

The regular monthly meeting of the Gallatin Airport Authority was held May 10, 2018 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Ted Mathis, 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.

Carl Lehrkind, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. Review and approve minutes of regular meeting held April 12, 2018

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

MOTION: Mr. Mathis moved approval of the minutes of the meeting held April 12, 2018. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Proposals for up to Three New Passenger Boarding Bridges

Three proposals were submitted for new passenger boarding bridges from John Bean Technologies (JBT), Thyssenkrupp, and Arrow Bridgeworks. The lowest bidder individually and cumulatively was JBT. Their cumulative bid price is \$1,565,533 compared to Thyssenkrupp at \$1,696,393, and Arrow Bridge Works at \$1,711,694.

Mr. Sprenger reminded everyone this is a proposal, not a bid. That gives the ability to compare products and timing. JBT meets all of our criteria including the timing that is

expected to be in the late fall. A couple extra things are the jack stand and tow bar. That would not be required for JBT since we already have JBT bridges. If we chose another bridge company we would need to purchase those items. There is a spare parts allowance. There was some additional cost to salvage the ground power units from the existing bridges.

The suggested award from staff and engineers is for all 3 bridges from JBT plus \$15,000 spare parts allowance for \$1,580,533. We are familiar with JBT because 7 of our current bridges are JBT.

Mr. Mathis asked if they would haul away the old bridges. Mr. Sprenger confirmed they would.

MOTION: Mr. Mathis moved to accept the recommendation and award a contract to the lowest qualified proposer. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

4. Consider General Contractor/ Construction Manager Selection

Mr. Sprenger reported that the selection committee interviewed 3 contactors: Dick Anderson, Sletten Construction and Martel Construction. All 3 contractors are extremely capable. We have direct experience with 2 of the contractors. The decision was difficult. The selection committee is unanimously recommending Martel Construction to provide General Contractor Construction Manager services.

Ms. Stelmak said that it was very impressive what all the contractors brought to the table. She said Martel would have an advantage because they are already up to speed so she is comfortable with the recommendation.

Mr. Kelleher said he feels the same way. Martel's previous experience and the job they have done on the airport to date is significant. Martel's staff had the highest retention rate compared to the others and Mr. Kelleher puts value on that. He is pleased to select Martel.

MOTION: Mr. Kelleher moved to approve the selection of Martel Construction to provide General Contractor/ Construction Manager Services. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

5. Central Valley Fire Station Project Update – Bryan Tate

Mr. Tate said he was present to provide a little history on the project and then an update on plans. Mr. Tate said their strategies related to time have paid dividends. They worked hard to complete the design and go to market as early as possible. In February, they completed the design and had a bid opening March 1st. They broke ground with Martel Construction on April 2nd. They have been doing earthwork for about a month. The soil conditions have been favorable. The first concrete should be placed tomorrow. Power and gas should be delivered to the site in early June. Mr. Tate's plan is to come back in a quarter to provide another update. They are expecting by late summer to have vertical growth, masonry and structural steel.

Ms. Stelmak said she likes the quarterly update. Ms. Stelmak asked when their projected opening is. Mr. Tate said they expect to be substantially complete in May 2019.

6. Consider Request by Mr. Mark Kossler to add an 8' x 42' addition to hangar 49 and hook up to sewer, water and natural gas

Mr. Sprenger said Mr. Kossler purchased this hangar last month. Our engineers reviewed the site and proximity to other hangars. This is an addition that can be accomplished. Staff recommends approval of the request.

Mr. Mathis asked if Mr. Kossler would be able to match the existing siding. Mr. Sprenger said they will get it as close as they can.

MOTION: Ms. Stelmak moved to approve the request by Mr. Mark Kossler to add an 8' x 42' addition to hangar 49 and hook up to sewer, water and natural gas. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

7. Consider donation of Idaho Norland Blower to Lewistown Municipal Airport

Mr. Sprenger said this is one of our oldest pieces of equipment. Mr. Mathis is probably the most knowledgeable of this type of equipment. It was retained as a spare until we recently purchased another. We have not used it in years. Lewistown had a similar blower in the past. They are excited if we choose to donate it to them. They will come get it, as is, and transport it. It is a 1976 vehicle.

Mr. Mathis provided some history on the equipment. He said that he believes the serial number on it is 1001 indicating that it is the first Idaho Norland double ender ever built. It was a popular device back in smaller airports. They purchased it new in 1976. Other smaller airports bought Mercedes Benz units, which were more reliable over all. They converted the Idaho Norland unit to go one way and just use the blower. That worked.

Ms. Stelmak said she was glad it served our purpose and will serve another purpose elsewhere.

MOTION: Mr. Mathis moved to approve the donation of the Idaho Norland Blower to Lewistown Municipal Airport. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

8. Consider request by Ridgeline Aviation, Inc. for preliminary site approval to construct a 70' x 100' commercial hangar on Taxiway U

Mr. Sprenger said Mr. Sperry and Ridgeline came about 6 months ago to start a flight school and charter operation in the hangar across from Reach. Their operation is going well. He has an opportunity to expand and would like to build his own hangar. Our engineers have reviewed the plan and it fits pretty well in the space. Assuming Bridger builds their hangar, there will only be one commercial lot left on that row.

Mr. Sperry said they have been growing steadily and this is a good move for them. He has talked with some contractors and he wants to be moved in by the time the snow flies. He said they are being ambitious to get it done and have it be useful for them.

Mr. Mathis asked what aircraft types they have. Mr. Sperry said they have a 172 and a Turbo 182-RG. They are limited now by their hangar and office space. Their options were to either scatter throughout the airport or consolidate and build.

MOTION: Mr. Kelleher moved to approve the request by Ridgeline Aviation, Inc. for preliminary site approval to construct a 70' x 100' commercial hangar on Taxiway U. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

9. Consider request by Signature Flight Support for new ground leases to facilitate development

Mr. Sprenger said Signature Flight Support is proposing a new facility on the north side for Summit Aviation and Gallatin College. A lease extension is part of their request and

a re-alignment of the front line between Arlin's Aircraft Service and Signature. This is coinciding with lease expirations. Staff believes, in principle, the proposal has merit to be considered. However, there are a lot of things to be reviewed before staff can make a recommendation. Staff recommends tabling this request for now to further the discussion and get more clarification.

Eric Hill, Area Director for Signature Flight Support, came to speak. This proposal has been ongoing in discussions for a number of years. They are helping to meet a number of needs.

Mr. Lehrkind said this realignment is an interesting way to get everyone on the same page. He asked that if for some reason that realignment does not come together, would they still consider building the flight school. Mr. Hill responded that they would have to go back to their board for approval. Their board has currently approved \$4 million but only for the project as stated. They would like to incorporate additional leases for other clients. Another aspect they are interested in is some type of division on the ramp for safety and security. Bozeman is growing and the last season was very busy. They would like to find a way to create an equal division.

Ms. Stelmak said she hopes they can work out the details of the realignment. She is in favor of having them on the north side.

Mr. Hill said they have the money allocated and it is just sitting there. They need the lease so they can spend it, so the sooner the better.

Mr. Mathis asked if Gallatin College has any financial stake in this. Mr. Hill said not at this stage other than their relationship with Summit. It would be built as a stand-alone facility. It could for future reference be re-purposed.

The proposal was tabled until the next meeting.

10. Continue Consideration of Hangar Exterior Color Palette

Mr. Sprenger presented the actual color palette for review. The hangar building color has been limited to a light tan. One exception is for commercial office additions that allows for a darker color as long as it is not more than 10% of the total building. This would give some individuality but not too far out of the range to make it unattractive.

Mr. Mathis thinks the colors are excellent and once the colors are nailed down the approval process can go back to the staff.

MOTION: Mr. Mathis moved to approve the hangar exterior color palette as proposed by staff. Mr. Kelleher seconded the motion.

Mr. Lehrkind said he thinks Mr. Sprenger and staff nailed it this time and hopes it will make the job easier.

Ms. Stelmak said she is happy we have identified the colors to make it clear for others. She also thinks the option for native Montana stone or rock on a portion of the hangar is nice, too, to provide individuality.

All board members voted aye. The motion carried.

11. Continue Consideration of Advertising in the Terminal rate adjustment effective July 1, 2018

Mr. Sprenger said they revisited the proposed rate increases to align with some of the suggestions. This will be a phased increase to bring the rates more in line with what

they should be over a number of years. The overall revenue increase is about \$28,000. Staff recommends approval of the proposed changes.

Ms. Stelmak thanked Lisa Burgwin for the work she did. Ms. Stelmak thinks it is a good adjustment in pricing and it is the right way to go.

Mr. Kelleher and Mr. Mathis agreed.

MOTION: Ms. Stelmak moved to approve the Advertising in the Terminal rate adjustment effective July 1, 2018. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

12. Consider Preliminary budget for fiscal year 2019

Mr. Sprenger said with more passengers we have more revenue and more expense. We expect our operating revenue to be up about 18.5% to a little over \$11 million. Our operating expense has a projected increase of 15.5% to \$6.135 million. This will give us approximately \$5 million to reinvest in the airport through capital projects.

Our Passenger Facility Charge, Customer Facility Charge, grant and interest income combined with our operating net income increases to about \$13 million total income. That compares to about \$8 million in AIP project, \$16.4 in non-AIP projects. We have our bond interest and principal payments of \$1.1 million. Our total expenditures are \$25.8 million, which will require \$12.223 million from our capital fund to be reinvested into the airport.

Mr. Sprenger said he went over this in more detail with board members individually prior to the meeting.

Mr. Mathis thinks the budget looks good overall. He took some time with Mr. Sprenger to review and discuss it. Mr. Mathis' only concern remains the amount

contributed by the airlines. We have the lowest fees in the Northwest for passengers. He wants to make sure airlines are contributing their fair share for jet ways, runway overlays and things of that nature. That is an ongoing concern of his.

Mr. Lehrkind asked if Mr. Sprenger if he could do some comparisons on that. Mr. Sprenger said we could do that again, but we did a comparison 2 months ago of the cost per enplaned passenger. Of the 20 similarly sized airports, there were 3 that were lower than us and the remaining were higher. We can revisit it. The report was more nationally based than regional so they can provide a more regional report.

Ms. Stelmak thinks that our budgeted revenue against last years' actual revenue is conservative and our expenses exhibit good fiscal responsibility. She appreciates that and thinks it is a good budget.

Mr. Kelleher agreed with all that was said. He was surprised we kept a handle on everything with all the projects that we have going on.

Mr. Mathis asked Mr. Sprenger how much money was spent on Monday. Mr. Sprenger the checks being signed today would total \$4.7 million. We estimate we spent about \$800,000 one day last week between the pour of the concrete on the parking garage and one day of work on the runway. The good news is some of that will come back as a grant from the FAA but the parking garage is all our expense.

MOTION: Ms. Stelmak moved to approve the fiscal year 2019 Gallatin Airport Authority Budget as prepared by staff. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

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

Total operations for April 2018 versus 2017 were up 10.5%. This is one of the first times in a while that everyone is up. That puts our rolling twelve-month operations at 77,724. Corporate landings were up 8.6% at 203 versus 187. Total enplanements were up 16.4% at 38,893 versus 33,417, which puts us up 14.2% year to date. Our twelve-month rolling enplanements are at 624,876. Total deplanements were up 12.7% at 35,711 versus 31,697. Airline landings were up 22.5% percent at 446 versus 364. Airline load factor was up 2.4%. Fuel dispensed for March was up 25%.

Mr. Humphrey said that due to runway construction in May, we are down 12% in seats. The construction will finish on May 19th. Last year's load factor was 82%. He thinks we may lose a few percentage points but not the full 12%. June seats are up 23.6%, July's seats are up 14.5% and August seats are up 9.7%. Once we are past the runway project there will be a lot more seats. Frontier starts service again on May 20th and will be back Sunday, Tuesday and Thursday.

11. Airport Director's Report – Brian Sprenger

Mr. Sprenger displayed a route map on the screen. The map shows the growth in our daily and year round market. We now have daily non-stop service to Portland, San Francisco and Los Angeles starting June 7th through the end of the booking period. We don't know if they will be there next spring but there is a good chance. Dallas and Chicago have also become year round daily service. We have expanded our primary markets. This is really important from a tourism standpoint but more importantly for the local business side. No other airport has that breadth of service in the state.

In addition we are seeing Dallas expand greatly. Mr. Mathis took a picture of one of American Airline's large planes at the airport that Mr. Sprenger displayed on the screen. American is coming into the market significantly. They have announced daily service to both Chicago and Los Angeles over the Christmas holiday. Los Angeles is now our fastest growing market. Over the Christmas holiday we will have twice daily service on Delta, and once daily on both United and American. There will also be twice a week service to Long Beach with Jet Blue.

Mr. Sprenger displayed parking garage construction pictures. The second deck level is up. They are building from the east to the west. The challenge is finding places to access with all of the concrete. On the east end we are starting to see the ramp being constructed. Sletten Construction is doing a great job. They do a 3am pour so as not to impact all of the other concrete needs in the valley.

The runway project is 85% complete. It is quite a choreographed event. We have 2 paving contractors that have to coordinate with each other. Morrison Maierle has 8 or 9 engineers out there at a time. Mr. Sprenger presented the daily routine for the project construction. A runway opening at 10:59pm was the closest for an 11pm arrival. A Delta flight came in a little early and had to do a couple S turns before they could land. They are temporary striping also. The grooving will be done midnight to 5am for one month and then the final striping will be done. The entire project is by no means over by the 19th.

Mr. Mathis listens to a lot of this project coordination on the radio in the evening. The contractor, engineers and airport staff have been doing a good job. Mr. Sprenger thinks it may be the most coordinated effort of runway construction in the country.

Mr. Sprenger displayed some ramp project pictures. They are laying concrete at a depth of 16 inches. They have a machine that works really efficiently. One gate is mostly complete. They plan to come back and do more in the fall. It was an estimated 45 days and today is day 40.

Ms. Stelmak thinks the progress is remarkable. The valley is stressed to find staffing. Mr. Sprenger said he can't say enough good about our contractors. They are proud to be a part of the airport and they put their best teams on it.

Mr. Mathis acknowledged Janine from Summit in the audience and asked her how the construction has affected her operation. She said it has been choreographed perfectly so there has been little impact. They are at the end of the semester so she appreciates being able to wrap up everything.

Ms. Stelmak asked about increased traffic on the new runway. Mr. Sprenger said we haven't slowed down much. It is more the weather that has slowed things down.

Mr. Sprenger said they had a meeting with Bill Brownell and Levi from Gallatin County. They are planning a Tubb Road overlay, which is a 20-year improvement. The good news is they came to talk to us. They may come back next month to have us consider if a certain portion of the road would be in our next 5-year plan. If so, they would take a portion out and put effort into Jetway Drive to support the traffic. We are glad to have the coordination. One thing is the potential of north side development. We have always talked about an extension of Runway 3/21. That may or may not happen. A road could expand our options. Some of these are master plan type discussions. Belgrade has a new transportation plan and we are trying to work with them. With the growth, things can happen quickly.

There will be a Runway Safety Action Team and Tower meeting June 13th at 7 pm.

The new controller hours from 5am to 1am will be effective May 25th.

12. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

13. Adjourn

The meeting was adjourned at 3:05 p.m.



Carl Lehrkind, Chairman