

The regular monthly meeting of the Gallatin Airport Authority was held April 14, 2011 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Kevin Kelleher, Steve Williamson, John McKenna and Richard Roehm. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director–Operations and Cherie Ferguson, Office Manager.

The first agenda item was to open bids for the terminal loop and parking lot project. There were two companies that submitted bids for this project; Duneman Construction of Bozeman, Montana and Knife River of Belgrade, Montana. Duneman's Montana Contractor number is 51842 and Knife River's Montana Contractor number is 10089. Keith Duneman, President, signed the bid for Duneman Construction and Dave Schmidt, Manager-Vice President, signed the bid for Knife River. Both companies attached the bid bond, acknowledged the addendum and both bids appeared to be filled out properly.

Duneman Construction bid \$645,935.20 on Schedule I, \$197,706.45 on Schedule II and \$59,190.00 on Schedule III. Knife River bid \$660,179.00 on Schedule I, \$183,313.25 on Schedule II and \$57,997.75 on Schedule III. Brian Sprenger, Airport Director, said Schedule II and Schedule III are different alternates. Schedule II is for a Round-a-Bout and Schedule III is for a "T" intersection. He recommended that the Board take the bids under advisement and award them to the lowest qualified bidder. Steve Williamson, Board Chair, asked if there was any discussion on the proposed Schedule II and Schedule III intersection.

Ted Mathis moved that the bids be taken under advisement by staff and engineering and the contract awarded to the lowest qualified bidder. John McKenna seconded the motion and all the Board members except Richard Roehm voted aye. Mr. Roehm wasn't present for this agenda item.

Scott Bell, airport engineer, said Schedule I will be awarded. Schedule II is for the Round-a-Bout. So, if the Round-a-Bout is awarded Schedule I and Schedule II would be awarded. Schedule III is for the "T" intersection additive so if that is the intersection the Board wants, Schedule I and Schedule III would be awarded. He said the Round-a-Bout is more expensive by about \$130,000. The only main modification to the "T" intersection is an additional lane of traffic eastbound from the intersection to the new car wash facility. Although the cost of the "T" intersection has increased, it is still less expensive and a safer design than with no additional lane.

The "T" intersection design is less disruptive to the traveling public during construction and the "T" intersection design is easier to plow during the winter. Although the Round-a-Bout can remain after the interchange and an access road is built, it is not required for traffic movement. If the interchange does not get built and the Board wants, a Round-a-Bout can be added in the future when funding is available.

Mr. Williamson said the main benefit of the roundabout is safety and it looks like they've addressed that by adding the additional lane. Kevin Kelleher made a motion to approve Schedule I and Schedule III. Mr. Mathis seconded the motion and all the Board members voted aye.

The second agenda item was to review and approve the minutes of the regular meeting held March 10, 2011. Mr. Roehm said that he had one correction to the minutes. He said he asked the gentleman from Signature about predatory pricing, and that should be part of the written record. He asked that portion be admitted. Mr. Roehm moved to accept the minutes of the March 10 meeting with the addition of the conversation of predatory pricing and Mr. Kelleher seconded the motion. It was a unanimous decision to approve the minutes as corrected.

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

The fourth agenda item was to consider proposals for a five-year commitment for engineering and planning services. Mr. Sprenger said we contacted six other engineering firms through the Request for Proposal (RFP) process and published a notice in the paper. We received one response from Morrison Maierle and we are very happy with them. Having both Scott Bell and Mark Maierle living in Belgrade and their office in Bozeman means we have one of the most responsive engineering firms in the state.

Mr. Williamson said the proposal looks nice, but there's no discussion of payment. Mr. Bell said that the Board approves the engineering firm and then approves payments based on a contract to contract basis. If the Board is dissatisfied with the contract amount on any project or wants to change or go out for further selection on a contract, they can do that. The FAA says five years is the maximum length of the selection.

Mr. Roehm moved approval of a five-year contract with Morrison Maierle for engineering and planning services. Mr. McKenna seconded the motion and all Board members voted aye.

The fifth agenda item was to consider architectural standards for new car condominium buildings. Mr. Sprenger said when the Board approved the request by Resort Garages to build the new car condominium buildings, it was with the understanding that the architectural standards would be approved by the Board before they move forward. Leslie Knutson and Scott Cook were present at the meeting to answer any questions the Board members may have.

Mr. Roehm said that the owners wanted some changes made to the size of the stalls and Ms. Knutson said the individual stalls would be 14' x 24' instead of the 11' x 21', which is

the size of the current stalls in the old buildings and heat in each stall is an option for the owners. Mr. Cook said the garage doors will be 9' x 10'. The doors in the old buildings are 7' x 10'. These will accommodate taller vehicles. The Board members, Ms. Knutson and Mr. Cook discussed the rock work on the corners and using wainscoting for the bottom four feet, purchasing extra siding for repairs for ten years into the future, matching the roof color with the roof color of the terminal and having four-inch bollards to protect the corners. The Board thanked Ms. Knutson and Mr. Cook.

Mr. McKenna moved to approve the architectural standards for the new car condominium buildings, including matching as close as possible, the roof of the terminal, with the wainscoting on the bottom, and extra material purchased and acknowledged as purchased and stored for the car condominium buildings. Mr. Kelleher seconded the motion and all Board members voted aye.

The sixth agenda item was to consider economy and premium parking lot rates effective July 1, 2011. Mr. Sprenger said our parking lot project includes separating the lot into an economy (long-term) section and a premium (short-term) section. We would charge a premium price for those who want to park up front. Some people want to park up front and they should pay for it. Another benefit is if we went to a higher security level, we could shut down short-term parking. It will also benefit the airport by increasing revenues. Mr. Roehm said we need to run our airport in a profitable manner. We have expenses; snow removal, striping, lights, etc., and he asked how our expenses compare to our revenues. Mr. Sprenger said our expenses currently are through the operator and come to approximately \$200,000. Occasionally we expand or repair our parking lots, which is not a cost of operating the lot. Mr. Roehm said he wants the public to understand our expenses if they question if it is a reasonable increase.

Mr. McKenna said he comes home late at night on flights and would appreciate an improvement of signage in the lot. Mr. Sprenger said we will work on signage.

Mr. McKenna moved to accept the proposal for economy and premium parking lot rates, effective July 1, 2011, with an effort made to improve signage. Mr. Roehm seconded the motion and all Board members voted aye.

The seventh agenda item was to consider the request by Donald G. Loyd and Linda H. Marshall DBA Arrow Flight Services, LLC to establish a new flight training facility in Yellowstone Jetcenter facilities. Mr. Sprenger said there has been an issue with the operators of the Aero Flight School and Mr. Loyd and Ms. Marshall would like to create a new facility at the airport. They have worked with Kent Foster, General Manager of Yellowstone Jetcenter. Mr. Foster is hesitant to put both schools in the same building.

Ms. Marshall said she just wants to teach people how to fly and she could do that if she had a space in the Yellowstone Jetcenter facility. She has access to hangars 59 and EU1 and would take students to that area. Mr. Sprenger said he has concerns with allowing students into the back hangars and he would recommend Ms. Marshall bringing the aircraft into the commercial area. It creates an issue with non-commercial hangar number 59, and we haven't operated that way in the past.

The Board members, Mr. Sprenger, Mr. Foster and Robert and Ms. Marshall discussed how to accommodate Ms. Marshall's and Mr. Loyd's request. They discussed parking aircraft on the self fuel ramp but agreed that is quite a long way to walk and in the winter time it would be very difficult for the students. They also discussed the fact that the students would have AOA cards and could drive to the back hangar; however, that wouldn't be in agreement with the Minimum Operating Standards as established by the Gallatin Airport Authority. Mr. Marshall said when they started Aero Flight School the students went

back to hangars 59 and 66. Mr. McKenna said security requirements have changed since then.

Mr. Mathis said that he really wants to accommodate them but he doesn't want to allow something that's not in the Minimum Operating Standards. He also said every hangar lease agreement stipulates whether a hangar can be used for commercial or non-commercial purposes.

Mr. Mathis said the Minimum Standards say they have to have ten parking spaces for vehicles and they wouldn't have that available at Yellowstone Jetcenter. Summit Aviation, Paragon Air and Montana Aircraft provide flight training and they have all met those standards for years. He is opposed to throwing the standards out the window. He would like to accommodate her operation because she has been a good operator for years but we can't do it with this scenario.

Mr. Mathis asked if there's space available where Brandon Speth operated from and Mr. Sprenger said there is. It would meet the Minimum Standards for a commercial operation.

They also discussed parking, when another road would be built on the east ramp so they could have ramp access and a commercial hangar area. Ms. Marshall also said she shared parking spaces with Gallatin Flying Service when she started her business. Mr. Williamson said he didn't remember them sharing spaces with Gallatin Flying Service or if the Board ever dealt with it but that is how they get into trouble if they make allowances.

Mr. Sprenger said next month we will be addressing Robert Shropshire's operation of Aero Flight School.

Mr. Mathis moved the Board deny this request with the hope that they will come back with another option where they can meet the Minimum Standards in the future. Mr. McKenna reluctantly seconded the motion. During discussion, Mr. Roehm asked what Mr. Sprenger's role in this is and said they are denying a flight service they all want to see happen. He said he hates to turn down anybody who wants to teach people to fly. They have to follow the rules. Mr. Sprenger said he would be happy to try and work with them to come up with alternative solutions that would meet the Minimum Standards.

All Board members voted aye. The request was denied.

The eighth agenda item was to consider the request by Doug Hartzheim to transfer his Non-Commercial Hangar Ground Lease for Hangar EV2 to Buen Aire, L.L.C. Mr. Sprenger said last month the Board approved a request by Mr. Hartzheim to build a hangar and he is currently selling his hangar EV2 to Buen Aire, L.L.C., which is owned by Jeff MacPherson. Mr. MacPherson often leases an aircraft to Summit Flight School. Mr. McKenna moved to approve the request by Doug Hartzheim to transfer his non-commercial hangar ground lease for hangar EV2 to Buen Aire, L.L.C. Mr. Kelleher seconded the motion and all Board members voted aye.

The ninth agenda item was to consider the request by Arlin's Aircraft Service, Inc. for a new ten-year non-commercial hangar ground lease for Hangar #15-19 & 23-27. Mr. Sprenger showed the location of the hangar on a map and said it is one of the older hangars on the airport. It is in reasonable condition and the color matches our color scheme. Mr. McKenna moved we approve the request by Arlin's Aircraft Service for a new ten-year non-commercial lease for hangar #15-19 & 23-27. Mr. Roehm seconded the motion. The current rate for a non-commercial hangar is \$0.085 per square foot per year. All Board members voted aye and the motion carried.

The tenth agenda item was the report on passenger boardings and flight operations – Scott Humphrey. Mr. Humphrey reported that this is the ninth record month for enplaned passengers with 35,521 enplanements for March. This is up 9.5% over March 2010. Rolling twelve month enplanements are 373,740.

Tower operations for March were down 6.8%. Service was cut by Frontier Airlines from three flights a day to two and we don't have the Los Angeles flight this month. Corporate landings were up 7.4%. Mr. Humphrey said airline load factors were very interesting. Allegiant Air's were 96.1% and Delta Air Lines and United Airlines were also doing very good with 85% and 87% respectively. Overall, for the month of March, load factors were up 3.1% with a 4% increase in capacity.

Mr. Humphrey reported that AvGas fuel dispensed was down, which has a lot to do with the weather in the last six months. It wasn't the best month we've had for general aviation flying. JetA is up on the corporate side and airline JetA is down slightly, which has to do with the landings on the airline side.

We are looking at about a 2 ½ to 3% increase in enplanements for April with Easter at the end of the month. April 2010 was a record month. Bookings in the summer are looking 2 to 3% above what they were last year.

The eleventh agenda item was the Director's Report – Brian Sprenger. Mr. Sprenger reported that we have two change orders for the terminal construction. Both are requests from the TSA; one is for tenant improvements in their space and the other one is for added technology in checked baggage screening and they say it will increase the efficiency of the screening. One is funded through the tenant space lease agreement and the other one would be through the ARRA stimulus grant we have with the TSA for the baggage system. It will cover all but \$2,500 on the added technology because we have a 5% match on that. We have

the money in the project budget for this so we can move forward with the project. These changes will be an agenda item next month. None of the Board members had a problem with handling it this way. We are just getting the requests from the TSA now because everything is controlled by different groups within the TSA and these are a result of TSA inside discussions. It would have been more timely if they had decided sooner.

Mr. Sprenger also reported that people with APEC will start coming in May 4<sup>th</sup>. They will come in various numbers through the 24<sup>th</sup> of May and we've met with the embassies of Australia, New Zealand, Malaysia, Singapore, Brunei, Japan and expect more in the next several weeks regarding the arrival and departure procedures of their trade ministers.

Mr. Sprenger said he talked to David Weingart from the FAA today regarding approach control. He confirmed the study will be completed this month and got a response back from the team much quicker than he thought he would.

Flight checks on the new procedures are in process and at this point they are looking pretty good with both the standard departure and missed approach procedure to be chartered June 30<sup>th</sup>.

Mr. Sprenger also reported that he and Mr. Humphrey reviewed the surveys for use of the existing gift shop space. There is a strong desire for both a convenience store and local tourism information. He said we have had some follow up meetings with different parties and believe we may have a proposal where we can have our cake and eat it too by providing multiple benefits for the flying public.

Mr. Roehm thanked Mr. Sprenger for the history of the Civilian Pilot Training Program that he sent to the Board members.

The twelfth agenda item was to consider the bills and approve for payment. The Board members and Mr. Sprenger reviewed and discussed the bills. Mr. McKenna moved to pay the bills and Mr. Roehm seconded the motion. The motion carried unopposed.

The meeting was adjourned at 3:42 p.m.



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Steven H. Williamson, Chair