

The regular monthly meeting of the Gallatin Airport Authority was held April 10, 2014 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Kevin Kelleher, Carl Lehrkind, Kendall Switzer and Karen Stelmak. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Cherie Ferguson, Office Manager.

Kevin Kelleher, Board Chair, welcomed everyone to the regular Gallatin Airport Authority meeting and said anyone wishing to make public comments during the course of the meeting could do so by raising their hand, being identified, going to the podium and introducing themselves before sharing their comments.

1. Review and approve minutes of regular meeting held March 13, 2014

Mr. Kelleher ascertained that everyone received their copy of the minutes and didn't have any corrections.

MOTION: Carl Lehrkind moved to approve the March 13, 2014 board minutes. Kendall Switzer seconded the motion and it was a unanimous decision to approve the minutes.

2. Public comment period

Mr. Kelleher said anyone was welcome to comment during a particular agenda item. There were no public comments at this time.

3. Consider request by Mr. Scot Stambaugh to construct a 90' x 60' non-commercial hangar

Brian Sprenger, Airport Director, said Mr. Stambaugh submitted a request to build a 60' x 90' hangar next to Ben Nistler's hangar. It would be the same size as Mr. Nistler's hangar with a 75' setback from the taxiway, which is the same setback as Mr. Nistler's hangar. Mr. Sprenger said there was a miscommunication during the process regarding the

location of the front-line of the hangar and Mr. Stambaugh would like to have a hangar with a 35' setback.

Mr. Stambaugh addressed the board and said he would like to build a duplex hangar and sell half of it. He would prefer a 35' setback like some of the other hangars on that taxiway have (not all of them have that), because paving costs are significantly more with the 75' setback. He has a small experimental aircraft that would not cause a problem in the choke point. He also said he doesn't believe that snow removal, water drainage and aesthetics warrant the extra setback distance. Mr. Stambaugh would like the Authority to pay the extra paving costs if the board doesn't approve the shorter setback.

The board and Mr. Sprenger discussed the possibility of congestion in that area, snow removal, and the fact that Mr. Nistler's hangar was the last one that was approved and that he had paid for paving the longer setback. Mr. Sprenger said it would be preferable if all the hangars in that area had a longer setback. Mr. Stambaugh said he doesn't have a problem with the 75' in terms of the aesthetics and he can see how it would accommodate the large hangars and aircraft that are across the way and he sees the need for it but he doesn't think he should be the one paying for it. He would be happy if Arlin's wanted to pay for the extra 30' of taxiway to ease his load and push Mr. Stambaugh's hangar back 75'. He said he understands that a larger hangar could be built at that location and he is paying for more land in back of his hangar than most other hangar owners do. He would be willing to pay the extra land rent because he likes the location. He just doesn't want to pay the estimated \$6,000 additional for the extra asphalt.

Ted Mathis asked if Mr. Stambaugh had anyone in mind who would buy the other part of the hangar and Mr. Stambaugh said he would put it on the market. Mr. Mathis asked if there was another location for the hangar that wouldn't need such a long setback and Mr.

Sprenger said Mr. Stambaugh could build on the east ramp and have a shorter setback but he wants a north-facing hangar.

Mr. Stambaugh, the board and Mr. Sprenger discussed the size of aircraft that could be accommodated and snow removal issues and again asked Mr. Stambaugh if he would be interested in the east ramp location. Mr. Stambaugh said the social aspect is important to him and that is another reason he prefers the location next to Mr. Nistler's hangar.

MOTION: Ted Mathis moved to recommend approval of request by Mr. Scot Stambaugh to construct a 90' x 60' non-commercial hangar in the location proposed by staff adjacent to hangar 167 with a ramp depth of 75'. Karen Stelmak seconded the motion. All board members voted aye and the request was approved.

4. Consider artwork donation by Mr. Jere Folgert

Mr. Sprenger said it was the map of satellite images of Montana that the board saw last month. He said staff doesn't have a recommended location yet, but if the board approves the artwork donation, the board could approve a location at a future board meeting.

MOTION: Mr. Lehrkind moved to accept the artwork donation by Mr. Jere Folgert with final place that it will be set per staff's recommendation and Mr. Mathis seconded the motion. All board members voted aye and the request was approved.

5. Consider request by Bozeman and Belgrade Chambers of Commerce and Yellowstone Country to staff the airport information counter

Mr. Sprenger said he was approached by the Bozeman and Belgrade Chambers of Commerce and Yellowstone Country to staff the information counter this summer. The partners would provide information for visitors arriving at our airport. The information provided would not be exclusive to their location, but would be an information resource for the entire region. Staff thinks it is a win-win for the airport and the community to better serve

the flying public. It would be staffed by an employee of the Bozeman Chamber of Commerce. Mr. Sprenger said Daryl Schliem with the Bozeman Chamber, Debra Youngberg with the Belgrade Chamber, and Robin Hoover with Yellowstone Country were at the meeting.

Mr. Schliem thanked the board on behalf of the three organizations for the opportunity to address them. He said the Airport Authority and their organizations have taken more of a regional approach, including working with Big Sky and Yellowstone Country and have seen some successes with new flights. He said the Bozeman Chamber used to have a visitor center on North 7th Avenue, but the number of visitors dropped from about 2,000 a year down to near 500 last year. Part of their funding and partnership with Yellowstone Country is from bed taxes and it was hard for them to justify spending \$8,000 of that to service 500 people from Memorial Day through Labor Day.

They started looking into having a visitor information center in the baggage claim area at the airport. Staff could provide pertinent information and answer questions face to face, so the Bozeman Chamber partnered with Yellowstone Country and the Belgrade Chamber. They had an \$8,000 grant approved at the Bozeman Chamber. Mr. Schliem went to the Tourism Business Improvement District and they matched the \$8,000 so now they have \$16,000 to staff the information center. Initially, they will look at operating from Memorial Day until September from 10:30 a.m. through 3:30 p.m. and they will work with Mr. Sprenger to find out when the flights are coming in. If they get more funding, they also hope to staff from 9:00 p.m. through midnight, in addition to the earlier times, to have part time staffing during heavy traffic periods. Mr. Schliem thinks it is great exposure and furthers their plan to work with the airport. They have two great organizations with the

Belgrade Chamber and Yellowstone Country to further the mission of the airport and tourism for our guests when they arrive.

Mr. Lehrkind said it was a great idea and asked Mr. Sprenger if there were any issues with traffic, and if there was a desk or a podium. Mr. Sprenger said there aren't any problems with traffic because staff had somewhat preplanned for something like this at the brochure area between baggage claim 1 and 2. There is a storage area, a desk area, phone lines and internet access. Everything is there so it could be staffed. He said it would be a good opportunity.

The board members had a few more questions for Mr. Sprenger and Mr. Schliem. Mr. Schliem said they don't have everything decided because they don't know if the board would be willing to approve their request. If the board approves it, the partners will come back to the board with more plans. The board members all thought it was a great idea.

MOTION: Ms. Stelmak moved to approve request by the Bozeman and Belgrade Chambers of Commerce and Yellowstone Club to staff the airport information counter. Mr. Switzer seconded the motion and all board members voted aye.

The board members thanked Mr. Schliem and said they thought it was a great idea. He thanked the board members and asked them to give him feedback so they can make it what the board expects. They want to make sure they get off on the right foot. Mr. Kelleher suggested that the employee attend a board meeting and give the board feedback too.

6. Consider On-Airport Rental Car Concession Agreement extension

Mr. Sprenger said he and staff had met with the rental car companies' representatives and all the rental car companies that want to be on airport at this time are on the airport so the need to rebid has been lessened. He talked to representatives from the off-airport companies

and they are not interested in meeting the requirements of the on-airport agreement at this time.

During the meeting with the on airport rental car representatives, staff discussed increasing space rental rates to match the airline space rate, the land rent rate to match the car condo land rent rate, and extending the term for an additional three years. The bulk of the rental car revenue is from the 10% concession fee. Our square footage rates would be in line with the smaller airports in Montana. Mike Lucero, with Hertz Rent A Car, was present, but didn't have any comments. The board didn't have any questions for him. Mr. Mathis said it has been evident in recent years that the rental car companies have done a great job here and have been able to bring in a fleet as necessary to meet the needs of the traveling public.

MOTION: Mr. Mathis moved to approve extension of the On-Airport Rental Car Concession Agreements and Mr. Lehrkind seconded the motion. Ms. Stelmak said the rental car companies here are second to none and do an exceptional job at the Bozeman airport. Mr. Kelleher said he hears complaints about air fares constantly but he never hears complaints about the rental cars. Some people think they have terrific rates. He thanked Mr. Lucero and all the concessionaires and said he thinks they do a great job. All board members voted aye.

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

Mr. Humphrey reported that March tower operations were down 3.7%. Local general aviation (GA) was up 3.1%. Rolling twelve-month aircraft operations were 74,939. Corporate landings were up 6.3%; 335 for March 2014 versus 315 for March 2013. Enplaned passengers were up 9.8%, 43,587 versus 39,708. Rolling twelve-month enplanements were 450,142. Year-to-date enplanements for 2014 were up 7.1% from enplanements for the same time frame in 2013. Deplanements of 41,026 were up 9.5% from

last March. Airline landings were up 0.4%. Fuel dispensed was up 10.6% for February. Mr. Humphrey said he expects April enplanements to be flat with 2,000 fewer seats in the market. He believes the load factor for April will be up.

Mr. Humphrey said he has a new point of contact with American Airlines, but that is all that is news for American.

Mr. Switzer asked how approach control is working and Mr. Humphrey said he has had positive feedback from general aviation and queuing flights in and out, especially on Instrument Flight Rule (IFR) days.

8. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that we continue to see schedule changes for the summer; Delta Air Lines replaced three 50-76 seat Regional Jet (RJ) flights with a 126 seat A319 and a 150 seat A320, which gives us another 70 seats in the market. Frontier Airlines up-gauged three flights per week to 168 seat A320s; United Airlines added a 6th daily Denver flight in July and August and two additional weekend Los Angeles flights and an additional Sunday San Francisco flight. Mainline flights are projected to be up 41% over the year. There are ten daily flights projected for the summer; one to Atlanta, one to Chicago, three to Denver, three to Minneapolis/St. Paul and two to Salt Lake City. In addition, the airlines are projecting two flights a week to Las Vegas, three flights per week during peak weeks to Phoenix/Mesa, three flights per week to Newark/New York, one per week for LaGuardia and one additional flight on Saturdays to Minneapolis/St. Paul. That is overall 80 mainline flights per week. Mr. Sprenger said if that schedule is correct, there will be 785 available seats during the peak period from 6:00 a.m. to 6:30 a.m. Staff and the airlines are strongly requesting that the TSA get a fourth x-ray so they can handle the busy peak period. Mr. Sprenger said we will be at 75% of terminal capacity during that time frame. We will be

using six of our eight gates during that half hour to an hour time frame and there will be departures from the other two gates within the next hour to hour and a half.

Mr. Kelleher asked how the TSA has performed during the peak times and Mr. Sprenger said it is based on when people arrive at the airport. Some days there are no lines and other days there will be fairly long lines. If people show up early, it is almost a non event. He said staff will be working with the rental car companies and airlines to notify their customers they need give themselves plenty of time to get through security if they will be departing in the early morning peak hours. He said we will be working every angle to let people know and we may want to use some of our advertising dollars to let local people know.

Mr. Kelleher suggested putting it on our website and Mr. Lehrkind suggested ads showing TSA lines on the TV monitors in the bag claim section where people are waiting to pick up their baggage and telling people to not get caught. Ms. Stelmak suggested that the Chamber of Commerce information staff tell people. She thinks the TSA pre-check has been very helpful and the 4th x-ray machine is critical. She also hopes the Chamber will staff the information counter for the late night flights to inform people. The airlines need to plan their schedules accordingly to help eliminate congestion during peak periods. Mr. Kelleher said the construction will be a major hurdle. Mr. Sprenger said we need to use every avenue possible to notify people. This is no longer a small airport.

Based on our current information from the airlines that there would be 563,870 total available seats in the market during 2014, and using the load factors of 87.5% and 83.7 % from 2013 and 2012, Mr. Sprenger projected between 470,000 and 495,000 total enplanements for 2014. There were 442,000 last year. He said currently we are showing about 60,000 more seats in the market in 2014 than we had in 2013. He believes 50,000

additional seats for the year would be pretty accurate through September but it is pretty early to make projections for the fall. He said we have been found!

Mr. Sprenger reported that we are continuing to work with the FAA regarding the bypass road extension because it will pass through airport property and connect with Dry Creek Road. The FAA hasn't determined what portion of the funding can come from the Airport Authority and what portion needs to come from the City of Belgrade or Gallatin County. Staff and engineering have made some changes and submitted them to the FAA. Hopefully they will approve the funding plan.

Mr. Sprenger reported that Wi-Fi use in the terminal is up and we are doing some reconfiguring and upgrading in the high use areas to improve service. The board and Mr. Sprenger discussed the probability of needing to increase the bandwidth in the terminal at some point. A lot of people use the Wi-Fi and it gets overwhelmed quite rapidly during the peak period.

Mr. Sprenger believes we should be able to use the infrastructure the gates/closed circuit TV system uses for Wi-Fi on the GA side. We would just provide access in a couple of locations, including the pilot shelter. There may be some limitations inside metal hangars. We should be able to provide Wi-Fi without too much cost.

Mr. Sprenger also reported that National Air Service Conference he attended was good and provided a lot of timely information. The airlines are retiring the 50-seat RJs and are going to larger aircraft. This will have a dramatic effect on airports that cannot justify the cost to up-gauge to accommodate the larger RJs and mainline aircraft. Mr. Sprenger said there was a lot of discussion regarding airline customer service, especially at smaller airports. The airlines are aware there are issues and are trying to improve service. Mr. Sprenger said there was a general consensus that it all depends on the local station managers. Mr. Sprenger

said he also attended a workshop on ground handling and doesn't believe we would want to take on ground handling unless we had to.

Mr. Sprenger reported that he has been asked to testify at a House Aviation Subcommittee hearing regarding air service. We are one of the few airports that had good news. Congressman Daines encouraged Mr. Sprenger to testify. Mr. Sprenger asked the board members for their thoughts.

Mr. Kelleher said he thinks anytime we can share our successes to a Congressional subcommittee we should. A lot of smaller airports are struggling. We have Yellowstone National Park and Montana State University. Mr. Kelleher is seeing a lot of shift in demographics as baby boomers are moving to different communities in the coming years. We are one of those. If we can help some other airports or help Congress understand how vital civil and general aviation are, we should do so. Mr. Lehrkind said Mr. Sprenger is well spoken and knows he will come across well. We have great staff and it is nice to have the assets that help us be successful like Yellowstone Park and Big Sky next door. Ms. Stelmak said she thinks we should advantage of any opportunity we have to highlight our airport, our community and our area. It is a compliment to Mr. Sprenger and an honor for our airport.

Mr. Mathis said a possible benefit may be as we request more services from the FAA or Customs, since we have our name out there and have testified before Congress, we won't be seen as just a little fish anymore. It may be a good thing. Mr. Switzer said that the airport is being a good team player with our community and that is huge. We also rely on a lot of federal services and they are not as responsive as they need to be. Small and medium rural airports need Congress to be extremely responsive to support them so they can support their communities.

Mr. Sprenger said he would appreciate any bullet points the board would like him to address. He needs to submit written testimony that will go into the official record, but he doesn't need to discuss that if he doesn't want to. He said he would be representing the board and the airport, and this is not a feather in his cap. He said the airport has been successful because of good management, good oversight and a whole lot of good luck. Mr. Mathis suggested Mr. Sprenger could get some coaching from American Association of Airport Executives (AAAE) and he said he already has.

Mr. Kelleher said when he was in Phoenix for the AAAE conference, he was asked how the airport does so well and others said they had been reading about us. Mr. Kelleher said we have managed our money well, had stellar audits and haven't had any corruption problems. He said those are some things Mr. Sprenger could consider saying.

Mr. Sprenger said his testimony would be limited to five minutes and he would need to choose what to say very wisely and be very concise.

Mr. Kelleher asked about the employee break room and Mr. Sprenger said the employees who started it asked that the lease be discontinued.

Mr. Kelleher asked how Customs is doing and Mr. Sprenger said March was not good and it looks like April will be worse. Mr. Mathis asked Mr. Sprenger to include information on how many aircraft are going through Customs at other Montana airports and who is paying for the Customs' service.

9. Consider bills and approve for payment

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

MOTION: Mr. Lehrkind moved to pay the bills and Mr. Switzer seconded the motion. All board members voted aye and the motion carried unopposed.