

The regular monthly meeting of the Gallatin Airport Authority was held June 12, 2014 at 2:00 p.m. in the Airport Conference Room. Board members present were Kevin Kelleher, Ted Mathis, Carl Lehrkind, Kendall Switzer, and Karen Stelmak. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director-Ops and Cherie Ferguson, Office Manager.

Kevin Kelleher, Board Chair, welcomed everyone to the June 12, 2014 board meeting. He said anyone wishing to make public comments could list their name and topic on the signup sheet. Members of the public are also welcome to comment on the agenda items when they are being discussed.

### **1. Review and approve minutes of regular meeting held May 8, 2014**

Mr. Kelleher asked if everyone received their copy of the minutes and if they had any questions, corrections or additions. Brian Sprenger, Airport Director, said staff wanted to make three minor changes; on page 10, a change from “public assess” to “public access,” “always started” to “always reserved,” and on page 13, a change from “divergents” to “diversions.”

**MOTION:** Carl Lehrkind moved to approve the minutes of the May 8, 2014 meeting and Ted Mathis seconded the motion. All board members voted aye and it was a unanimous decision to approve the amended minutes.

### **2. Public comment period**

Mr. Kelleher said there were no public comments listed on the sheet. Anyone wanting to comment during a particular agenda item could do so by raising their hand, being recognized, going to the podium and introducing themselves before making their comments. There were no public comments at this time.

### **3. Consider extending Ground Transportation Concession Agreement**

Mr. Sprenger said our agreement with Karst Stage is for the same timeframe as our rental cars and we extended their agreements a couple of meetings ago. They are the only ground transportation company that wants to be on airport and they would be willing to pay the same rental rate per square foot for their office space as the rental cars and airlines pay for theirs. Karst Stage's annual rent would increase by \$342.43. Mr. Sprenger recommended approval of the extension through September 30, 2017.

Karen Stelmak asked how many people Karst Stage accommodates. She said she hears great reports about them and she would be interested in knowing their statistics. Mr. Sprenger said he would get the information for the board. Karst Stage's primary business is in the winter and their summer business is more group oriented. They have the KMG contract again this summer.

**MOTION:** Ms. Stelmak moved to approve the extension of the Ground Transportation Concession Agreement with Karst Stage. Kendall Switzer seconded the motion. All board members voted aye and it was a unanimous decision to approve the extension.

**4. Consider request by Aircraft Condominium Owners Association Inc. to enter into a new 10 year non-commercial lease on hangars 32-37 & 42-46**

Mr. Sprenger showed the location of the hangars on the Airport Layout Plan (ALP) and said Steve Williamson represents the association. Mr. Sprenger said we did some comparisons between based aircraft and these hangars and found seven hangars that we could associate with aircraft. There are four that we can't determine if there are any aircraft hangared in them. He said before we grant approval for a hangar lease, it may be a good time for us to review usage with our standards to verify that hangars are being used for aviation purposes. We charge aviation rates for the land rental. We also have to make sure hangars are used for aviation purposes to maintain our grant assurances with the FAA. He

would like the board members' input regarding making that part of the approval process for hangars.

Mr. Kelleher asked how much we are charging for hangar land rent and Mr. Sprenger said \$.085 per square foot per year. We charge \$.30 per square foot per year for land rent outside the fence. Mr. Kelleher asked if we know that there aren't any aircraft associated with the other four hangars and Mr. Sprenger said we don't know, but we couldn't associate any aircraft with those hangars. He said it would be an opportune time to clarify that and to reiterate that hangar use has to be for aviation purposes.

**MOTION:** Ted Mathis moved to approve the request by Aircraft Condominium Owners Association Inc. to enter into a new 10 year non-commercial lease on hangars 32-37 & 42-46 pending confirmation by staff that all of the hangars are being used to store aircraft or are empty. Carl Lehrkind seconded the motion. All board members voted aye. The motion carried unopposed.

##### **5. Consider preliminary budget for fiscal year 2015**

Mr. Sprenger said he had met with each of the board members individually. The budget incorporates the airline rates and charges and all of our other rent expectations as well as our capital improvements over the next fiscal year. The overall budget includes the operating budget, which is just over \$7 million. The operating expenses are just over \$4.2 million. When we include our capital expenditures and other revenue sources, we would have to use \$374,000 out of Capital Improvement Fund to complete all the budgeted projects and pay for our expenses for the year.

**MOTION:** Mr. Switzer moved approval of the fiscal year 2015 airport budget. Ms. Stelmak seconded the motion. Mr. Kelleher thanked the board members for taking time to

meet with Mr. Sprenger. All board members voted aye, and it was a unanimous decision to approve the fiscal year 2015 budget.

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

Mr. Humphrey said tower operations were up 29.8% and local and itinerant operations are finally picking up. The weather in May was fairly mild and we are seeing a lot of student pilots again. Rolling 12 month operations were 78,151. Corporate landings were up 8.8%, 124 vs. 114. Enplaned passengers were up 5.2% over May of 2013. Year-to-date enplanements for the first four months of the year were up 6.4% and rolling 12 month enplanements were 452,869. Passenger deplanements were up 7.3% and year-to-date revenue enplanements were up 6.8%. Airline landings were 437 vs. 439 for the previous May. Load factors were 82.6% vs. 85.4% for the same period last year. Fuel dispensed for April was down 21.9%. Jet fuel for the airlines went from 316,152 last April to 222,387 this April because of fewer operations due to the airlines flying larger aircraft.

Mr. Humphrey reported that on June 21, Delta starts their Saturday LaGuardia to Bozeman service. On June 28, the Saturday, Sunday, United Houston to Bozeman service will start. Right now we have 26% more seats in the market and are seeing a 16.1% increase in passengers over last June. He said the rush starts this weekend. We will have close to 2,000 people per day flying in or out of the airport. Opening the fourth screening lane has been pushed back to July 9th.

Mr. Humphrey said we hope to finalize the Newark/New York (EWR) winter schedule tomorrow, which may include some midnight flights in December. He said we have one month of the Small Community Air Service Development Grant Program (SCASDGP) agreement left and we might push the limits a bit. He said the community

partners will discuss American Airlines at their meeting tomorrow for some other ideas to try.

Mr. Sprenger said there may be a couple of changes for United's service to EWR next winter. The Sunday inbound flight from Newark didn't perform as well as the Sunday outbound flight. The guarantee was still reduced by half and the service doubled. Last year, United wasn't willing to try other options but this year they might. Staff proposed bringing in two flights on Saturday with one returning Saturday and one returning Sunday morning. The premium timeframe for vacationers to arrive is Saturday. Going back Saturday and Sunday should do equally well. Over the Christmas holiday period, they would still plan on Saturday and Sunday service because it is not seasonally oriented.

United presented staff's suggestion in a proposal to the community partners and also asked them to consider the potential of three frequencies on Saturday with one immediate turnaround to EWR at midnight. The red eye flights would arrive at Newark at 6:30 AM. Because the service would be partially covered by the SCASDP grant, the partners are taking a hard look at the suggestions. United is very interested and is waiting to see what the community partners decide. We don't have any idea how the midnight outbound will go as there aren't any other markets our size to compare to.

Mr. Mathis asked who the community partners were and Mr. Sprenger said the primary partners that have contributed to the guarantee were the Bozeman Chamber of Commerce, which represents several community businesses including the Tourism Business Improvement District of Bozeman and West Yellowstone Chamber, Big Sky Resort, Moonlight Basin and Yellowstone Club.

Mr. Lehrkind asked if staff had any concerns that hadn't already been discussed due to the additional flights and Mr. Sprenger said he doesn't think so. There should be enough

ramp space to park aircraft, even on Saturday nights when there are typically more overnight aircraft.

Mr. Sprenger said with the summer construction project, the paid parking remains in good shape and the rental car return lot has been shifted several times due to construction but is okay. We will be starting the public relations blitz for people to show up early, especially if they are flying out before 6:30 a.m. Several stories and newspaper articles have already been published. Mr. Sprenger said we would also start advertising next week through the end of the month.

Mr. Kelleher asked when FirstLine will take over screening from the TSA and Mr. Sprenger said the end of August or the beginning of September, after the busiest part of the summer.

Mr. Kelleher asked if there would be a temporary light this summer on Highway 10 due to the construction schedule. Scott Bell, airport engineer, said Mr. Sprenger and he met yesterday with Knife River and they are still deciding how to do the construction and keep the impact to travelers and the local community at a minimum. Mr. Bell and Mr. Sprenger told the board what is being considered and said they would keep the board informed. Mr. Sprenger hopes that people allowing for construction delays would plan sufficient time to be early for their departures. Mr. Kelleher said there have been lengthy delays in the Gallatin Canyon due to construction and he hopes that won't be the case near the airport. Mr. Sprenger said he expects that traffic would be slowed down, and part of the time there would be detours, but he said we would be working as hard as we could to minimize the impact and keep the traffic moving.

The board thanked Mr. Humphrey for his report.

## **7. Airport Director's Report – Brian Sprenger**

Mr. Sprenger reported that the FAA conducted the airport Certification Inspection last month. Overall, it went pretty well but the airfield pavement is getting older and our markings are not meeting the new standards. We don't have the equipment to grind or blast the existing markings before painting new markings. Mr. Sprenger said he and staff considered a planer/grinder and a water blaster. A planer/grinder was about \$27,000 and could be attached to one of our forklifts. We would have to get a special vehicle to pull the water blaster and the cost for the two pieces of equipment would cost between \$200,000 and \$500,000.

Painting may be done right after using the planer grinder but cannot be done for at least twenty-four hours after using the water blaster. The water blaster does not work on epoxy paint or tar. After considering the pros and cons of both pieces of equipment, plus the costs, staff's recommendation is to purchase the planer/grinder. Mr. Sprenger said we have the money in the budget and this would allow us to bring our markings up to standards. Mr. Mathis asked how often we would have to use it and Paul Schneider, Assistant Airport Director-Ops, explained the preparation and removal process and said, depending upon the condition of the paint and other criteria, some work would have to be done every year and some would only need to be done for the second paint application. He said he checked with two other companies that have used the Smith X3 and they highly recommended it. Mr. Schneider said the equipment would have a lifetime warranty except on the parts that wear, like the rotary head. The grinder has a 25-horse gas engine that would come with a standard industry warranty. Mr. Mathis asked Mr. Schneider if they looked into the availability of any private contractors and Mr. Schneider said they talked to Mark Rite. One problem is getting them here when we need them.

Mr. Schneider said the planer/grinder is designed for forklifts and Smith Manufacturing can design the equipment to fit our forklift. Ms. Stelmak asked what they have been doing and Mr. Schneider said they have been painting over the existing paint. They have a walk-behind painter plus the Graco paint striper they purchased last year. Maintenance used the Graco unit to paint the runway centerline last summer. This year they have been digging into Advisory Circulars and found they need to do a lot of preparation and remove some paint. Ms. Stelmak asked if it would improve our efficiency if we would do that and Mr. Sprenger said it would. He said it may cost more but the paint and markings should meet current standards. Mr. Schneider said the cost would be \$27,350 plus shipping of \$1,200 to \$1,400.

**MOTION** Mr. Mathis moved to approve the purchase of a grinder machine not to exceed \$30,000. Mr. Lehrkind seconded the motion and all board members voted aye. It was a unanimous decision to purchase the grinder machine.

Mr. Sprenger said just this morning we received three quotes for \$30,000-\$37,000 for a 1,100 linear foot fence along our property line near Belgrade. \$30,000 was the quote for a 9 foot high privacy fence with 4"x4" posts. The planks for that are a little thinner than for a 9 foot high privacy fence with 6'x6' posts, which was quoted at \$37,000. Both quotes are from Conover Fence. The life expectancy of the \$30,000 fence is about 10 years and the \$37,000 fence has a 15- to 20-year lifespan. He said we don't know when the area might be developed and if we could pass on the cost of maintaining the fence. He asked the board to consider if we want to spend more for a longer lifespan or hope that soon there would be development that would shield the property and that the tenants would maintain the area.

Mr. Mathis asked if Mr. Sprenger had looked into a chain-link fence and Mr. Schneider said he had a quote from Eagle Fence for \$37,000. Mr. Sprenger said he doesn't

believe that includes the slats. The quote is for an eight-foot high fence. He said he would get more concepts of chain link fences and quotes if the board wants him to. As the board has indicated it wants to get going on this soon, Mr. Sprenger said we need to allocate some money and decide on the type of fence soon. Mr. Kelleher asked about the possibility of inflatable barriers and Mr. Sprenger said he doesn't think that would work well because of the wind. Mr. Mathis asked about a berm and Mr. Sprenger and Mr. Bell said they considered a berm but the utilities are right along the property line on the airport side. It could be a possibility but utilities and topsoil need to be considered.

Mr. Kelleher asked if a storage facility could go along there on airport property and generate some income. Mr. Sprenger said we haven't pursued any development ideas but the land might be too valuable to use for that. He said \$35,000 is a lot of money to spend in that area as well. Mr. Sprenger asked if the board wanted him to explore more fencing options. Ms. Stelmak said she would be a proponent of the \$30,000 wood fence with a lifespan of 10 years. Mr. Mathis said we have neighbors to the west and said fires and vandalism are concerns. Mr. Switzer asked if a chain link fence with shrubs would be a consideration and Mr. Sprenger said it would be but the utilities would need to be considered.

Mr. Mathis asked Mr. Sprenger if he had a recommendation and Mr. Sprenger said he would recommend the cheaper fence. He said fences usually need repairs and a wooden one would be easier to maintain.

**MOTION** Mr. Lehrkind moved to accept the bid from Conover Fence for the 4x4 thinner planks bid for \$30,000. Ms. Stelmak seconded the motion. All board members voted aye and it was a unanimous decision to purchase the fence. Mr. Sprenger said the money was in the budget but he needed the board's approval. Ms. Stelmak asked about the timeframe and Mr. Sprenger said fairly quickly, probably about 45 days.

Mr. Sprenger reported he would be going to the contract tower meeting from June 23rd-25th. He has also scheduled meetings with Senator Tester's, Senator Walsh' and Congressman Daines' staff. He believes it would be the opportune time to talk about tower staffing.

Mr. Sprenger said he included in his memo that the tenants of the airport contributed nearly \$800,000 in local taxes in 2013. Approximately 75% of that was paid by the airlines and cargo carriers serving our airport. The other taxes are paid primarily by the commercial and non-commercial hangar owners. He said we don't use very many services that the county provides so the revenue from airport tenants is very beneficial to the county.

Mr. Sprenger said he met with Bob Hietela from Gallatin College. They are supportive of the new parallel runway and are willing to do what they need to do to show their support. Mr. Sprenger said he would invite Ryan Haskins to a board meeting to talk about the aviation-side of the college.

Mr. Sprenger reported that we are continuing to work with the FAA on the Environmental Assessment (EA) and hope to hold public meetings toward the end of the summer. He said he would send copies of FAA ready documentation for the board to review as soon as he has them. Mr. Kelleher asked when the EA might go out to the public and Mr. Bell said toward the end of the summer and then the public would have thirty days to submit comments. The board thanked Mr. Sprenger.

#### **8. Consider bills and approve for payment**

Mr. Sprenger said the board would see bills from Bronec, Egbert, G&S, and RGO for the groundwater heat exchange project, which is complete. The Airport Authority received a \$60,000 grant for the project from Northwestern Energy, which covers about half our expense. Bills from Knife River and Morrison Maierle are for the summer road project.

Mr. Sprenger said there was a bill from United Airlines for the EWR winter 2013/2014 guarantee, which would be fully reimbursed by the grant and the partners. Mr. Lehrkind asked what the turnaround time from the partners would be and Mr. Sprenger said we would draw the portions for Big Sky and Moonlight Basin from escrow. It would probably take about thirty days for the others to pay.

Mr. Sprenger and the board members discussed the other bills.

**MOTION:** Mr. Mathis moved to pay the bills. Mr. Switzer seconded the motion and all board members voted aye.

#### **9. Adjourn**

The meeting was adjourned at 3:15 p.m.

Following the regular meeting, a closed meeting was held for the purpose of conducting the annual Airport Director performance review.

  
Kevin Kelleher, Chair