

The regular monthly meeting of the Gallatin Airport Authority was held August 13, 2015 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Carl Lehrkind, Kendall Switzer, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director-Ops, Troy Watling, Assistant Director of Finance, and Shannon Rocha, Recorder.

Ted Mathis, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and said members of the public are welcome to comment on a specific agenda item when it is being discussed. He said there were a couple people signed up to do so. He asked that they raise their hand, be recognized, go to the podium, state their full name, and make their comments.

1. Review and approve minutes of regular meeting held July 9, 2015

Mr. Mathis asked if everyone received their copy of the minutes and if they had any questions, corrections or additions.

Ms. Stelmak referred to page 11 where the record refers to her as saying there were sometimes 60 cars across, that should be changed to 6 cars across indicating that all the lanes were being fully utilized.

MOTION: Mr. Lehrkind moved approval of the minutes as modified. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Robert Shropshire signed up to speak and was invited to the podium by Mr. Mathis. Mr. Shropshire stated that he came to talk about wifi. He does not feel the wifi is real

usable. He is requesting that changes be made so it is of more use and value to travelers and people in the hangars who need it for flight plans. He thinks there are a lot of people who would really appreciate that.

Ms. Stelmak commented that in the past few months she has heard numerous comments from general aviation pilots about the lack of wifi throughout the hangars. So maybe it is something we should look further into.

Mr. Sprenger responded that it has been installed but it has limited locations. The hotspots are near our vehicle gates. That is where we have the ability to tie into the system. Metal buildings are a challenge. We recently got fiber onto the airport for higher speeds where there are hot spots. But it is an expensive challenge to get wifi into the terminal. We have spent \$20-25,000 to get it and we still have complaints in the terminal. Complaints continue but have been reduced since the fiber came in. We don't have fiber or cable out to the general aviation area. So it is being connected wirelessly on the same wireless system that the security system is on. That creates bandwidth limitations. We also have a large area to cover. It is a multi-faceted challenge that can be solved with money. It would be an expensive endeavor.

Mr. Lehrkind asked Mr. Sprenger where the fiber comes into the airport. Mr. Lehrkind wanted to know if the airport could bring the fiber to a certain point after which hangar lessees could pay for the connection of the fiber to their hangar.

Mr. Sprenger showed on the map where the fiber comes into the airport, on the west side of the terminal. Montana Opticom was the first to be able to provide fiber. Charter has a conduit there but they don't have fiber. There are ways to connect the fiber

as Mr. Lehrkind suggested. The cost would probably be in the tens of thousands but we don't have an actual figure at this point.

Ms. Stelmak suggested that the next time we have communication with general aviation pilots, either through a newsletter or a meeting, we could show them where the best spots are to obtain wifi.

Ms. Sprenger said Opticom is interested in extending their fiber toward that area of the airport, particularly for the Yellowstone Jetcenter and Arlins. That may open up opportunities for extending it into the area. We can look at what we can do to facilitate that and if it is cost effective and doesn't interfere with airport operations.

Mr. Mathis likes Ms. Stelmak's suggestion. He said a map showing where there is decent reception might not be the best solution but it is a good idea for now and he asked Mr. Sprenger to work on that.

Mr. Shropshire asked about repeaters. Mr. Sprenger said it's possible but we would have to see how it would work with our security system.

Mr. Shropshire asked about a bigger pole for the wifi that would stick up higher in the air. Mr. Sprenger said we've had them look at that. Verizon has a large tower right next door that offers wireless Internet. It would allow access to the Verizon system for any Verizon users.

Mr. Switzer said there is probably more to the matter than just what has been discussed. Maybe a recommendation should be made to staff to look into what it would take to create an option for connection to each of the hangars.

Mr. Kelleher commented that in Yellowstone there are several towers but the service is poor. He uses a Verizon hotspot that enables him to work from the park.

Mr. Switzer commented that the hotspot is an expensive option. There may be other options so that each hangar owner can determine what, if any, they would like to choose. The need for wifi is not going to decrease. If anything it will increase.

Mr. Shropshire commented that the fees charged to hangar owners shouldn't be too high since their usage would be low. Mr. Lehrkind responded that someone has to pay. This isn't something that we get for free.

Mr. Mathis asked Brian to do some more research and Mr. Sprenger said he and staff would continue to work on it.

Mr. Shropshire also said his hangar has a grassy spot on the west side. People park there and he doesn't have a problem with that. His concern is that someone might misjudge and hit his hangar, possibly denting it.

Mr. Kelleher asked him what hangar number he is. Mr. Shropshire said he is hangar 130.

Mr. Mathis asked Mr. Shropshire if he has talked to the airport staff about his concern. Mr. Shropshire responded that he hadn't and so Mr. Mathis recommended that that would be a good place to start.

There were no other public comments.

3. Consider request by ACW, LLC to enter into a new 10-year non-commercial land lease on hangar #9

Mr. Sprenger showed the location of hangar 9 on the map. This is one of the original hangars on the field. It has been updated some since then. Arlin's has completed their work on it. With that completion staff recommends approval of the request.

Mr. Mathis commented that there is a weed problem around that building that needs some attention.

MOTION: Mr. Kelleher moved to approve the request by ACW, LLC to enter into a new 10-year non-commercial land lease on hangar #9. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

4. Consider request by the Belgrade Chamber of Commerce to locate a "Welcome to Belgrade" sign along Frontage Road

Mr. Sprenger said everyone should have received the proposed location along with a picture of the sign.

Debe Youngberg was present with copies if needed and to answer any questions. Jennifer Koch from Image Source designed the sign and she will be helping them put it together. The letters for the Belgrade portion will be raised metal by Mark Soars. There will be other metal parts of the sign. It will be on a 2-foot mound with landscaping that they are totally responsible for maintaining. It will have landscaping rock and indigenous foliage. They will be spraying to prevent weeds. The city has guaranteed to get electricity so it is lit at night. Most of the landscaping is being donated and volunteers will do all the work.

Mr. Kelleher asked what the color would be. Ms. Youngberg replied that it is going to be a rustic metal and clarified that it would not be maroon.

Mr. Mathis asked if it would require a meter and if so where would it be located. Ms. Youngberg assured the board that the City of Belgrade will take care of it. It will come off of city service someplace.

Mr. Sprenger said the airport has some other utility things in that area so they will make sure it is not obtrusive.

MOTION: Ms. Stelmak moved to accept the request by the Belgrade Chamber of Commerce to locate a “Welcome to Belgrade” sign along Frontage Road contingent upon agreement with the Belgrade Chamber to maintain the sign and landscaping. Mr. Kelleher seconded the motion. All board members voted aye and the request was approved.

Ms. Youngberg asked when Gallatin Road would be opening. Mr. Sprenger replied that they are waiting on some signage.

Mr. Scott Bell said he believed the signs were getting moved in the next week.

5. Consider Airport Hotel Feasibility Study

Mr. Sprenger reported that we sent out the proposal from PKF Consulting. We believe it will answer quite a few questions in determining proceeding with a hotel on airport land. Staff recommends approval of the proposal.

Mr. Mathis commented that the proposal is very inclusive.

Mr. Kelleher commented that given the scope of what we see out there, in terms of undeveloped land now opened by the interchange, he believes this is money well spent.

MOTION: Mr. Switzer moved to proceed with Airport Hotel Feasibility Study and Mr. Lehrkind seconded the motion. All board members voted aye and the request was approved. The motion carried unopposed.

6. Continue consideration of Proposals to Manage Pay Parking Lot

Mr. Sprenger reported that they provided the board with the responses to the two clarifications that were requested after the last meeting. Those were defining revenue as well as defining staffing levels. We have analyzed both proposals including the clarifications received. Both companies provide essential value. They are both very professional and well respected in their field. We appreciate both companies presenting proposals. On revenue consideration, looking at the factors that we evaluated, it is tough to determine where our growth rate will be. So we looked at revenue as essentially equal. Both companies provided innovative concepts and both included proposals for disadvantaged business enterprise inclusion. Both companies have extensive airport experience although we have to give a nod to SP Plus since they have been here for 37 plus years. We certainly appreciate that and they have an excellent local manager in Julie Simonson.

However there were two factors that were significantly different and did favor Republic Parking System. Those are the depth of local management and total personnel hours provided. Republic proposed one manager, one assistant manager, and one supervisor versus the one manager position with SP Plus, although SP Plus did include a maintenance position as well.

Additionally Republic proposed 3,100 additional personnel hours annually. Basically they proposed having a second person in the booth from 8am-midnight 365 days a year. That was a significant factor.

So based on those two additional benefits of additional management on the field as well as the additional hours of personnel at the booth, staff recommends awarding Republic Parking an agreement to manage the pay parking lot.

Dave Helurud, Jason Finch and Julie Simonson of SP Plus, as well as Bob Linehart, of Republic were present to answer any questions.

Mr. Mathis thanked Mr. Sprenger and thanked both companies for being present and for providing the proposals. Mr. Mathis asked the board if they had any questions. The board had no questions.

Mr. Finch of SP Plus asked to address the board. He said he doesn't understand how the financial aspect could be weighted equally. Another important amenity of their program is the marketing program where they offered up \$10,000 a year to be used at the airport's discretion. He doesn't see it fair to be weighed equally on the most important and the heaviest factor. Additionally there is a 40% disparity between busiest month and least busy month of the year. To have two people sit in the booth just isn't commiserate with the demands of the airport. He also asked the board to take into consideration that 82% of all the revenue collected doesn't even need to see one of the cashiers. He urged the board to reconsider. He continued by saying they also have a manager and an assistant manager on board. They have an excellent relationship with staff. They have never had complaints and have always been a good partner. He respectfully requested that the board consider them especially due to the fact that he believes their financial offer is better. He believes they deserve another 5 years at the airport.

Mr. Mathis thanked him for his time and asked the board if there were any questions or comments. There were none.

MOTION: Mr. Lehrkind moved to accept the proposal by Republic Parking to manage the pay parking lot for a period of five years and Ms. Stelmak seconded the motion. All board members voted aye and the request was approved. The motion carried unopposed.

Mr. Mathis thanked SP Plus for their great service.

7. Report on preliminary FY 2015 operating and concession statistics

Mr. Sprenger said the board should have received the report. He said he would review it at a high level. For the fiscal year we were up 6.1 percent on total tower operations at 79,732. Corporate landings were essentially even at 2,848 this year versus 2,849 last year. Available seats were up 12.1 percent to just under 600,000 available seats. We filled 83% of those seats, which was down from the previous year of 85 percent. Total enplanements were 499,977. The enplanements per departure continue to go up. We went from 73 to 77 passengers per departing flight. Looking at the concessions, revenue from rentals cars was up 6.9 percent from 2014 to 2015 at \$2.418 million for on airport rentals. Total car rental revenue was \$2.439 million and that was up 6.6 percent for on and off airport rentals. Food and beverage was up 20.4 percent for the year. Gift concessions were up 15.9 percent. Ground transportation is showing down about 2.3 percent but we are missing some reports that typically come in late. Parking lot was up 13.6 percent to \$2.3 million. Total concession revenue was up 10.9 percent to \$5.6 million that is up roughly \$550,000 from the previous year. It was a good year for concessions. Especially considering that passengers were up 9 percent and concessions were up almost 11 percent. That

increased the revenue from \$11.08 up to \$11.25 per enplaned passenger. That is a moderation of the growth over the past couple years.

Customs continues to make inching progress towards self-sufficiency. We were about \$30,000 dollars short this year, which is shared by 3 partners, the Airport, Yellowstone Club and Yellowstone Jetcenter. We will be contributing \$9,971 to offset the shortage in customs this year.

Mr. Kelleher asked Mr. Sprenger where most people flying into BZN are coming from. Mr. Sprenger responded that on a year round basis Denver is our primary inbound. On a 3rd quarter basis it is New York City. Mr. Kelleher commented that the average rental car daily rate of \$56.95 seems low. Mr. Sprenger replied that the rate is the average base rate over the year. When you add in the fees that rate will increase. That is the true average for the base daily rate. In the off-season rates go down quite a bit.

Ms. Stelmak commented that the increase in revenue concession is very significant and impressive. It is impressive that we are providing service the traveling public is using and appreciates.

Mr. Mathis thanked Mr. Sprenger for his report.

8. Report on passenger boardings and flight operations – Scott Humphrey

Total operations for July 2015 versus 2014 we were up 11.1 percent. We saw a 25 percent jump in local general aviation traffic. Rolling twelve-month enplanements are 80,561. Corporate landings are up 23.6 percent 366 versus 296. Enplanements for July were down 1 percent. We knew that was coming with the reduction in seats this summer at 60,899 versus 61,516. We are at 499,360 for twelve-month enplanements. Deplaned

passengers are down a little under 1 percent, 62,850 versus 63,333. Airline landings are down 11.8 percent, 674 versus 764. Our load factors were up significantly at 87.1 percent versus 79.1 percent. Fuel dispensed for June was down 12.8 percent, 607 versus 697. We are sitting at about just under 2 percent better right now for August. It looks like the fall and winter are shaping up well.

9. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported we are looking good for fall. September through December we are looking at about a 4.2 percent increase in seats. It appears Frontier will be going seasonal the first week of January and returning late spring. The impact on us has substantially diminished from where it was several years ago when we had connecting traffic and their fares really affected the fares of Delta and United. That isn't the case now. Frontier is moving into the big city to big city market. You can see a significant change in the market this summer. United and Delta are both doing better. We know the fares are up but we are still near record levels of passengers. That is a good thing for future service but frustrating for those looking for good fares.

We had Liz Delvo here from Senator Daines' office. The Senator will be having an Aviation Roundtable at the airport. We will talk about FAA re-authorization, passenger facility charges, air traffic control and contract towers. It is an opportunity to talk with the senator.

We spoke with the appraiser on the value of the land swap. The value of our land is about \$7,000 per acre. The value of the land without encumbrances for the gravel pit area would be about \$6,000 per acre. With the encumbrances, which vary from the gravel pit to

noise restrictions, those portions will be reduced by about 50 percent. We are trying to determine lines, how that land swap should occur, and try to get it as close to even as we can to bring it back for a proposal.

We don't have much of an update on the environmental assessment. The FAA has had it since July 17th. We have asked them what the status is and they are still reviewing it. This will be their 3rd or 4th review. We have addressed every comment so far. It is a common complaint at airports across the country, and in this region, that you spend more time going back and forth than you do to solve the problem.

We should have some entry signage proposals back next month. We will have a secondary proposal for the entrance.

Mr. Sprenger reported that he had met with Dave McCann and Mitch Robison from Serco. Mr. Robison is our local tower manager. We were discussing the impact of the new runway on staffing, equipment, and any other needs in order to facilitate the introduction of the new runway. We also discussed general staffing levels. It was a productive meeting. They understand our concerns on the need for improvements.

Jetway 2 has required some major maintenance. We have taken it out of service several times. A major maintenance conversion is needed. Basically it requires converting it from DC to AC. It will be about \$40,000 overall. That includes replacing the existing tires with solid tires. Jetway 1 has some issues as well. It is 37 years old. We will gain parts from Jetway 2 that will extend the life of Jetway 1. They get used so occasionally that it is difficult to invest in a \$600,000 dollar new bridge.

For an update on passenger and baggage screening, Kalispell is having some very significant issues staffing under the Screening Partnership Program (SPP). We have not seen those issues here. We have had a couple delayed flights in the morning. Compared to previous years that is a lot less. Overall they have performed well here. It is a challenge at TSA airports as well. We are a little worried that some of the Kalispell issues could leak over here and so we would like to be ahead of it. We have a good staff here. The management here is doing a good job. We know they are doing a lot more with less.

Mr. Switzer commented that this is one of the few areas where staff is smiling at you when they're checking your ID. They are trying hard and you can see that. It is rare to see in other areas. Whatever we can do to promote that is good.

We haven't received the June financials. Mr. Sprenger has been working with Mr. Watling to merge the fiscal year final financials so that it matches and works with what will be going into the audit. We should be receiving the financials in the next week or so. There will be some improvements in the coming months with the new format.

Our first charging station is upstairs. We will have a tour of the new Copper Horse facility and then we will get an opportunity to see the charging station. It is unique to our terminal.

The Copper Horse On the Fly is essentially completed. They are working to get it staffed in a tough labor market. It should be about a week away from opening. They are training staff at this point. It is a substantially different operation than the other restaurant.

Mr. Kelleher asked Mr. Sprenger to clarify when Frontier was changing to a seasonal schedule. Mr. Sprenger replied that January 4th is the end of their seasonal service and they

will resume in later this spring. Many have asked why they would make that change in service during ski season. The response is that they are essentially only flying passengers from Denver to Bozeman. Both areas don't need to travel to ski.

Mr. Kelleher asked Mr. Sprenger if he thought it would be a good idea for the board to attend the meeting with Senator Daines. Mr. Sprenger responded that the meeting is a great opportunity. They plan to focus on aviation issues. The intention is to have a number of airport directors and other aviation representatives. It is open to the public. Anyone who would like to attend is welcome.

10. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Mr. Sprenger reported that the east ramp construction has started. The terminal ramp expansion starts late next week. Both contractors feel optimistic they will be able complete their work before the snow flies.

MOTION: Mr. Lehrkind moved to pay the bills and Mr. Kelleher seconded the motion.

All board members voted aye and the motion carried unopposed.

11. Adjourn

The meeting was adjourned at 2:59 p.m.

Ted Mathis, Chair