

The regular monthly meeting of the Gallatin Airport Authority was held April 13, 2017 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Carl Lehrkind, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Ted Mathis, Board Chairman, 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. There is a sign in sheet if anyone would like to talk during the public comment period.

1. Open bids for Taxiway Rehabilitation Project phase II

Mr. Mathis asked if there were any additional bids. One additional bid was submitted from Nelcon, Inc. The question was raised if it could be accepted since it was not sealed in an envelope. Mr. Bell said there is some ability to accept minor irregularities. Mr. Mathis said they would take that under advisement.

The first bid was from Nelcon, Inc. of Kalispell, Montana. Their Montana Contractor Registration number is 6292. The addendum was acknowledged and the bid bond of 10% was attached. Samuel Weyers, Vice President, signed the bid proposal. Nelcon, Inc. bid \$1,867,093.32 for Schedule I and \$533,753.00 for Schedule II for a grand total of \$2,400,846.32.

The second bid was from Knife River of Belgrade, Montana. Their Montana Contractor Registration number is 10089. The addendum was acknowledged and the bid bond of 10% was attached. Leo Zimecki, Vice President and General Manager, signed the bid proposal. Knife

River of Belgrade bid \$1,648,743.00 for Schedule I and \$442,064.45 for Schedule II for a grand total of \$2,090,807.45.

The third bid was from Riverside Contracting of Missoula, Montana. Their Montana Contractor Registration number is 7850. The addendum was acknowledged and the bid bond of 10% was attached. Dwayne Rehbein, President, signed the bid proposal. Riverside Contracting bid \$2,315,487.40 for Schedule I and \$646,164.25 for Schedule II for a grand total of \$2,961,651.65.

MOTION: Ms. Stelmak moved to take the bids under advisement and award a contract to the lowest qualified bidder. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

Mr. Mathis thanked everyone for their bids and their time spent preparing them.

2. Review and approve minutes of the regular meeting held March 9, 2017.

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. There were none.

MOTION: Mr. Kelleher moved approval of the minutes of the regular meeting held March 9, 2017. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

3. Public Comment Period

Mr. Mathis asked if there were any public comments. Rob Buckles was signed up to speak.

Mr. Buckles presented himself as the owner of hangar #8 for the last 25 years and representing a newly formed hangar owner and tenant association. The purpose of the association is to allow hangar owners to communicate with each other and be more organized.

Mr. Buckles said he knows we have a tough job running the airport and is aware that General Aviation (GA) is only part of it.

Mr. Buckles said he was present to address the letter hangar owners received regarding proposed maintenance. The letter has raised questions and concerns. The association feels that a 2-week deadline is not enough time. They would like to request a 2-month extension for more time to analyze their options.

Mr. Buckles said he wanted to let us know their association exists and request that extension. Mr. Buckles mentioned that because the federal funding is not available yet the hangar owners feel that the time is available for an extension.

Mr. Kelleher asked Mr. Buckles how he contacted the hangar owners and if he contacted all of them. Mr. Buckles' response was that since they are newly formed they have not been able to contact all the hangar owners and Mr. Kelleher is on his list to contact. They have contacted about 25 hangar owners at this point. Mr. Buckles is working to get more involved and it will be fairly informal.

Mr. Buckles added that the biggest question is who determines the condition of their ramp and exactly how much maintenance needs to be done to each area.

Mr. Bell, Airport Engineer, said we cannot get grants yet and are relying on discretionary funding for this year's project. Mr. Bell estimates that it will be at least 2 months before we review the bids and get contracts in order. Mr. Bell did not see a problem with a 2-month

extension. Mr. Bell said the reason behind the deadline is to give hangar owners the opportunity to utilize the negotiated pricing. Mr. Bell said the product will be much better than the last time. Prices have been included for removing, replacing and compacting areas that need it. Pricing was also included for areas with a concrete apron and broken panels that are broken or shattered.

Mr. Bell said he and Mr. Sprenger did the assessment. In many cases they wrote on the letter to meet and give free advice. Mr. Buckles asked who made the determination and how. Mr. Bell said they did not sample the asphalt; it was a visual evaluation done by himself, Brian Sprenger and Mark Maierle. Mr. Bell said his understanding is that it is truly up to the hangar owners at this point what they have done.

Mr. Buckles mentioned he talked to some hangar owners who hadn't received the letter yet. Mr. Buckles asked what it takes to get on the agenda. Mr. Sprenger said they would need to submit a letter with the requested agenda item. Mr. Sprenger recommended that Mr. Buckles come in and talk with him so they can solve some of these issues ahead of time. Mr. Sprenger said we have a short window of time as well. They were unable to do a full evaluation of all the areas. The letter was sent out because we don't want to miss an opportunity to help.

Ms. Stelmak said she was happy we are able to extend the time. Ms. Stelmak also said when we discussed the maintenance we thought we were doing a good thing for General Aviation (GA). We are basically offering a big volume discount that we think is a positive thing for GA. Mr. Buckles said that it can be a good thing but they would like some time to see what else is out there.

Mr. Mathis asked for additional comments on the topic. There were none. Mr. Mathis thanked Mr. Buckles for coming.

Mr. Bell said the project will not get to the hangar areas until the latter part. Mr. Bell said 2 months should be enough time. June 15, 2017 was set as the deadline for hangar owners.

There were no other public comments.

4. Consider request by Alan Binette, MD to construct a 70' x 60' non-commercial hangar

Mr. Sprenger reported that Mr. Binette is from Montana. Mr. Binette currently has a practice in Oregon and is shifting back to Montana over time. He flies back and forth between the two areas quite often and would like to build a hangar here. He owns a Cessna Citation Mustang. Mr. Binette would be working in conjunction with Mr. Roberts to utilize the same contractor. Staff recommends approval of the request. The location is off of taxiway Echo-Victor.

MOTION: Mr. Kelleher moved to approve the request by Alan Binette, MD to construct a 70' x 60' non-commercial hangar. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

5. Review airport signage standards

Mr. Mathis said he requested this agenda item. Mr. Mathis was informed that some additional way finding signage was going to be put up around the terminal that included corporate names which he felt was inappropriate. Some airports are using the term Ride Share instead of corporate names like Uber and Lyft. Mr. Mathis said there is no action the board has to take in that regard.

There were several other signage concerns that Mr. Mathis discussed with Mr. Sprenger not just in the terminal but in the GA areas as well. Some signage has been put up that is not in compliance with our standards.

Staff is working to resolve the signage concerns. There is no board action required at this time. Mr. Lehrkind said the compromise is spot on. Ms. Stelmak said in her travels she most commonly sees Ride Share and recommends using that term.

6. Review Multi-use Parking Garage Schematic Design Package

Mr. Sprenger said the engineers and architect were present to answer any questions. The parking garage design has essentially stayed the same since it was last discussed. They have been working on the connection to the garage from the terminal, the aesthetics, refining the road system, and relocating the fire station. These are not all projects we would have to complete. We could save about a half million dollars by not doing some of the road changes. The overall cost has increased to \$29 million. Part of the increase is due to having the ramps covered to prevent ice and snow building up in those areas. Another part of the increase is material costs for the aesthetics and more definition for the connections to the building.

To create the connections to the building we are looking into relocating the men's restroom. At peak times we have arrivals and departures which could bottleneck if that area is not expanded. Mr. Mathis asked the cost of the relocation of the restroom. Mr. Sprenger said the cost is about \$50,000.

Something else that increased the price was to have a vestibule to mitigate the cold air coming in. That increases the overall size and therefore cost of the project. That brings in the

potential to have offices for the rental car companies. That would be more determined by the rental car companies.

We started out with 4 elevators. We have reviewed various scenarios and lowered it to 3 elevators. That is one elevator per floor above grade. That could be tight if one elevator is down. We cannot accurately predict who would use the stair system. The stair system would be improved space so it would be appealing. We didn't account for the stairs in our elevator evaluations. By reducing it to 3 elevators that would reduce square footage and that has brought down the price a little.

The second floor would have a balcony that would look down into the central lobby. By opening up the lobby it allows us to consider a connection from the second floor lobby to the former restaurant area. It would be similar to the overhang we have from the old elevator to the restaurant area. We don't have a need for that now but it allows for that possibility in the future.

A total cost of \$29 million adds about 1 year to the payback to create a full 15 years on the CFC payback. We are still in the 15 year time frame based on growth patterns that we projected. From a financing standpoint we can accommodate that. It can potentially impact the start of other projects by 6 months.

This project consists of a lot of concrete. A \$2 swing in the concrete price could result in a \$2 million increase. We currently have a good figure for concrete. The bids could be higher or lower. We think being in close proximity to concrete producers could be a benefit. We feel comfortable that at this point this is an accurate estimate. The price of concrete is one of the things that will ultimately make the final decision.

Mr. Lehrkind asked about an escalator option. Mr. Sprenger responded that the escalator was taken out of consideration early due to the number of passengers who carry baggage. To have an escalator would create many challenges in a destination airport. In a business airport an escalator makes more sense. Due to the liability of an escalator, and it not being cost effective, it was taken out of the project.

Mr. Mathis added that we do have the funds on hand at this time to pay for this project. It will be funded and reimbursed by a customer facility charge (CFC) that will be added to the daily rental car prices. The airport will be reimbursed by those charges.

Ric Heldt with A&E Architects gave a presentation on the design of the parking garage. Mr. Heldt said they are continuing to value engineer the project. Mr. Heldt presented a 3-D image of the parking garage. The current image doesn't yet have the 4th floor roof but is a part of the project. They are making an effort to bring in the wood and lodge effect from the terminal.

One of the materials is a synthetic panel and is at least a 40 year product to bring in the character of the existing terminal. There is also perforated paneling. The challenge will be to balance and maximize the use of materials. There is a potential canopy that may be included but will be determined by the road and sidewalk systems.

Mr. Mathis asked what the back side of the structure would look like. Mr. Heldt said they haven't really modeled that yet. There will be chain link fencing for security on the other sides. There will also be a 42" concrete retaining wall on each level.

The design aspects have been based on a flight effect. They are also trying to incorporate sloping to accomplish a visual tie back to the terminal design.

Ms. Stelmak said that the 4th floor roof cover is essential and she feels strongly about that. She is concerned about the very modern look of the parking garage design. We have a very rustic terminal and it should tie in with that. Ms. Stelmak also voiced concerns about the amount of glass on the connector area and the cost to maintain it. Mr. Heldt said taking away one of the elevators as they have discussed would reduce the size and amount of glass in that area. The glass is a way finding element with natural lighting to avoid the tunnel effect. Mr. Heldt said they will keep looking for materials and refining the design to bring in that lodge effect from the terminal. Ms. Stelmak said she would like to see the vehicular access design.

Mark Maierle came to the map and showed the traffic flow. There will be a one-way ramp up and down inside the structure. Traffic exits the garage and heads back out to the roundabout. Pedestrian traffic areas are still being determined.

Mr. Lehrkind said he likes the glass and asked what would be the other option. Mr. Heldt said if you want a transparent material there aren't a lot of options. Mr. Heldt mentioned an EIFS product that he is not a proponent of because of maintenance. There would be more of the other panel material in other colors. Stone has a high cost. Another option is phenolic or cement board but that is hard to make look good. Mr. Lehrkind asked if there is any concern if we do use glass of a glare in any direction. Mr. Sprenger said from an air traffic standpoint he doesn't see any concerns.

Mr. Sprenger said we can reduce the glass but it will be hard to get rid of it. We also want to weigh the amount of time passengers would spend in those areas. Mr. Sprenger confirmed the glass is currently designed as floor to ceiling. Mr. Heldt said panels could be

added to reduce the amount of glass. We could also mount rails on the outside to make cleaning easier.

Mr. Heldt said the experience part of it for travelers is important. We would like to keep this nice approach into the building.

Mr. Kelleher asked if they have a rendition with the 4th floor covered. Mr. Heldt showed a still photo with the 4th floor roof. Mr. Sprenger confirmed that for tower operation a roofed 4th floor is as high as we can go. Mr. Kelleher would like to see the whole 4th floor covered even if it requires taking something else out of the project. Mr. Heldt said as they refine the cost and go through more value engineering they can keep the roof as an alternate for bidding.

Mr. Mathis said the south and west facing walls will have to be covered somehow because of the way the snow blows in from the south. Mr. Mathis said one real easy decision is just to carry out the road to one area. Mr. Mathis said in his opinion it is hard to justify the cost of an additional road. Ms. Stelmak agreed. The other road will be a minor access point. Mr. Sprenger said it can always be added at a later date.

Mr. Sprenger discussed security and the garage's proximity to the aircraft. One advantage is it is a rental car area that is adjacent to the aircraft area. The proximity is ok for security. There should not be any additional costs from a TSA standpoint.

Mr. Sprenger said the 4th floor roof is about \$3 million. Right now that includes \$500,000 for the roof above the ramp system. That is a harder cost because our biggest cost is in concrete.

Tim Linn asked a question about the quality of the glass to be used. Mr. Heldt said they have not specified that glass yet but it will be a thicker glass because of the size of the pane. It

may be a triple pane because that costs less than a higher grade frame. We can't prevent anyone from driving through it. It will exceed the model energy code. Tim said we do get some hail and that is one of his concerns. Mr. Heldt said he wouldn't see the hail being a problem. It would at least be 3/8 inch and have a curtain wall system.

7. Consider Design Development and Construction Documents Task Order with Morrison-Maierle for Multi-Use Parking Garage

Mr. Sprenger said we have spent \$330,000 for the preliminary design. The cost for the final design will be \$1,006,000. That would allow us to bid the project. In July we would bid the utility package and the road relocation. That portion would then start the middle of August.

The utility package and road relocation is going to be ahead of the ultimate decision to build the garage. The cost of the utility package and road relocation is about \$2 million. It would be about \$1.5 million if we didn't build the road as discussed. That would put us into the middle of October for completion. We would at the same time continue the design of the parking garage. The parking garage would be on the September board meeting and then if approved we would accept bids at the October meeting. Hopefully we will have additional information before then.

At this point we are asking for approval to move forward and amend the original task order to include the additional \$1 million for the final design.

Ms. Stelmak said she thinks it is prudent to do.

MOTION: Mr. Lehrkind moved to approve the Design Development and Construction Documents Task Order with Morrison-Maierle for the Multi-Use Parking Garage. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

8. Review of Proposed Rental Car Concession RFP

Mr. Sprenger reported that this is similar to our last Request for Proposals (RFP). It is a 5 year contract with the ability to extend it 2 additional years at the Airport Authority's determination. It details all of the things we have done before including a 10% concession fee. We have raised the rental rates. The rental rate for finished space has increased from \$22.27 per square foot to \$24.00 per square foot. The land rental rate has increased from \$.30 per square foot to \$.35 per square foot. This also establishes the rates for other tenants in the terminal such as TSA and the airlines. This also establishes the next increase for the car condo land rent.

Ms. Stelmak asked about the minimum annual guarantee. Mr. Sprenger said we are currently at \$180,000 and it is increasing to \$200,000.

MOTION: Mr. Kelleher moved to approve the proposed RFP. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

9. Consider increasing Customer Facility Charge on Rental Car Transaction Days (Capital) from \$2.00 to \$3.50 effective June 1, 2017

Mr. Sprenger said this is the capital portion of our Customer Facility Charge (CFC) which will pay for the parking garage including the design. This CFC would be effective June 1 of this year for all car rental days. Based on the car rental days of the last calendar year, the CFC would generate about \$1.6 million annually. We have discussed this with the rental car companies and don't see any issues. Staff recommends this increase.

MOTION: Mr. Lehrkind moved to approve the increase of the Customer Facility Charge on Rental Car Transaction Days from \$2.00 to \$3.50 effective June 1, 2017. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

10. Consider increasing Customer Facility Charge on Rental Car Transaction Days (Operation/Maintenance) from \$.75 to \$1.50 effective June 1, 2019

Mr. Sprenger said this is the operational maintenance cost for the parking garage once it is completed. We currently collect \$.75 for the operational maintenance that is ongoing for our car wash facility. The additional \$.75 would be for the parking garage facility. This is set up to start June 1, 2019 because that is the estimated completion date. We want to establish this now so that the rental car companies know it is set up for that date and we will not be discussing it 2 years from now. We have talked to our consultants. It would be sufficient for the operational maintenance of the parking garage. The advantage of having it based on rental car days is that there is an expectation that rental car days will increase.

Mr. Lehrkind asked if we can start the charge earlier than June 1, 2019. Mr. Sprenger said we could. We estimated that our true costs will be accrued as the garage ages. We felt comfortable with the June 1, 2019 date but that could be changed.

Mr. Kelleher asked who the consultants are. Mr. Sprenger said the company name is Walker.

Mr. Sprenger said the biggest cost will be the ongoing maintenance over time. Ms. Stelmak liked the idea of changing it to January 1, 2019 because of additional costs prior to opening. There were no objections.

MOTION: Ms. Stelmak moved to approve increasing the Customer Facility Charge on Rental Car Transaction Days from \$.75 to \$1.50 effective January 1, 2019. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

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

Total operations for March 2017 versus 2016 were up 2.9%. That puts our rolling twelve-month operations at 76,827. Corporate landings were up 4.6% at 451 versus 431. Revenue enplanements were up 9.6% at 51,469 versus 46,971. That puts us up 6.3% calendar year to date. Rolling twelve-month enplanements were 562,309. Total deplaned passengers were up 7.9% at 48,672 versus 45,118. Airline landings are up 2.1% at 587 versus 575. Load factor is up 1.1% at 86.4% this year versus 85.13% with 7.5% more seats in the market. Load factor is even for year to date due to increases in seats. Fuel dispensed for February was down 21.6%. February was a short month compared to last so that explains part of it.

At this point we are flat in bookings with more seats in the market. Mr. Humphrey estimates we will end this April 5-6% above April last year.

12. Airport Director's Report – Brian Sprenger

Mr. Sprenger asked for guidance. We currently have 6 or 7 hangars with commercial operations. That has accumulated over the past 50 years. In just the last year and a half we are adding 5 to 6 commercial hangars. When they ask for approval they are still determining the design for their building. In the past staff has approved minor modifications that haven't been brought back to the board. That may not be the right way to do it anymore.

The Yellowstone Club's hangars evolved to include office area. Bridger Aerospace shifted. The approved colors are earth tone but that is subject to interpretation. Those

determinations have become a much larger process. A two-step process may make more sense. The first step may be a preliminary site approval. The second step could be having the board review the final design. It does add some bureaucracy. Staff hopes it will not be too much of a burden.

Mr. Mathis offered some background information. Mr. Mathis saw the colors on an office complex at the airport and was extremely disappointed. The standard is an earth tone pre-finished aluminum or steel. Mr. Mathis had voiced that concern to Mr. Sprenger. Another hangar had an exterior design that staff approved that looked like galvanized tin that Mr. Mathis was disappointed with.

Ms. Stelmak said she would be pleased to have the board take a second look. Ms. Stelmak said this does not reflect negatively on any of the staff's decisions.

Mr. Sprenger said this new process would create five more sets of eyes to review things like floor plans and colors. So if one person misses something, maybe one of the others would find it. Designs would not be brought to the board until they were final.

Mr. Kelleher said it could be an architectural committee with pre-assigned colors.

Mr. Lehrkind agreed and added that we don't want to see every little thing and asked Mr. Sprenger to continue to use his good judgment.

Ms. Stelmak would not like a separate committee but the full board.

Mr. Mathis said it is not a lot of projects to be approved.

Mr. Sprenger said the first step would allow these commercial operations to secure their position which is their primary concern. We may have commercial opportunities on the other

side of Airway Blvd. and then this process will be even more important. Mr. Sprenger said they would start the new process immediately.

We had our annual TSA security audit and there were no findings.

We have submitted the final interchange closeout to Montana Department of Transportation (MDT). That should close out the final dollars and we should not owe anything. There may be some discussion.

The Central Valley agreement went through FAA review. There were some minor things that came back like terminology changes for living space and no revenue generating events. We have sent an addendum back to Central Valley to include the FAA clarifications.

We will be extending taxiway Uniform soon so that Bridger Aerospace will have a taxiway to their hangar.

The parking lot is getting close to completion.

Runway 11/29 is back to work and they are making good progress. We are still looking at completion sometime in July.

Work on the entry signage continues.

A link to the beta version of the airport's website will be sent soon.

We have filled a lot of the high impact destinations and the focus is on filling in the gaps. Second tier airports are those that are not the nearest but the next nearest like San Francisco, Portland, Los Angeles, Dallas and Chicago. Covering those 5 markets 12 months a year would be 60 months. Out of those 60 months we covered 27 months by those 5 markets in 2015. In 2018 we expect to be at 51 months. We only have 9 months to go to have year round, daily, non-stop to those five markets.

United Airlines has committed to a baggage service room due to their expanded need.

Mr. Sprenger referred to an economic correlation report. Gallatin County population continues to grow. The gross lodging tax for areas adjacent to Yellowstone National Park has a similar correlation to our growth. That was interesting but not surprising. What was surprising was the growth correlation to bank deposits in Gallatin County. So we have something that is very tourism related and then something that is very locally oriented correlating to our enplanements. We take this information to the airlines we talk to in an effort to explain our success. This information is also helpful in looking at the sustainability for large projects.

Next month we will have our 2018 fiscal budget for review.

There is a conference coming up. Kevin Kelleher and Ted Mathis will be attending the conference along with Brian Sprenger and Scott Humphrey.

Mr. Mathis said he looked at the website and is happy it will be mobile friendly. Mr. Mathis thanked the board for recognition in the newspaper. Mr. Mathis said Mr. Sprenger was the luncheon speaker this past month at the Kiwanis meeting. Mr. Sprenger has also spoken at Rotary, Leadership Bozeman, SWMBIA, and Building Belgrade. Mr. Mathis said Mr. Sprenger's presentation was excellent and well received.

13. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Ms. Stelmak moved to pay the bills and Mr. Kelleher seconded the motion. All board members voted aye and the motion carried unopposed.

14. Adjourn

The meeting was adjourned at 3:49 p.m.

Ted Mathis, Chairman