

The regular monthly meeting of the Gallatin Airport Authority was held January 10, 2013 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, John McKenna, Kevin Kelleher, Ted Mathis and Kendall Switzer. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director and Cherie Ferguson, Office Manager.

John McKenna, Board Chair, said the Airport Authority publishes the agenda and anyone was welcome to comment during a particular agenda item or during the public comment period for the good of the order.

1. Review and approve minutes of regular meeting held December 13, 2012

Mr. McKenna asked if everyone received their copy of the minutes and if they had any questions, corrections or additions. Brian Sprenger, Airport Director, asked for clarification of the motion by Ted Mathis regarding the Capital Improvement Projects approved at the December meeting. He asked if we could proceed with the design or need clarification. Mr. Mathis said his intention was to include the design for the apron, parking lot and access roads as part of the improvements.

MOTION: Mr. Mathis moved to also approve the design of the apron, parking lot and access roads as part of the Capital Improvement Projects approved at the December 2012 meeting. Kevin Kelleher seconded the motion and all Board members voted aye. The motion carried.

Mr. Kelleher moved to approve the minutes of the regular meeting held December 13, 2012 and Carl Lehrkind seconded the motion. The motion carried with all board members voting aye.

2. Public comment period

Mr. Sprenger introduced Brandon Bang from Big Sky, the new marketing director, who replaced Meg O'Leary. Mr. Bang said he was from Crookston, Minnesota and has been in Big Sky for twenty years. He was promoted on his twentieth anniversary. The board welcomed him.

3. Bozeman TRACON update – Gordon Stewart

Mr. Sprenger said Mr. Stewart was not able to give the update today due being ill, but he hopes to make the presentation at our February meeting.

4. Parking Garage viability discussion

Mr. Sprenger said staff has done some research on the viability of a parking garage and believes the airport could probably afford it based on expected revenue rate increases. Funding it through bonding or private investors would have a limited impact on our budget, except for the rate increases.

Mr. Sprenger showed our current parking lot and area for future parking stalls on a layout plan. He said we need to increase the number of parking stalls about every seven or eight years. Currently, we have 1,200 stalls and were planning to add another 300 stalls this summer. Staff estimates we would outgrow all parking areas (with the addition of another 500 stalls). After that, we would need to build a parking garage or start a shuttle service.

Mr. Sprenger said we received some ideas from Barnard Construction and Martel Construction. Kent Merselis of Barnard Construction and Tony Martel of Martel Construction were present at the meeting. Mr. Sprenger asked the board members if they want to consider a parking lot at this time or would prefer to delay until closer to the end of the ten years. Mr. Mathis asked if staff had received any requests for a parking garage from the public and Mr. Sprenger said he wasn't aware of any. Mr. Lehrkind asked what the average number of vehicles parked in the lot is and Scott Humphrey said it is about 700.

During peak holidays, that number doubles and people may have to park in the overflow area. Other holidays average about 900.

Mr. Kelleher asked about construction costs per stall in a parking garage and Mr. Sprenger said it is about \$20,000 to \$21,000 per stall. Mr. Kelleher asked if it would be better to pave the parking lot now because of the value of land due to the I-90 interchange or if it would be better to build a parking garage now. Mr. Sprenger said that is a valid consideration and the board may need to decide if the convenience and benefits of a parking garage offset the costs. It costs about \$2,000 to pave one stall in a parking lot. The decision isn't just about money because there is a benefit of having spaces that are covered. Kendall Switzer said you also have to consider the cost of plowing a parking lot versus not plowing in a parking garage, plus you have to consider the pain point of the passenger. Because of the location of some of our stalls, passengers have a long way to walk and it can be pretty cold in the winter.

The board members and Mr. Sprenger discussed the car condominium area and the possibility of a rental car garage where the rental car lot is now.

Mr. Merselis said the board is looking at this as a cost. He has built a number of parking garages and one of the best ways is to use one stall five or six times per day. He said that at 9:00 last night, there were about 40 cars parked in front of terminal for the Allegiant Air flight. If we had a parking garage, people would only have to walk a short distance to get where they wanted to go, and they would be out of the bad weather and not have to cross through traffic. His experience is that once people got used to parking in a parking garage, they park there rather than in a surface lot.

Mr. McKenna asked if we would still pave some of the surface area if we decided to go ahead with the parking garage. Mr. Sprenger said it is something we would have to

consider very carefully because we might want to put the \$500,000 cost of surface paving toward the parking garage instead of investing in both at this time.

The board member and Mr. Sprenger discussed funding, and that decisions at the federal level might affect rates, if the location staff recommended would be better used for something else, and how much money to spend to see if we were interested. It is a lot of money to spend and Mr. Lehrkind said once you build it, you have to live with it.

Scott Bell, airport engineer, said the location of the parking garage is where it was projected in the Master Plan and it was planned mainly for the convenience of the passengers.

Mr. Martell said parking is one of the most mathematical things you can do, cost per stall, cost per sq foot, etc. because it has been studied and managed over time to a good science.

There was more discussion regarding how long it would take to get drawings, possible changes in regional air travel, drive in traffic, potential population growth and the possibility of a public/private aviation oriented project. The general consensus of the board was they were not opposed to further discussion of the project and for staff to provide more information at another meeting. Mr. Sprenger said staff would also work on the process for the potential of future public/private endeavors.

5. Weather Radar partnership discussion

Mr. Humphrey said we hit a roadblock because the National Weather Service (NWS) doesn't have any money in their budget for RADAR service. The NWS cannot accept the feed from private RADARs because of quality control issues. The tower might be a good place to put it if it would help them but SERCO is not trained in RADAR and the service

isn't certified by the FAA so the controllers couldn't use it. It might provide some benefit to the NWS but not enough for us to make the required commitment of funds.

Mr. Lehrkind asked if there might be something in the future and Mr. Humphrey said it doesn't look like it because we can't get past the legal hurdles.

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

Mr. Humphrey said that Billings edged us out for 2012 enplanements.

Mr. Humphrey reported that tower operations for December were 5,291, which were down 7.8% from last December. He said we were down somewhat in the general aviation (GA) traffic. The good news is that total operations for the year were 81,482, which were up 10.5% from calendar year 2012. Corporate landings were almost flat at 257 versus 259 although we were up 2.7% for the year in corporate landings.

Total revenue enplanements for the month were 32,573, which is 6.9% better than last December. Total revenue enplanements for 2012 were 433,943; up 9.1% over last year, which was another record year. Deplaned passengers were up 7.0% from 32,694 for December 2011 to 34,998 for December 2012 and were 8.7% better for the calendar year.

There were 502 airline landings in December 2012, which is an increase of 2.4%. Calendar year airline landings were 6,513, a 4.9% increase over CY 2011. Mr. Humphrey said load factors for the month were 79.5%, which is about 5% less than last December but we had 3,000 extra seats in the market in December. Load factor for the year was 1.7% below the prior year but we had an additional 50,000 seats in the market and we filled 35,630 of those seats.

November fuel dispensed was 366,833 gallons, which is 17.3% above November 2011 and 9.1% better for the total aggregate for the year.

Mr. Humphrey also reported that passenger numbers for January 2013 may be 9% to 10% better than last January. We were down about 2% last January because of the equipment that was in the market. He said we still have those available seats for January but they start to taper off in February and March.

Mr. Humphrey said Mr. Sprenger and he will be in Phoenix next week to attend a Mead Hunt air service development conference. At the conference, they will be talking to the airlines regarding service here. Mr. McKenna thanked Mr. Humphrey for his report.

7. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that we received the appraisal of \$1,031,000 for the 318 acres east of the airport. He said it was substantially below the asking price and we don't know if the owners will be interested in pursuing the sale. Mr. McKenna asked if there is an aviation easement on the property and Mr. Sprenger said there is in the flight path and noise contour but not on the rest of the property, which would go into effect at the time of development. It could be a consideration to only purchase part of the land. Mr. Bell said Chapter 6 of the Master Plan was on land use. Since the Master Plan was approved, the City of Belgrade has required aviation easements with height limits on property when it is developed.

Mr. Sprenger also reported that we currently put more detail in the minutes than what is legally required and he asked the board members how much they would like to see. He said staff looked at what other organizations publish and there is a wide variety. Mr. Sprenger brought this to the board's attention to see if there is a way to reduce the time spent preparing the minutes or to consider other options. Following some discussion, the board members said they like the current level of detail. Staff will look at available options.

Mr. Sprenger also reported that the 29th Annual Aviation Conference will be held in Butte from February 28th through March 2nd. He asked the board members to return their registration forms to the office if they wanted to attend the conference. Mr. Sprenger said there were three other conferences this year that board members may want to attend and asked them to notify him if they are interested.

Mr. Sprenger said there currently are negotiations between the local communities and United Airlines regarding Newark/New York service this summer. He said Newark did well enough last year that United's proposal back to the community includes Saturday and Sunday service for less guarantee than they did Saturday only last year.

Mr. McKenna thanked Mr. Sprenger for his report.

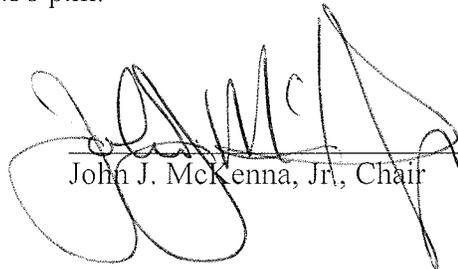
8. Consider bills and approve for payment

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

MOTION: Mr. Kelleher moved to pay the bills and Mr. Switzer seconded the motion. The motion carried unopposed.

9. Adjourn

The meeting was adjourned at 3:38 p.m.



John J. McKenna, Jr., Chair