

The regular monthly meeting of the Gallatin Airport Authority was held February 13, 2020 at 2:00 p.m. in the Airport Conference Room. Board members present were Kendall Switzer, Carl Lehrkind, Karen Stelmak, Kevin Kelleher and Ted Mathis. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Kendall Switzer, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

**1. Review and approve minutes of regular meeting held January 9, 2020**

Mr. Switzer asked if everyone had received their copy of the minutes and if they had any corrections or additions. There was one addition. Carl Lehrkind was in attendance and should be added to the minutes.

**MOTION:** Mr. Lehrkind moved approval of the minutes of the meeting held January 9, 2020 as amended. 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 request by Cross Harbor Capital Partners to construct a 220' x 180' non-commercial hangar on taxi-lane "Y" and request an option for a second 220' x 180' non-commercial hangar**

Mr. Sprenger said we received a similar request from them last year. This is moving forward on last year's option and requesting a new option. It is a carbon copy of their hangar in the southeast hangar area. Staff recommends approval of the request.

commercial land lease as they come up for renewal. The commercial ground lease in this case is approximately \$40 more per month.

Mr. Mathis asked if they all meet the commercial standards. Mr. Sprenger said they are close. All the hangars have parking. One needs a second bathroom. If they ever have a commercial operation there, we would require that.

Mr. Switzer asked to confirm there is a mechanism that would inform us of their change to a commercial operation. Mr. Sprenger said yes, they have to fill out an application.

**MOTION:** Mr. Mathis moved to approve the request by Arlin's Aircraft, Inc. to enter into a new 10-year commercial land lease on hangar 90. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

#### **5. Master Plan Update – Scott Bell**

Mr. Bell distributed binders, plans and thumb drives that included the revised chapters 1 and 2 that incorporated all comments. Those are ready to go on the website for the public to review. Mr. Sprenger noted that the FAA has essentially approved our forecast. Mr. Bell said the FAA formally reviews the forecasting and the airport layout plan.

Mr. Bell presented a layout of the second level of the terminal plan expansion. The center of the building is TSA. The plan allows for a TSA expansion out to what is now the gift shop area. That would allow for an additional 2 lines of screening. The gift shop would be relocated. Mr. Bell showed the expansion project under construction right now. As ticketing needs to expand or if TSA needs additional expansion, there is an upper level extension area that could be constructed, but that is probably post 20 years.

Mr. Sprenger detailed some changes on the current layout. There is a possibility to incorporate the old restaurant. There could be lounges outside of security. We've talked about adding training rooms. That is becoming a bigger need. We could easily add 3 gates and possibly a fourth to the east. It is getting close to the YJC hangar.

Mr. Switzer asked about baggage areas. Mr. Sprenger said that would be reviewed in more detail next month. We will be looking at inbound baggage and outbound baggage on different ends.

Mr. Bell continued to the last phase. We are envisioning the gates continuing with concession and restrooms all the way down to gate B11. That is about a total of 20 gates. That would be enough for what is normally considered a medium sized hub.

Ms. Stelmak asked about rental cars and the other accommodations for the expansion. Mr. Bell said that would be discussed next month. Mr. Lehrkind asked about parking. Mr. Sprenger said they have various potential options. Some are simple like adding remote parking all the way to the south, which becomes shuttle parking. A second parking garage is in the budget. Mr. Sprenger showed where that addition would be. The parking garage can go as far south as we want it to go. We are trying to project out what we need considering ground transportation changes like Lyft and Uber. Overall we have various solutions. If we want it cheaper, we do surface parking with shuttles. Shuttles are expensive operationally but parking lots are 10% of the cost of a parking garage.

Mr. Lehrkind asked about disabled movement throughout the terminal. Mr. Sprenger said there are no clear answers. We can add moving walkways. Those require a 10-foot width for both directions. We have some areas where that could occur. The San Jose, CA terminal

is long and linear like ours. They do not have moving walkways. We are about 7-8 gates in each direction. There is not a set answer to determine the need. We have looked at areas that might need escalators. As we move forward to the next stages it will have to be part of the planning.

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

Tower operations for January were up 8.4%. Rolling 12-month operations were 98,527, another record. Corporate landings were up 2.6% at 637 versus 621. Enplaned passengers were up 14.2% at 69,158 versus 60,548. For 12 months we are at 794,316 total enplanements. Total deplanements were up 15.1% at 67,996 versus 59,072. Airline landings were up 19.8% at 848 versus 708. Airline load factor was 77.4% versus 77.7%. December fuel dispensed was up 16%.

For February we have 20% more seats. We did not see a stellar start to February, but the snow pack now doing well and we should end up 14% to 16% higher than February 2019.

Mr. Humphrey said it looks like our new Seattle flights are doing well at about 80% load factor. Mr. Sprenger said Alaska was up 38.1% in deplaned passengers and 43% in enplaned passengers even though their landings were up 32% which is why their load factor jumped up 6.5%. The lower fares are stimulating traffic. The question is the profitability of that. Alaska will be bringing in their larger aircraft in May. Some aircraft are more efficient than others and have a lower cost per passenger. That is how we think they are competing. They are lowering their operational cost. We don't know where it will go. When you rely on this for growth, it could turn.

Mr. Kelleher asked about the fuel farm improvements. Mr. Sprenger said we have not had any updates. Mr. Foster is waiting on corporate approval. Mr. Kelleher asked about where most of the fuel comes from. Mr. Sprenger said most of the fuel is shipped by pipeline from Billings to Bozeman and then trucked to the airport. Mr. Humphrey said the airlines buy their own fuel. The jet center stores that fuel and provides into-plane service. When they run out of storage in Bozeman, they go up to Great Falls and take some of their allocation. There are capacity issues at the distribution center and here at the airport. It is more complicated than we thought it was, and a new fuel farm will solve a lot of issues.

Mr. Mathis asked about charters over the long weekend. Mr. Sprenger said there are two Swift Airs inbound now.

Mr. Kelleher said considering the traffic and need for fuel, will they be storing more fuel in Billings or Great Falls. Mr. Sprenger said there are a lot of considerations. Billings is still preferable. When we see the increases, it changes the dynamics. They are still learning the dynamics. Sometimes we are taking other airports' fuel allocations in order to fulfill what we need. Mr. Kelleher asked if there is anything we can do to be more proactive. Mr. Sprenger said we have approved the fuel farm expansion so the ball is now in their court. They are waiting on corporate approval.

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

Mark Maierle presented two awards. Sletten Construction nominated the parking garage project to the Montana Contractor's Association. We received an award for Industrial Commercial Project Greater than \$5 million. We also received the first place award for all concrete projects in the state.

Mr. Sprenger said we will be sending out an insurance RFP. The results will be presented at the May meeting.

Mr. Sprenger spoke to Serco and they have several good candidates for Tower Manager and hope to hire one in the next week or so.

Bridger Aerospace is moving along on the expansion on the east side of Airport Rd. This is a project outside of all of our planning. We have to work with the City of Belgrade on water and sewer. There is also some planning with the FAA. There are permits needed with the county. These are all additional pieces of the project beyond building design.

Mr. Switzer said he drove by the Bridger Aerospace hangars. He said they did a nice job of making them look good which confirms the building design review process is working.

Mr. Sprenger said there is also storm water discharge and landscaping considerations for the hangars. They would prefer to come to the board once a lot of these pieces have been resolved in order to present an all encompassing request for review.

We had a meeting with the City of Belgrade. Many in the community don't know the participation between the airport and the city. The airport has invested so heavily into the water supply over the last 50 years that we see no reason why our water supply isn't covered for the indefinite future. The exception is if a pump goes out. That is an operational matter. We are also participating on the sewage treatment side. With the way things are, we are consistent in participation and usage. Things change when you go to mechanical treatment. It is a \$30 million project. We have worked with Belgrade to determine the current airport use of water and sewer. We are somewhere around 7%. As in previous times, we have invested with Belgrade in the program. We can provide a much better system together than

we can individually. We estimate the airport's proportionate share to be \$2.1 million. We have carried \$3 million in the future budget for participation. We have discussed not participating in the operation and maintenance. We would look at what our share of that would be and look into pre-paying that portion to help reduce costs for Belgrade. The other part is that Belgrade leases airport land for their shop. We get a water bill every month. We pay for it. It is exactly what our rent is on that land. We will have to evaluate fair market value of the land. Ultimately, Belgrade has to be fair to the tax payers and we need to be fair to the flying public and the FAA.

Ms. Stelmak thanked him for clarifying. What the some of the public perceives as a free ride is absolutely not true. Mr. Sprenger said that when you have significant rate increases, people want to make sure they are not being taken advantage of. We have participated in two Belgrade News interviews and have addressed the issue. It is complicated. Ultimately we will go through the process and there will be agreements for both sides to review.

Mr. Sprenger reported that Summit Aviation has 9 chartered aircraft. That doesn't include the 18 aircraft for their flight school.

Mr. Sprenger will be traveling to the NW Chapter meeting on Feb. 18 in Seattle and to the officers meeting March 10-12 in DC.

Mr. Mathis asked that commendation be passed onto the staff that worked on a new display case in the terminal.

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

The bills were reviewed and detailed by Mr. Sprenger.

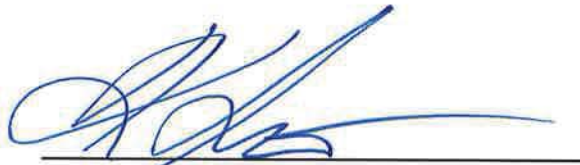
Mr. Sprenger said the two loaders work wonderfully for the ramps.

**MOTION:** Ms. Stelmak moved to pay the bills and Mr. Kelleher seconded the motion.

All board members voted aye and the motion carried unopposed.

**9. Adjourn**

The meeting was adjourned at 3:08 p.m.



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Kendall Switzer, Chairman