. Gallatin Airport Authority has historically paid the fees for their attendance.

Mr. Mathis reported that the interstate interchange environmental assessment is moving forward and the second public hearing will be held March 23rd at 6:30 p.m. at the City Council Chambers in Belgrade. Public input is being sought on the historical portion and different alternatives being considered.

If roads are routed through airport property, the airport will determine the location after considering our operations and Master Plan. The standards it will be built to will be determined by the number of vehicles it will carry. Who will pay for the construction and who will determine the standards will not be part of the environmental assessment.

Mr. Roehm said he doesn't want to wake up some day and be thanked for building the roads and Mr. McKenna wanted it to go on record that the interchange doesn't have his support at this point. He said that the county and the City of Belgrade don't recognize true financial responsibility. He is not interested in moving too far forward without knowing exactly where the road is going to go and what expenses we're expected to pay and what good we will derive. He wants to know what we are tacitly obligating ourselves to. It may be a big dollar amount. He said we should possibly think about using the mill levy for our operation.

Mr. Roehm asked when we need to make an assertion to the county that we want to use the mill levy and Mr. Mathis said it comes up every year in the budget process and we need to know by May.

Mr. Mathis said there would be a tour of new fire station complex after the meeting. The public was invited.

The tenth agenda item was to consider the bills and approve for payment. Mr. Williamson moved to pay the bills and Mr. Roehm seconded the motion.

The board members asked if the costs to put in new blinds, carpets and furnishings for the new fire station were in the budget and Mr. Mathis assured them they were. The annual subscription for Flytecomm, a program showing inbound and outbound flight was discussed, as well as the airport paying Serco to staff the control tower from 6:00 a.m. until 7:00 a.m. and 11:00 p.m. until midnight, when the FAA doesn't pay to staff it.

The board members also asked about the monthly payment to the Sheriff's Department for law enforcement. Mr. Mathis said the staff looks at the practicality of having our own law enforcement officers who would cross train to provide aircraft rescue fire fighting (ARFF) and it is still in our best interest to contract the law enforcement services. Our maintenance crew provides our ARFF support.

The motion carried unopposed and the bills will be paid.

The meeting was adjourned at 3:45 p.m.



Richard R. Roehm, Acting Chair