

The regular monthly meeting of the Gallatin Airport Authority was held January 11, 2007 at 3:00 p.m. in the Airport Conference Room. Board members present were John McKenna, Richard Roehm and Greg Metzger. Steve Williamson and Deborah Dietz were unable to attend the meeting. Also present were Ted Mathis, Airport Director, Brian Sprenger, Assistant Airport Director and Cherie Ferguson, Administrative Assistant.

John McKenna introduced Steve White, who was recently elected to the Gallatin County Commission, and thanked him for attending the meeting as one of his first acts as a commissioner.

The first agenda item was to review and approve the minutes of the regular meeting held December 14, 2006. Richard Roehm moved to accept the minutes as mailed; Greg Metzger seconded the motion, which carried unopposed.

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

The third agenda item was to continue consideration of the Interstate Interchange Project. Larry Watson, the County Grants and Contracts Administrator, said that Scott Bell, Darryl James and he met with the Belgrade City Council Monday evening and held the same kind of discussion as was held here last month. Mr. Watson said he believed the information was well received and the council members expressed the same concerns as this board did. Mr. Watson said they will be meeting with the Montana Department of Transportation (MDOT) Thursday the 18th and Monday the 22<sup>nd</sup> so they can have an inter-local draft agreement for action at our next meeting.

Mr. Roehm asked if our board needs to take any action now and Mr. Watson said this is just an update for the board. Mr. Watson said he would be working out the details of the

draft agreements for the County, City of Belgrade and Airport Authority with the MDOT and will bring them at the next meeting.

The board members said they are supportive of the project and asked Mr. Watson to ensure that there is a finite cost figure and not an open ended one. Mr. Watson said the MDOT won't release the bids until our resources are in their account. He said that all the local entities need milestones so we know they are staying on budget and on schedule. He also plans to update the local entities on a regular basis after it is approved.

Mr. Roehm said he is in favor of the project and wants the airport to pay its fair share, especially the roads it would have to build anyway. He said he wants the tools in place to manage the project and doesn't want the costs to be open ended either as we have other financial concerns too.

The board thanked Mr. Watson and the commission for their efforts on the project.

The fourth agenda item was to consider extension of Sharbert Enterprises, Inc. Agreement for the Operation of Gift Shop Concession in the Gallatin Field Terminal Building. Bert Hopeman said he and his wife own Sharbert Enterprises and operate the Montana Gift Corral in the terminal. He said that according to the lease agreement, after the initial 5 years are up, by mutual agreement, the lease can be extended up to 3 years. He said he would like to enter into negotiations for consideration of the extension. He said he hopes they have performed well enough for airport management to consider negotiations.

Mr. Mathis said their performance has been exceptional and innovative and that public reception has been very good.

Mr. Metzger moved, per the terms of the agreement, to allow staff to negotiate the appropriate document for future approval. Mr. Roehm seconded the motion and it carried

unopposed. Mr. Mathis said they would have the document for either the February or the March meeting.

The fifth agenda item was to consider extension of Overland Express, Inc. Food and Beverage Agreement. Mr. Mathis said that the terms of the clause regarding the extension are the same as the gift shop's terms and said that the proprietors, Phil Schneider and Jim Schneider, were both present.

Jim Schneider said they would be interested in entering into negotiations to extend their contract as well. He said he feels they do a commendable job and have a good working relationship with Montana Gift Corral for providing food in the secure area. The board asked Mr. Schneider several questions regarding business performance since 9/11, how he felt about the 3 successive 1-year extensions, and how the Airport Authority is paid. Mr. Schneider said the last year has been flat but that providing wholesale to the gift shop has helped his sales; that it, of course, would be better to have a longer extension than 1 year, and that the Airport Authority is paid a percentage of sales. He said there is a minimum but that has generally been exceeded.

Mr. Roehm asked him what he would like to see occur as the terminal is being redesigned and Mr. Schneider said he had met with Scott Bell and Brian Sprenger and believes it would be beneficial to have a restaurant on each side of security.

Mr. Roehm asked Mr. Mathis what the public response to the restaurant has been. Mr. Mathis said they get very few complaints about the food and occasionally get complaints about cleanliness. He said that because of the fluid nature of a restaurant at the airport, he recommended opening the concession for a request for proposal (RFP). He said that if the Overland Express provides the best service available, then they would get the bid. He would like to look at options.

Mr. McKenna asked if the Overland Express would get a 5-year contract if they got the bid and Mr. Mathis said they would.

Mr. Metzger said he would like to make a good faith effort with the vendor and would like staff to work with the proprietors to address the issues. If that doesn't work then we could ask for an RFP.

Mr. Mathis said it could be done. Because the contract ends on May 31<sup>st</sup>, it would shorten the time frame.

Mr. Roehm asked how Mr. Mathis is to determine success. It was agreed that he would meet with the Schneiders to address the issues, and if he is convinced the concerns have been taken care of, he can negotiate a 1-year extension. If not, he can request proposals for the concession.

Brian Sprenger said this is the first time we have had the capability to offer the extensions. He said that in negotiations with Sharbert Enterprises, there would likely be an escalation in concession fee rates and that the same could hold true for the Overland Express, if they are given an extension. Mr. Sprenger wanted the board to be aware of the changes.

Mr. Metzger moved that the staff take the next month as an opportunity to negotiate with the Overland Express to address the concerns that, if not met, would preclude us from extending the contract. Mr. Roehm seconded the motion, which carried unopposed.

Mr. Metzger asked if it would be better to not offer the extensions. Mr. Roehm said that the board set it up to offer extensions so if vendors are meeting our expectations, we can just renegotiate the extensions, but we can open it up for RFPs if they don't meet the requirements. Mr. Mathis said that putting out an RFP is difficult for the Airport Authority and the existing and prospective tenants. He said that having the option of negotiating extensions is good for both parties.

Mr. Jim Schneider said he was surprised because he and Mr. Mathis have met on several occasions and the recommendation came out of left field. He said that keeping the carpets clean is difficult, but he tries to maintain them. He said he responds to Mr. Mathis' requests as quickly as possible. He also wanted it put in the record that he has never had a problem with the County Health Department regarding cleanliness.

The sixth agenda item was to consider the request by John D. Cada to transfer his Non-Commercial Hangar Ground Lease Agreement for Hangar #61 to Iven and Susan Rosheim. Mr. Mathis said that Mr. Cada is selling his hangar and the prospective buyers have a twin engine Beech Baron. He said the rent is current and the building is in good condition.

Mr. Roehm moved approval; Mr. Metzger seconded the motion. The motion passed unopposed.

The seventh agenda item was to consider the request by Laura DeGroot to transfer her Non-Commercial Hangar Ground Lease Agreement for Hangar #116 to Dean Hatten. Mr. Mathis said Mr. Hatten is at the meeting. He is currently in the process of purchasing the hangar and owns a Columbia aircraft. Mr. Mathis said the rent is current and the building is in good condition.

Mr. Roehm asked if the hangar was constructed to commercial standards and if it would be used for noncommercial purposes. Mr. Mathis said it could be used for commercial purposes but is being leased for noncommercial. Mr. Roehm moved approval of the request and Mr. Metzger seconded the motion. The motion carried without opposition.

The eighth agenda item was to consider the request by Yellowstone Jetcenter to establish a U.S. Customs facility at Gallatin Field. Mr. McKenna said that Kent Foster, from Yellowstone Jetcenter, was here and that Governor Schweitzer had written a letter of support.

Mr. Mathis said this is a program we have been working on for years but that funding was a major issue. He said that you have no way of knowing how many persons would use customs until you have it and you can't have it until you pay for it. He said he has worked with both fixed base operators (FBOs) and both have indicated an interest. Tim Blixseth has written a letter agreeing to provide the necessary facilities and financial assistance of up to \$160,000 per year, which Mr. Mathis believes is a good cost estimated for providing the service. Mr. Mathis said that Werner Kalatschan, Security Director at the Yellowstone Club, was at the meeting, along with Mr. Foster.

Mr. Foster said that since the letter was written, he had done more research into customs. They thought a customs office couldn't be associated with an FBO but have found out it can be. He said there is a possibility that Yellowstone Jetcenter will continue to fund customs here after expiration of the three years mentioned in the letter of request.

Mr. Roehm said he is just thrilled and he thanked Mr. Blixseth, Mr. Kalatschan and Mr. Foster.

Mr. Foster said they just need approval from the Airport Authority to move forward. They need to meet with a customs official and see what they can or cannot do. There is a 3-year probationary period.

Mr. Metzger moved to approve the request as presented; Mr. Roehm seconded the motion, which carried unopposed.

Mr. Roehm thanked them for their initiative.

The ninth agenda item was to consider the request by Gallatin County for a road easement at the intersection of Tubb and Airport Roads. Mr. Mathis said the proposed easement is at the intersection of Tubb and Airport Roads, which was adequate when it was designed and built 30 years ago. He said it is now no longer adequate and the county would

like to make the intersection safer. He said that he and the engineer have reviewed the easement and recommend approval. Mr. Metzger moved to approve the request and Mr. Roehm seconded the motion. There are no plans to use the land for anything else. The motion carried unopposed.

The tenth agenda item was the Master Plan project update – Scott Bell. Mr. Bell said that RS&H has been working on program development and volumetric dimensions for the terminal. They have 3 alternative conceptual schematics that they plan to present at the next meeting. He said Michael Spitzer will make the presentation and that Dave Nafie is continuing with the write up.

Mr. Bell said that Brian Sprenger, Mark Maierle and he are also working on road layouts and terminal schematics to compare with the ideas from RS&H. He said the update will take longer at the next meeting.

Mr. Roehm asked Mr. Bell to project the structural and configuration needs using projections for 25 years, and more importantly, phased implementation to minimize the impact to the flying public and the airlines. Mr. Bell said that is a large part of development as they compare the different schematics. Mr. Roehm said he would be asking those kinds of questions at the presentation and he thanked Mr. Bell for considering that in development.

The eleventh agenda item was the report on passenger boardings and flight operations – Brian Sprenger. Mr. Sprenger reported that in December there were 445 air carrier operations, 1,009 air taxi, 1,916 general aviation (GA) itinerant and 17 military, for a total of 3,387 itinerant operations. Local GA operations were 2,188 for a total of 5,575 tower operations, up 3.6% from December 2005. Annually, there were 7,067 air carrier operations, 11,068 air taxi, 30,384 general aviation itinerant and 160 military, for a total of 48,679 itinerant operations. There were 34,258 local GA operations for a total of 82,937 tower

operations for the year. This is up 15.9% over a previous 2005 record. Much of the local increase is due to the flight schools. There were 273 landings of aircraft over 12,500 pounds, up 19.7% from December 2005. Annual landings of aircraft over 12,500 pounds was 2,857, which is up 24.2% over the record set in 2005.

Mr. Sprenger reported that passenger boardings were 22,998. That is down 7.8% from last December. Year-to-date boardings were 317,850, which is down 5.3% compared to 2005. Mr. Sprenger said that we may be turning the corner for 2007 with a 2% increase in available seats for January, 17% increase for February and a 15% increase in available seats for March. Mr. Sprenger said that Northwest is increasing the size of their aircraft to Minneapolis and United is adding a daily flight to Chicago beginning February 14<sup>th</sup>.

The twelfth agenda item was the Director's Report – Ted Mathis. Mr. Mathis reported that he met with the Blue Angels advance team regarding the air show scheduled for July 28<sup>th</sup> and 29<sup>th</sup>. He said it went well.

Mr. Mathis also reported that the radar is still on schedule with operational demonstration scheduled on February 8<sup>th</sup>. It should be operational by March 30<sup>th</sup>. The benefits of radar are better coverage and speeding up landings and departures. Mr. Mathis said that he is not aware of any plans for Standard Instrument Departures (SID). Mr. Roehm asked if it would move us to Class C and Mr. Mathis said it wouldn't because that is dependent on the number of operations. Mr. Roehm asked Mr. Mathis to keep the board apprised and he said he would.

Mr. Mathis said that we have a water main break in front of the terminal. There was no damage and it is being repaired, thanks to good contractors, the maintenance staff and the engineers.



The thirteenth agenda item was to consider the bills and approve for payment. After review and discussion, Mr. Metzger moved to pay the bills; Mr. Roehm seconded the motion, which carried.

The meeting was adjourned at 4:11 p.m.

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John J. McKenna, Jr., Chair