

The regular monthly meeting of the Gallatin Airport Authority was held July 13, 2006 at 3:00 p.m. in the Airport Conference Room. Board members present were Richard Roehm, John McKenna, Deborah Dietz and Steve Williamson. Greg Metzger was unable to attend the meeting. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

John McKenna, Chair, said that Richard Roehm was reappointed as a board member for the next five years. We are pleased to have him back because of his length of service, background and interest in the facility.

The first agenda item was to open bids for the new vacuum street sweeper. The first bid was from Western Plains Machinery Company of Billings, Montana. They enclosed their bid bond. Their bid was \$116,685.00. The second bid was from Tenant Sentinel Corporation of Minneapolis, Minnesota. They enclosed their bid bond. Their bid was \$129,969.72. Richard Roehm moved to take the bids under advisement and award the bid to the lowest qualified bidder. Steve Williamson seconded the motion. All board members present voted aye and the motion carried.

The second agenda item was to review and approve the minutes of the regular meeting held June 13, 2006 and the special meeting held June 19, 2006. Deborah Dietz moved to accept the minutes of June 13<sup>th</sup> and June 19<sup>th</sup>; Mr. Williamson seconded the motion and it passed unopposed.

The third agenda item was the public comment period. There were no public comments but Mr. McKenna introduced Lynea Seher who is running for the office of County Commissioner. She said elections will be held on November 7<sup>th</sup> and she would appreciate everyone's support.

The fourth agenda item was to consider the request by Cars To Go, Inc. dba Dollar Rent A Car to transfer their Off Airport Rental Car Agreement to Lewis Transportation, LLC. Ted Mathis said that Cars To Go sold their franchise to Lewis Transportation and if the board approves, staff will write up an amendment to the current lease and the dates will run concurrent with the on airport car rental concession leases so they will get the remainder of the term. Lewis Transportation recently purchased the Thrifty Car Rental franchise as well.

Mr. Roehm moved approval of the request; Ms. Dietz seconded the motion, which carried unopposed.

The fifth agenda item was to consider the request by the developers of the Ryen Glenn Subdivision for a water line easement on airport property north of Highway 205 (Old Highway 10). Mr. McKenna said we have a diagram from HKM Engineering. Mr. Mathis said that we received the request from Joby Sabol in time for the agenda but the drawings didn't arrive in time for last week's mail out to the board.

Mr. McKenna asked Scott Bell, the airport engineer, if he had seen the drawings and Mr. Bell said he received them on Monday.

Joby Sabol said he was the attorney representing the Epic Development firm that acquired the interest in the Ryen Glenn Subdivision, which has been approved by the County Commissioners. Currently they are working on roads and infrastructure.

Mr. Sabol said that the utility corridor won't handle the water lines his clients need for the Ryen Glenn and Meadowlark projects. He drew a simplified sketch of their options and said that they could put the water line under and along the highway, between the edge of the pavement and the slope into the borrow pit, as originally designed by HKM Engineering. The project is estimated to begin in three and a half weeks and take five weeks to complete.

Because they would prefer to stay off the highway, the developers thought that putting the line in north of the airport fence would be the best option for them and for the traveling public. They would install a T every 500' so the airport can tap into the line if there is a need.

There was some discussion regarding what the highway department would require if the highway had to be torn up and that three options would be temporary, depending where and if the interchange goes in. Portions of the one they are requesting the easement for may need to be redone as well. The board members want to know who would maintain the water lines in the future and how much airport property would be encumbered.

Mr. Mathis said the airport already has a 10" water line in part of the area where Epic would like to run their 12" line. He asked if the easement would be granted to the City of Belgrade. Mr. Sabol said he thought so but he would have to check with the County Commissioners.

Mr. McKenna said the Airport Authority had already denied an application to someone wanting to put in a hangar/restaurant/museum because we don't know how the airport will be impacted by the interchange. He asked if there would be any benefit to the airport to allow the easement. Mr. Sabol said their engineers hadn't figured the savings between putting the water line on airport property rather than going along and under the highway, but that there would be a direct relationship between their savings and their compensation to the airport.

The board members said they would like to take the issue under advisement until they have more information. They suggested he work with Mr. Mathis and Mr. Bell. The board thanked Mr. Sabol for his presentation.

The sixth agenda item was the Master Plan project update – Scott Bell. Mr. Bell provided the Board with copies of the first draft of Chapter 1, which is the inventory. It includes the history of Gallatin Field and a summary of the facilities and equipment here today. He also included a revised schedule.

Mr. Roehm asked how the inventory is kept current as equipment is retired and purchased. Mr. Bell said that the FAA requires them to send an updated equipment list so he has a spreadsheet that he keeps current. The equipment list is referenced in the Master Plan.

Mr. Bell said that he expanded the items of work and tightened up the time frame so the Master Plan will be ready at the August board meeting next year. In order to do that, he will submit information to the board at each meeting and allow two weeks for the board to make comments. Then Morrison-Maierle will respond to those within a week and if the board has more comments, they may address them at the next board meeting. Next week memos will be sent to the fixed base operators (FBOs), local pilots, Transportation Security Administration (TSA), control tower operator, and cargo and commercial operators so their input will be considered. There are dates scheduled to meet with them and also a date in October for a public hearing.

Mr. Bell said that Chapters 4, 5 and 6 will take the majority of the time. They cover the airside facility requirements, terminal facility requirements and the finances.

Mr. Mathis, Brian Sprenger and Mr. Bell would like to post the approved chapters on either Gallatin Field's or Morrison-Maierle's website, or both, as one means of communicating with the public.

Mr. McKenna said that the board wants all users to be included and asked Rick Keenan and Dave Sullivan, who were in attendance at the meeting, if they felt included.

They both said that they believe this is a good policy. The board thanked them for their comments and thanked Mr. Bell for his presentation.

The seventh agenda item was to continue consideration of policies on commercial advertising at the airport, tenant informational signage and artwork display. Mr. Mathis said that at the May board meeting, the board members said they wanted more information regarding advertising in the terminal. Mr. Mathis showed a short video showing the location of advertising in the terminal and said there is none on the 2<sup>nd</sup> floor. He said there are spaces for 20 sandblasted signs in the baggage claim area, 20 teleboard spaces, 8 display cases and one electronic sign space. There is a brochure rack and a kiosk, plus a free gratis sign placed by the American Legion welcoming the troops.

Sign spaces rent for \$90.00 per month, teleboard spaces are \$50.00 per month and the display cases rent for \$100.00 per month. Small brochures spaces rent for \$180.00 per year and the larger ones are \$360.00 per year. The electronic sign space rents for \$2,000.00 per month. There is no charge to the Bozeman Chamber of Commerce, Montana State University or the Museum of the Rockies for their advertising on the kiosk. Rates for brochures and signs have been increased within the last five years.

The teleboard, for hotels, motels and ground transportation advertising, has the highest turnover and there is one empty space. All the other forms of advertising have waiting lists.

There was some discussion regarding different ways to address the waiting lists, such as raising rates, expanding the brochure rack, and limiting the time frame for advertising. Mr. McKenna said that some thought should be given to having electronic signs where the sandblasted signs are and charging \$2,000.00 per month in that area.

The board said that at some point there may be a new airport director or some new board members who don't share or understand the current view of this board's vision for advertising in the terminal and they asked Mr. Mathis to submit a policy for that along with his other recommendations for advertising policies.

The eighth agenda item was to consider an Appeals Policy. Mr. Mathis said that this item is a result of the advertising policies and that Mr. Roehm wanted to establish an appeals process using information from another board he served on.

Mr. Roehm said that the board doesn't want to be in the position of being an end run around the airport director but regarding certain categories of issues, there should be an appellate process. He said the airport director administers and executes the policies of the board but if someone wants to appeal his decision, they have a process. The board reserves the right to decide if it wants to hear the case once written documentation has been submitted and all the requirements are met.

After determining that considering the Appeals Process policy was listed on the agenda and no one requested a copy of it or wanted to discuss it at the board meeting, the board decided it was appropriate to make a decision at this time.

Ms. Dietz moved to approve the Appeals Policy; Steve Williamson seconded the motion, which carried unopposed.

The ninth agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in June there were 747 air carrier operations, 789 air taxi, 3,254 general aviation (GA) itinerant and 13 military, for a total of 4,803 itinerant operations. Local GA operations were 2,854, for a total of 7,657 tower operations, up 31.07% from June a year ago. This was a record breaking June with an 11% increase over

the previous June record set in 2003. There were 214 landings of aircraft over 12,500 pounds, up 40.79% from June 2005. This is up substantially because of better reporting.

Mr. Sprenger said that administrative staff is in the process of finding out how many aircraft between 8,500 pounds, gross landing weight (GLW) and 12,500 pounds GLW have been reported as landing here in recent months and we hope to have that information for the board at the next meeting. He said we are considering some options for collections that will be equitable.

Mr. Sprenger reported that passenger boardings were 27,098, down 6.0% from June a year ago. Year to date boardings of 150,298 are down 4.3% compared to the same period in 2005. Mr. Sprenger said that June numbers were disappointing and that for the first time since the major capacity reductions last fall, enplanements declined more than capacity. With only a 3% decline in capacity, enplanements declined 6%. He said we believe that fare levels are now impacting enplanements more than capacity adjustments. July enplanements are expected to be a little more in line and we expect about a 6% decline in enplanements on a 6% decline in capacity.

He also said that his current forecast for the remainder of the year is for enplanements to be down 5-8% for August, 8-10% for September and then near last year's levels for the 4<sup>th</sup> quarter. He expects year-end numbers to be down approximately 5% to 320,000.

Mr. Sprenger believes we need to educate the airlines because they are making a lot of money here this summer and won't realize their missed opportunity until next year when they review the figures. They had full flights in Billings but at much lower fares. They are missing the opportunity to make more money in Bozeman by having more seats here and lowering their fares close to the level of Billings. We need to tell them because we are just a

small part of their scheme. We are responding now. Among the bills is one to The Boyd Group so we can get outside help. Hopefully, the airlines will respond to education.

Kalispell is down 13.5%.

We will continue to tell Frontier and US Airways Bozeman is an opportunity.

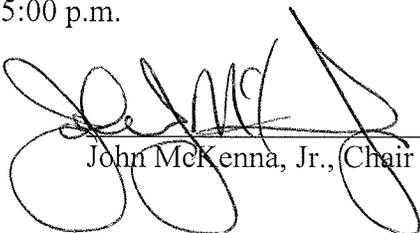
Mr. Sprenger said that for the month of July, the United Express booking level from Bozeman to Chicago is 100%.

The tenth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that Cherie Ferguson and he neglected to put the election of officers on the agenda and he recommended postponing that until the August meeting. He then showed a video of the radar tower and said they will be putting the roof on soon. He said they are ahead of schedule but don't anticipated having it commissioned and operating until March 2007.

Mr. Mathis said that we received a fax from Tom Nagorski requesting that the board and staff review the minimum standards and update them. Mr. Mathis forwarded the letter to the board and he believes the standards deserve a fresh look, but with everything else that is going on, he would like to postpone the process for a few months. The board could then appoint a committee to review the standards. It has been discussed before and it is something that needs to be done. Mr. McKenna asked if we need to respond to Mr. Nagorski and Mr. Mathis said Mr. Nagorski just wanted it read into the record.

The eleventh agenda item was to consider the bills and approve for payment. After review and discussion, Mr. Williamson moved to pay the bills; Ms. Dietz seconded the motion, which carried without opposition.

The meeting was adjourned at 5:00 p.m.



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John McKenna, Jr., Chair