

CALL TO ORDER

The Special Council meeting was held Monday, August 27, 2012, in the Conference Room at City Hall at 7:00 p.m. Mayor C.A Grenz called the meeting to order. Council Members present were Dwayne Andrews, Sue Galbraith, John Hollowell, Bill Melnik, John Uden, Roxanna Brush and Mark Ahner. Council Member Jerry Partridge was absent. Also present were City Attorney George Huss, Airport Commission Members Lee Richardson, Linda Corbett and County Commissioner Jack Nesbit, County Commissioners Vicky Hamilton, Keith Holmlund, Attorney Janette Jones, Airport Manager Sam Brownfield, Airport Assistant Brand Hirsch, Airport Commission Recorder Dorothy Meidinger and Recorder HR/Payroll Officer Billie Burkhalter.

NEW BUSINESS**1. Discussion on changing the Airport from a Commission Form to an Airport Authority.**

Commission Member Richardson noted this was an Airport Commission meeting as well, which had been advertised and noticed and all members are in attendance. The reason for this meeting is to discuss changing the Airport from a Commission form to an Airport Authority.

Commission Member Richardson explained to the Council that an airport is one of the primary infrastructure systems of a viable city. The Airport Commission needs to maintain the airport for public transportation, private aircraft use, business use, air freight, mail and check services, emergency services, fire suppression and various government agencies. The Airport Commission has tried to maintain this infrastructure and provide for improvements and expansion. There are many projects the Commission would like to include in future planning, such as lengthening runway 4/22; building more hangar storage, repairing old hangar buildings, building a new airline terminal building, providing a facility for an FBO (Fixed Base Operator) and possible addition of a commercial building.

Commission Member Richardson stated the Airport Commission has had numerous difficulties with the administration of the airport. There have been a wide range of issues, including the Commission being caught in the middle of political and philosophical differences between City and County governments. There have been concerns with the administration of the Airport budget including discrepancies in tax revenues. In 2009, the Airport did not receive any mills from the City due to above average revenues for a fire year, this caused a delay in expansion projects. The Commission was also restricted by the prior Mayor in filing an insurance claim, which cost the Airport approximately \$12,000. The question of responsibility of managing Airport employees has always been an issue, too.

Commission Member Richardson explained that if the creation of an Airport Authority were to proceed, the Commission would want to maintain the gravel on the Airport land, and would be willing to give access to gravel to City and County at an agreed to price.

Attorney Jones stated she had been contacted by the Airport Commission to investigate the viability of recreating the current board or possibly replacing the board as an Airport Authority. The Commission is currently loosely formed

and does not have any real authority to do anything other than meet and talk about long range planning. There is a structure format that is allowed by Montana Statue called an Airport Authority; it can either be Municipal or Regional. The Commission is requesting a Regional Authority, which would be created by a joint resolution of municipalities, City and County. The Regional Authority has a few mandatory requirements, but it can take whatever form those municipalities think is appropriate.

Attorney Jones submitted a “working” resolution to the Council, as a suggestion from the Commission, for what the City and County may consider. This is simply a starting point.

Councilperson Uden requested an explanation of what the advantages are to having an Airport Authority, politically and financially. Attorney Jones stated from the Commissions view point, politically, they would be an independent operating entity solely promoting the airport. The members would be appointed and made up of City, County and three at large representatives, however, they would not be there to promote the City or County, but to promote the airport. Financially, the Airport would be able to benefit as an Authority as they would have the power to obtain loans in the name of the Authority, to issue bonds, to hold reserve funds and receive State and Federal monies in its own name separate from the City and County. There would also be a financial benefit to the City by having the Airport administer their finances.

Councilperson Galbraith wondered if the City would be liable if the Authority ever defaulted on a loan. Commission Member Richardson stated the liability would be with the Authority, as they would be completely dissolved from the City and County. He pointed out the Airport does not borrow from banks, but from the Montana Aeronautics Board and Federal and State funded programs that will not lend money if the Authority cannot pay it back. Attorney Huss stated if this were ever to happen the County would have discretionary authority to levy a general tax to pay the defaulted bond payments. Attorney Jones explained there would be checks and balances in place for the municipalities that created the Authority.

Attorney Huss explained that, legally, this could be a win-win situation as the Airport can concentrate its efforts on doing what is best for aeronautics in Custer County and Miles City, and the Council can stop worrying about running an airport. This would also be a benefit to the City by limiting liability exposure. The details that need to be worked out are how the land transfer would be handled, whether to transfer ownership to the Authority, retain ownership or to have the land revert back to the City if the Authority disbanded.

Councilperson Ahner explained he is concerned that every year it seems that Essential Air Services is in jeopardy of going away. It could make the Airport difficult to successfully operate without the funding that this brings. Manager Brownfield stated if this were to happen, there are numerous other funding aspects that currently help the Airport. He stressed that Miles City is a good and necessary spot for an airport.

Commission Member Richardson pointed out if the Airport were to become an Authority it would want to work out an agreement with either the City or County to provide benefits for its employees, such as health insurance and retirement. Councilperson Galbraith wondered if providing benefits would tie them to being a City or County employee. Attorney Jones stated that she believes this can be negotiated as a cooperative agreement at the discretion of the municipalities.

Councilperson Andrew questioned how the Authority would handle administrative services such as human resources, payroll and claims. Manager Brownfield responded that he does not believe this will be an issue, as they plan to hire a bookkeeper and part time employees. There was discussion on the County handling these services.

Councilperson Brush and Hollowell both had reservations concerning the section in the working resolution regarding "Special Considerations from City/County".

Mayor Grenz polled the Council, Airport Commission and County Commissioners to see if there was support for going forward with an Airport Authority. Their responses are as follows:

Councilperson Andrews: supports it if the County Commissioners support it
Councilperson Brush: undecided
Councilperson Hollowell: supports it in general
Councilperson Ahner: supports it in general, but details need to be worked out
Mayor Grenz: supports it
Councilperson Uden: supports it in general
Councilperson Melnik: supports it
Councilperson Galbraith: generally supports it, but is concerned about liability and making sure the Airport services all patrons
County Commissioner Holmlund: has mixed feelings but is not against progress
County Commissioner Hamilton: is undecided, wants to hear from the public, specifically why people are against it
County Commissioner/Airport Commission Member Nesbit: supports it, and fully supports Airport Manager Brownfield
Airport Commission Member Richardson: supports it
Airport Commission Member Corbett: is undecided, and stated all aspects need to be looked at.

Commission Member Richardson stated if they go forward with an Authority, there will be public meetings and hearings.

Mayor Grenz directed Attorney Huss to proceed with the revision of the working resolution. Attorney Huss stated he will first draft what was referred to in the meeting and present to the Council for its review and approval. He requested the County Commissioners meet with County Attorney Wyatt Glade to address what they want and forward it to him. Attorney Huss will then forward the working resolution to Attorney Jones.

Attorney Huss requested the Airport Commission check with the FAA and see if there is a method for the City to take prior obligations that are under grant agreement and transfer them to the Authority so that the City is no longer responsible for those ongoing obligations. Attorney Jones believed she had received information concerning this and would forward it on to Attorney Huss.

PUBLIC COMMENT

ADJOURNMENT

** *Councilperson Uden moved to adjourn the meeting, seconded by Councilperson Ahner and passed unanimously, 7-0. Meeting adjourned at 8:27 p.m.*

C.A. Grenz
Mayor

ATTEST:

Becky Stanton
City Clerk