

The regular monthly meeting of the Gallatin Airport Authority was held October 13, 2011 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Steve Williamson, Kevin Kelleher and John McKenna. Carl Lehrkind was unable to attend the meeting. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director and Cherie Ferguson, Office Manager.

John McKenna, Board Chair, told the audience that they could make comments about agenda items when they are being discussed and there is a public comment signup sheet for anything that is not on the agenda.

### **1. Open bids for Customs Facility Remodel**

Brian Sprenger asked if there were any more bids. There were none, and he said we received four bids for a base bid with an alternate for finishing the exterior. Steve Williamson asked if the alternate is something we need to do for Customs and Mr. Sprenger said it is not. Jamie Lenon, the Airport Architect, said the building is not very well insulated and has some single pane windows. Since the Airport Authority is paying the heating bill and this is an energy conserving measure, it was included as an alternate. It is not necessary for Customs and, if approved by the Board, would be paid for by the Airport Authority and not the organizations that are paying for the Customs remodel.

Mr. Lenon opened the bids in the order they were received. The first bid was from Martel Construction. They acknowledged Addendums I and II and enclosed their bid bond of 10%. Martel's Montana Contractor Registration Number is 2124A. Their base bid price was \$312,000 and Alternate I was an addition of \$29,000.

The second bid was from R and R Taylor Construction; they acknowledged Addendums I and II and enclosed their bid bond of 10%. R & R Taylor Construction's

Montana Contractor Registration Number is 54766. They bid \$356,573 for the base bid price and \$28,295 for Alternate I.

The third bid was from Walker Construction, and they acknowledged receipt of Addendums I and II. Walker Construction's Montana Contractor Registration Number is 7758. They attached their bid bond of 10% and bid \$334,600 for the base and \$16,900 for Alternate I.

The fourth bid was from Markovich Construction. Their Montana Contractor Registration Number is 6666. They acknowledged Addendums I and II and enclosed their bid bond of 10%. Markovich Construction's base bid was \$344,000 and the Alternate I bid was \$17,000.

Mr. Sprenger said, if the Board approves the base bid and the alternate, the same contractor would do all the work. Mr. Williamson said he is not prepared to deal with the alternate today as the Board was not aware there would be an alternate. Mr. Sprenger said this opening was for the base bid and Mr. Lenon had recommended they put in the alternate so that if the Board wanted to consider doing the rest of the building to match what is there, this could be the time to do that. The Board doesn't have to consider it at this meeting if they don't want to.

**MOTION:** Mr. Williamson moved to disregard Alternate No. I in this bid process. Kevin Kelleher seconded the motion. Ted Mathis asked if the Board could deal with it at the next meeting and Mr. Sprenger said they could. Mr. Williamson voted aye. Mr. Kelleher and Mr. Mathis voted nay. The motion failed.

**MOTION:** Mr. Mathis moved to refer the bids to staff and accept the lowest qualified bidder for the base bid and take Alternate I under advisement with the possibility of deciding upon it at the Board's next meeting. Mr. Kelleher seconded the motion. Mr.

Mathis' intent is to accept the base bid at this meeting, for staff and the Board to review Alternate I before the next meeting, and then to consider Alternate I at the next meeting. Considering Alternate I will be an agenda item for the November 10<sup>th</sup> meeting. Mr. Mathis, Mr. Williamson and Mr. Kelleher voted aye and the motion carried unopposed.

Mr. McKenna thanked everyone who submitted a bid.

## **2. Review and approve minutes of regular meeting held September 8, 2011**

Mr. Williamson said he thinks these are the shortest minutes on record.

**MOTION:** Mr. Williamson moved to approve those short minutes from the September 8<sup>th</sup> meeting and Mr. Mathis seconded the motion. Mr. Mathis, Mr. Williamson and Mr. Kelleher voted aye and the minutes were approved.

## **3. Public comment period**

Mr. McKenna asked if anyone wanted to make any comments for the good of the order. There were no public comments.

## **4. Consider request by Summit Air Ambulance to operate an air ambulance service at Gallatin Field and sublease space in hangar 117 from Arlin's Aircraft**

Mr. Sprenger said Jonathan Collier apologized to the Board because he wasn't able to attend the meeting due to a family emergency. Mr. Sprenger said he has spoken to Mr. Collier, plus contacted the Airport Manager at Caldwell, Idaho. Summit Air Ambulance has been a model tenant there, has paid their bills on time and recently moved into a larger hangar. It is primarily their maintenance base. They also have an operation in northern Nevada.

Locally, they have been working with Bozeman Deaconess and with Arlin's Aircraft Service.

Craig Hocevar, from Arlin's, said they have also been coordinating with local emergency responders. Mr. Collier told him there is a 150 mile diameter hole in the Bozeman area where there is no air ambulance service and he hopes to fill that hole. Right now, flights come in from Great Falls, Billings, Missoula and Kalispell to take ambulatory patients back to Billings or other places. Having an air ambulance operating in Bozeman would reduce time.

Mr. Sprenger said he thinks this is a good opportunity, and a win for the airport. It will bring ten new jobs to the area and he recommended approval of the request.

Mr. Williamson asked if they will have an aircraft based here and Mr. Hocevar said they will base a helicopter here. Mr. Mathis said the hangar is suitable for a commercial operation.

Mr. Kelleher asked if it would cause confusion with the Summit Aviation Flight School and Mr. Sprenger said Ben Walton, owner of Summit Aviation Flight School, had talked to Mr. Sprenger and was not concerned because Summit Air Ambulance won't advertise or perform the same services.

Mr. Mathis said it's a great opportunity for a commercial operation and a tremendous service for our community.

**MOTION:** Mr. Mathis moved to approve this request. Mr. Kelleher seconded the motion and Mr. Mathis, Mr. Williamson and Mr. Kelleher voted aye. The motion carried unopposed.

**5. Consider request by Journey Rent A Car to operate an off airport rental car concession**

Mr. Sprenger said Josh Anderson is the principal for Journey Rent A Car and would like to start a small car rental business and operate it off airport. His is the third request for

an off airport agreement we have received. The other two requests were from Phasmid Rentals and Toyota of Bozeman, which is associated with Ressler Motors.

Mr. Sprenger said Mike Lucero would like to make a comment regarding the age of rental cars that are allowed for on airport companies.

Mr. Lucero, from Hertz, said he has no objection with Journey Rent A Car. He just wanted to mention a couple of issues that have come up in the past. Rental car agreements for on-airport concessionaires require their vehicles to be no more than two years old and he doesn't want the off airport concessionaires bringing older vehicles to the airport.

He also said there had been issues with off airport cars being dropped off at the airport and keys left with the airlines, or customers parking the cars in the rental car return lot rather than paid parking. He said the off airport agreements are pretty well written and most of these issues had been dealt with in the past, but he wanted to remind the Board that these are a few of the issues that had come up previously.

Mr. Sprenger said we mention the conditions up front with the concessionaires but occasionally they need to be reminded.

**MOTION:** Mr. Williamson moved to approve the request by Journey Rent A Car to operate an off-airport rental car concession and Kevin Kelleher seconded the motion. All Board members present voted aye and the motion carried unopposed.

#### **6. Consider acceptance of Small Community Air Service Grant**

Mr. Sprenger said Gallatin Field was awarded a Small Community Air Service Grant in the amount of \$950,000 toward a revenue guarantee for service to New York City. Part of the grant requires a community match of \$688,750. He said staff met with some people from the Big Sky Resort, Yellowstone Club, Bozeman Area Chamber, Bozeman Tourism and Business Improvement District (TBID), Sue Leigland from Montana Travel and Dan Martin

from Karst Stage on Friday. He said they feel comfortable that the amount can be raised. Jim Robbins from the TBID and Daryl Schleim from the Bozeman Area Chamber were at the meeting.

Mr. Schleim said he is the CEO of the Bozeman Area Chamber of Commerce and the Executive Director of the Convention and Visitors Bureau and the TBID. He gave the Board a letter stating that the Chamber of Commerce is supportive of this and the TBID would contribute \$25,000. He also has a letter from Dan Martin and Jerry Perkins from Karst Stage stating they would contribute \$5000.

Mr. Schleim said the Bozeman groups he represents believe they can raise \$125,000. He feels the business community believes this will be beneficial for leisure travel but, when the financial side opens up here, the D.A. Davidson's, the J.P. Morgan's, the finance industries, travel throughout Montana could make Bozeman where they come to travel directly to New York. The group believes it will help the businesses here currently and also the leisure travel as they promote direct flights from overseas to Yellowstone Park. He hopes the Board will consider this a good effort. He knows \$668,750 is a lot of money to raise.

Mr. Schleim said he can't speak for the Yellowstone Club but he thinks they will contribute somewhere around \$400,000 and the Big Sky Resort will make up the difference. They feel, as a transportation committee, that they can support this with the matching grant money from the Chamber of Commerce and the business community. Mr. Schleim thanked the Board for their time and they thanked him.

Mr. Robbins, the Vice President of the TBID and the Bozeman Convention and Visitors Bureau, said he wanted to applaud the airport and this Board for their efforts to get the airport where it is today. He said as he promotes Bozeman around the country today, Bozeman is the place to fly into the state of Montana and it is putting us in a position of competitive

advantage. In particular, as he has been promoting different markets, the Group to Group Tour Market, which is an international market, the convention and meetings market, these people have been asking how many direct flights we have to Bozeman. While he can say that we have the most in this state, we can't compete with some neighboring states. This direct flight from New York would play a huge role in the marketing efforts of the Tourism and Business Improvement District and would open doors and avenues as they go out and promote Bozeman. He said they are very excited about this opportunity, and on Tuesday the TBID approved \$25,000 toward the match. He thanked the Board for their efforts and asked the Board to let him know if they ever have any questions for the Tourism Division of the Chamber of Commerce. The Board thanked him.

Mr. Mathis asked Mr. Sprenger how quickly we need to accept this grant and if our acceptance is contingent upon the community's ability to raise the matching funds. Mr. Sprenger said the deadline for accepting the proposal is October 30th and it is contingent upon the community raising the funds. Once we have the money or the letters of credit for the funds, we would go out for proposals with the airlines that are interested in providing the service. After an airline's proposal has been accepted, then we could sign the agreement.

Mr. Sprenger said if this all occurs, we could see service as early as next June. Delta Air Lines and JetBlue have said they want to submit proposals.

Mr. Mathis said we have another agenda item regarding extending our air service incentive program and this non-stop service would qualify for that. The Airport Authority would waive the landing fees for one year. He wanted assurance that is the only money the Airport Authority would have to contribute. Mr. Sprenger said there might be some travel costs to meet with the airlines and that would be within our normal budget, but waiving the

landing fees is the only thing we can contribute. We have enough ticket counters and space to accommodate another airline.

Mr. Williamson asked how much time the community would have to raise the funds if we accept this proposal on October 30th. Mr. Sprenger said, in order to have service by June, the target date would be our January 2012 Board meeting. At that time, we would want to have a proposal from an airline and the full commitment from the community to bring to the Board. This would be a one-time grant and we would have up to three years to use it. If we didn't use the full grant in the first year, it could be rolled over to the next year. We won't receive the grant money until we have the agreement with the airline and the guarantee from the community. The airport cannot contribute anything but the incentive of waiving the landing fees for one year.

**MOTION:** Mr. Kelleher moved to accept the Small Community Air Service Grant of \$950,000. Mr. Williamson seconded the motion and all Board members voted aye. The motion carried unopposed.

#### **7. Consider extension of Gallatin Airport Authority Air Service Incentive Program**

Mr. Sprenger said that about a year and a half ago, the Board approved an air service incentive program to waive landing fees for one year, which was used by United and Allegiant. Both services are still here. Mr. Sprenger is asking the Board to extend the program for another two years. The only markets he believes that might use the program are service to Portland, Oakland, Dallas, hopefully New York and possibly a second carrier to Los Angeles that would use the remainder of the grant that was not used by United. The maximum cost to the airport per route would be \$30,000 to waive landing fees. United used about \$6,000 for the Los Angeles service. If the number of passengers increases, the

Authority receives more from concessions. It can only be used by a new airline or to a new destination.

Mr. Williamson said he likes the program. Mr. Mathis said philosophically he is opposed to it because, outside of checking luggage and selling tickets, the airport or the FAA does almost everything for the airlines. He said he will vote for the request because that is where we are.

The Board and Mr. Sprenger discussed the possibility of new service, radar control and narrowing separation and snow plowing concerns.

**MOTION:** Mr. Kelleher moved to extend Gallatin Airport Authority's Air Service Incentive Program for two years. Mr. Mathis seconded the motion and all the Board members voted aye. The motion carried.

Mr. Sprenger said the airline would give us a revenue figure and a cost figure for the flight. If the costs are greater than the revenues, the revenue guarantee would make up the difference to the maximum of the \$1.6 million. The grant requires the aircraft to have 124 seats or more to qualify.

**8. Consider proposal by the Bozeman Gem and Mineral Club to display a variety of gems and minerals in the terminal building**

Mr. Sprenger said this would be a display and not a donation. He said originally staff was opposed but after receiving a picture, they thought it was a beautiful case and believe there may be several good locations for the display.

The Board members believe it should be tempered glass or safety glass wherever it is displayed and Mr. Sprenger agreed.

**MOTION:** Mr. Mathis moved approval of the request and Mr. Williamson seconded the motion. During discussion, Mr. Sprenger said the agreement would allow either party to

terminate the agreement by giving thirty days notice to the other party, and would also require tempered or safety glass. All Board members voted aye and the motion carried unopposed.

**9. Consider amendment to Commercial Advertising Policy**

Mr. Sprenger said we have our interior and exterior street lights to the terminal and we received banner hardware from the APEX event. He said several people have asked if they could advertise or announce events. Mr. Sprenger said he would recommend approval of announcing events but not allowing advertising.

Mr. Williamson said if we allowed announcements, he would recommend only allowing them to be put up no more than thirty days prior to the event and taken down within five days after the event.

Mr. Mathis said this would put an additional burden on the maintenance or custodial staff and he hopes that wouldn't be a problem. Mr. Sprenger said we would charge them enough to encourage them to have it done by someone else.

Mr. McKenna suggested we see what other organizations, like the Forest Service, do about a volunteer agreement and come up with one of our own.

**MOTION:** Mr. Williamson moved to approve the Commercial Advertising Policy to allow this banner program and these intended regulations and prices. Mr. Mathis seconded the motion. Mr. Mathis, Mr. Williamson and Mr. Kelleher voted aye. The motion carried without opposition.

**10. Consider request by Mr. Harry Johnson to transfer his noncommercial hangar lease on Hangar 99 to BlackWolfDen Aviation, LLC**

Mr. Sprenger showed the location of the hangar on a map. The hangar is not a condominium so the lease is in both names. He said the hangar is in good condition and he

recommended approval of the request. Larry Blakesley is the principal behind BlackWolfDen Aviation and has a 1977 Moonie aircraft.

**MOTION:** Mr. Williamson moved to approve the request by Harry Johnson to transfer his non-commercial hangar lease on hangar 99 to BlackWolfDen Aviation, LLC. Mr. Mathis seconded the motion and Mr. Williamson, Mr. Kelleher and Mr. Mathis all voted aye. The motion carried unopposed.

#### **11. Report on passenger boardings and flight operations – Scott Humphrey**

Mr. Humphrey reported that there were 8,306 tower operations during September and a lot of that has to do with local general aviation (GA) operations, especially the flight schools, pushing up that number. Enplanements were just under 1% better than last September, which had 22% growth from the previous September. There were 34,390 enplanements last month. He said that is twenty consecutive months of growth for Gallatin Field. Rolling 12-month enplanements were 396,527.

We had just under 11.3% fewer seats in the market than we did last September but still had load factors of 93.9%. There are no more seats out there to sell. We had 508 total airline landings this September versus 575 last September.

Jet fuel sales were up 2.4% so that is looking good.

Mr. Humphrey believes our streak will end in October because we have 17% fewer seats than last October and are about 4% below where we were last year. Load factors will probably remain in the 90s. He believes we will break even or be 1% to 2% lower than last October.

Mr. McKenna and Mr. Humphrey said people have to go to other airports to get seats.

Mr. Sprenger said it may bode well for next year. We haven't had a decline in traffic and the yield is better than it was last year.

**12. Airport Director's Report – Brian Sprenger**

Mr. Sprenger reported that Saturday we have our triennial live disaster drill at 9:00 a.m. that includes Central Valley Fire, the Sheriff's Department, our people, the Red Cross and AMR.

We received our concession report that shows our revenue for a full month in the new expansion. Over the past two years, total concession revenue was up 52% for the month of September. The airport concession fee has gone up 102% so the new contracts and terminal addition have had a positive impact.

Mr. Sprenger gave an update on approach control and said the FAA was at the tower yesterday looking at the equipment necessary for the TRACON. He said several sources have told him this is expected to be commissioned on June 25, 2013.

Mr. Sprenger also reported that there has been some coverage in the local papers regarding the airport name. He said it has been fun to watch. Most people think a change is good but some don't think "Yellowstone" should be in the name. There hasn't been a mass recommendation.

Mr. Sprenger said there will be a plan-in-hand meeting regarding the interchange on the 25<sup>th</sup>. Our land we are contributing is being appraised now. Our expectation is that it will be an easement and not a full donation. We would be donating the easement for the roads and utility corridor but would retain ownership of the land. Other land owners' properties are being appraised now as well.

Scott Bell, airport engineer, said the County, with assistance from Morrison Maierle, will be putting in for a Tiger Grant III. He said competition is pretty stiff but they hope to get some money to help pay the shortfall.

The Board, Mr. Bell and Mr. Sprenger discussed our commitment to the interchange, as well as a little refresher on the interchange.

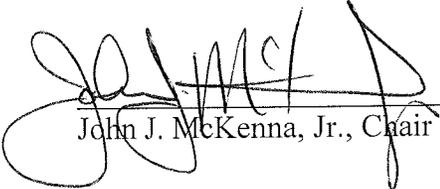
**13. Consider bills and approve for payment**

The thirteenth agenda item was to consider the bills and approve for payment. The Board members and Mr. Sprenger reviewed and discussed the bills.

**MOTION:** Mr. Williamson moved to pay the bills and Kevin Kelleher seconded the motion. Mr. Mathis, Mr. Williamson and Mr. Kelleher voted aye. The motion carried unopposed.

**14. Adjourn**

The meeting was adjourned at 3:33 p.m.



John J. McKenna, Jr., Chair