The regular monthly meeting of the Gallatin Airport Authority was held March 10, 2016 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Carl Lehrkind, Kendall Switzer, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director of Finance, and Shannon Rocha, Recorder.

Ted Mathis, Board Chair, 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. **Review and approve minutes of regular meeting held February 11, 2016**

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 meeting held February 11, 2016. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

2. **Public Comment Period**

Mr. Mathis said Peter Wolfgram was signed up to speak.

Mr. Wolfgram came to the podium. He came to request a connection on the east side of Runway 3/ 21 for Taxiway Oscar. He said there is traffic on the other side so you have to go across and down and around. He requested that we create access on the east side of the short runway toward the south end during the expansion project this summer.
Mr. Sprenger showed the location Mr. Wolfgram was referring to on the map. Mr. Sprenger noted that we have never put a connection across that area due to the incursion risk. We can look into an access but it would be really hard to make any changes this summer because of the extended approval process.

There were no other public comments.

3. **Consider request by Mr. Lance Richards and Mr. Peter Wolfgram to construct a 232’ x 52’ non-commercial t-hangar complex.**

Mr. Sprenger showed the location on the map. He mentioned that the taxiways in that area were designed with the hope someone would put a t-hangar there. Mr. Wolfgram has a Cessna 175 and Mr. Richards has a Cessna 172. Staff recommends approval of the hangar.

Mr. Mathis asked if we anticipate any expense for the airport other than the usual lease preparation. Mr. Sprenger said the only expense might come in future expansion. Mr. Bell said there could be ductwork expense for power and gas to the next hangar. We aren’t sure if that will be an owner expense or airport expense. Mr. Mathis commented that when you consider the low rent that we charge, it’s hard to justify additional airport expenses. We already cover the snow removal expense. One suggestion he had in looking at the drawings was that it would be preferable that the ramps be at a 45-degree angle because it would make the snow plowing easier.

**MOTION**: Mr. Lehrkind moved to approve the request by Mr. Lance Richards and Mr. Peter Wolfgram to construct a 232’ x 52’ non-commercial t-hangar complex. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

4. **Continue consideration of FY 2017 Airport Capital Improvement Plan (non-AIP)**
Mr. Sprenger reminded the board that several items were removed from last month’s consideration for a total amount of $117,000. We have reviewed those items further and have a few options to present to the board.

We reviewed the purchase of a skid steer and used bus more and have determined that these are pieces of equipment that we can live without at this point.

On the side hill mower, we could not find any contractors that had the correct equipment to mow on an 18-23 degree slope. The safety of our personnel is the biggest concern. We have found a remote control mower that is $7,000, has good references and the parts are easily available. That mower versus the $22,000 budget amount for the side hill mower, this option is considerably more affordable. We are continuing to pursue that and confirm it is the right equipment.

That leaves $95,000 remaining in the budget. We have 2 items that we feel this would be an opportune time to budget for.

The first item is interactive training equipment. Our current equipment is 12-13 years old, which is a long time in technology years. In addition, we have quite a few updates that need to be done including graphics. We got a budgetary quote from AAAE of $55,000. We have to train everyone who works out on the ramp. Having the interactive computer training saves us labor hours. Something we had to address this month was purchasing a monitor for the training since one went out. We purchased the replacement to prepare for the new program.

The other item is the website. Over 50% of our visits to the site are by mobile devices. We are at a point where the website should be updated for ease of use with mobile
devices. Most of the background items would be similar. The mobile and desktop applications would need to be updated. We have a budgetary quote of $40,000.

Those 2 items would take up almost the exact $95,000 difference.

Ms. Stelmak commented on research in her industry that has shown computer training retention is stronger than classroom training so she is in favor of the training update. She also mentioned that our website should be superior and we should do what we can to make that happen so she is also in favor of that update. Mr. Mathis agreed.

Mr. Lehrkind commented that the $40,000 seems high for the website upgrades and asked if that had been a bid or is that coming from the same company that built the website. Mr. Sprenger said the quote is from the company that built the website but they would get other quotes. He said the range is typically $25,000 to $55,000. Because we don’t take payments through the website, that lowers the cost.

Mr. Switzer asked if there is some sort of maintenance program we subscribe to for the website. Mr. Sprenger said J Tech handles our monthly website maintenance subscription. It is $150 per month or so. The interactive training will continue with the same maintenance agreement.

Ms. Stelmak asked Mr. Sprenger if he receives a monthly report on the website traffic. Mr. Sprenger said we do have access to that information. Ms. Stelmak commented it would be nice to see that information sometime. Mr. Sprenger said the last number he saw was about 35,000 new visitors per month.

Mr. Mathis asked about the computer training for personnel and if we charge tenants for the training. Mr. Sprenger said we charge them as part of the overall badging
process at $50/person. The current cost of the background check is $33. The $50 charge per person covers from the application and background to the training. It was a $25 charge 4 years ago and now it is $50. We break even with the background check and SIDA badge process.

**MOTION:** Ms. Stelmak moved to approve the changes and additions to the non-AIP 2017 Capital Plan as proposed by staff. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

5. **Consider resolution authorizing participation in the short term investment pool (STIP)**

Mr. Sprenger noted that this is a formality required by the Montana Board of Investments. We currently have $1.5 million invested there. The majority of that is our bond reserve amount. They sent out a request for the board to submit a resolution authorizing us to continue to invest there.

**MOTION:** Mr. Kelleher moved to approve the resolution authorizing participation in the board of investments of the state of Montana short term investment pool and authorizing the execution and delivery of documents related thereto. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

6. **Presentation of CY 2016 Airport Traffic Forecast**

Mr. Sprenger pointed out a sheet that shows a number of airports that have lost frequency and seats from June 2013 to June 2016. Many were smaller markets but many were not, including Dayton, Ohio and Oklahoma City.

The other part is our projection for the coming year. Last year we projected 493,000 passengers for the year and we ended up with 511,000. We projected a 2% growth and it
ended up being 6%. This year we will predict a 5.9% growth at 541,533 passengers. We expect to exceed 1,080,000 total passengers for the year.

Mr. Sprenger reported on the significant factors for the year. Delta service to Seattle will add 16,000 seats. Delta is upgrading their 50-seat regional jets to 70-seat jets to Salt Lake and that will add 10,000 seats. United has increased mainline seats to Denver. That increased the overall Denver market by United by 17,000 seats. That offsets the 12,000 less seats to Denver on Frontier due to their move to seasonal service. Alaska’s Portland service adds 7,000 seats. American’s addition to the market adds 11,000 seats. Overall we feel good about the estimate.

Half way through the second page you see the 6-year passenger growth per day by month. In January there are 377 more passengers per day in 2015 versus 2009. In June there are 527 more passengers per day. August is 631 more passengers. September and October have increased in total passengers per day at roughly the same rate as June and July. So we have seen a significant growth pattern in the September and October time frame.

The last page takes the growth rates past 2015 and into the next 10 years. Our average growth rate from 1986 to this year was 5.6%. Since 2009 we have averaged a 6.9% growth rate. We took a 2.8% growth rate, which is half of the overall average, and the numbers are significant. The numbers are especially significant if we use the 6.9% rate, which is probably on the high side, but not out of range. By 2026 we are looking at potentially between 700,000 and 1 million enplanements. We have been budgeting a potential terminal expansion, particularly gates and baggage handling in the 2021-2022
timeframe. So we are only a year or two away from having to consider what we are going to do. This summer, between 1pm and 2pm on Saturdays we have 10 scheduled departures. That is with American coming into the market, which has a lot of potential for expansion. They have already added a second Saturday flight in July and August. Mr. Mathis asked if they will be subsidized on that flight. Mr. Sprenger said the overall guarantee will include those flights. It actually helps us. They told us that Saturday flights were already booked at 49%.

We want to get the understanding out there that we are only a couple of years away from looking at necessary changes to the terminal. The main areas would be passenger gates and baggage handling. The baggage handling system particularly for Delta and United would need upgrades due to the volume they would be handling if they continue to have multiple operations at the same time.

By the 2021 timeframe we will have doubled in passengers since the opening of the terminal expansion. In 2011, we handled about 397,000 passengers and with the higher growth rates we would double that by 2022. Using the slower growth rates we would double by 2024. We will see indications of growth rates as time goes by. We will be constantly re-evaluating. We may end up ground boarding until we can build an expansion.

7. Report on passenger boarding and flight operations – Scott Humphrey

Mr. Humphrey prefaced his report by noting that we did have one extra day in February this year. Total operations for February 2016 versus 2015 were up 10.8% at 6,477 versus 5,848. That puts our rolling twelve-month operations at 81,012. Corporate landings were down 2.4% at 364 versus 373. Enplanements were up 10.2% at 41,799 versus 37,935.
The 29th day gave us 1,410 additional passengers so 6.5% would be the normalized percentage. Total deplanements were up 9.5% at 42,195 versus 38,536. Airline landings were up 4.8% percent at 501 versus 478. For the load factor, we were at 85.2% versus 83.2% so we are up 2% on the load factor.

Fuel dispensed for January was 971,000 gallons versus 716,000. Mr. Foster, General Manager of Signature Flight Support, was present at the meeting so Mr. Humphrey asked him if there was a reason for the jump in fuel. Mr. Foster said they are seeing more flights and more passengers. He said it is interesting to note that they have the highest into plane rate in the entire Signature network. So you would think the airlines would tanker fuel in but they don’t. They are looking at adding more equipment mostly due to the scheduling of multiple flights at the same time.

Mr. Humphrey reported that enplanements are flat for March. We may end up 1% better. A lot of that has to do with snow. We haven’t had a great year compared to others.

Mr. Mathis asked Mr. Foster what he is seeing for corporate activity and what is going on at the Yellowstone Club. Mr. Foster responded that it is getting bigger and bigger each year. They are starting the scheduled service from San Jose to Bozeman with Jet Suite. They keep adding more charters from the east coast. Jet Suite is handling the west coast and expanding. We are also seeing bigger aircraft every year. Since the Yellowstone Club changed ownership, we have seen a marked difference in clientele. They are flying the 650’s and the 7X’s. In July we have all of the Yellowstone Club and all of Google and it takes every inch of ramp space that we have. The Yellowstone Club is growing. They are at 500 members and they are adding 300. This is changing the face of the airport. Previously we
saw high swings between winter and summer. Now the busier times are busier and the slower times are busier.

Mr. Mathis asked if this was impacting their aircraft maintenance. Mr. Foster responded that it is. They are adding staff. Net Jets brings in their own mechanics. Technic Air has branched off. We are at 12.9% ahead of last year for the same period in gallons dispensed.

8. Airport Director’s Report – Brian Sprenger

On March 31st at 3pm there will be a special board meeting to open bids on the taxiway rehabilitation project.

The Environmental Assessment on parallel paved runway 11/29 has been approved to go out to the public. The public meeting has been scheduled for April 13th at 7pm. at the Airport Fire Station. That will be published this Saturday and Sunday and the following Sunday.

Moody’s has affirmed our A3 rating. There is more risk at airports our size and we have two major carriers controlling approximately 75% of the market which limits their upgrading the rating. But we have maintained an A3 rating since the bonds were issued. Cash on hand is at 1,773 days. That will be reduced when our projects start later this year.

Regarding the Northwest AAAE Conference, Mr. Switzer’s group has been working with them on a workshop prior to the conference. We also have a time at the Museum of the Rockies after the conference. We have asked Mr. Mathis to give a presentation on Nick Mamer.
We will be moving Frontier’s ticket counter to the end next to Alaska. Frontier only has 3 flights per week. American Airlines will take the spot formerly occupied by Frontier. That should spread out the loads on the baggage belts.

Mr. Mathis asked if the Republic bankruptcy had any impact on us. Mr. Sprenger said we have little activity with them. We might have had 8 or 9 landings that were impacted but they are paid for by United anyways so we don’t think there will be any impact.

Ms. Stelmak asked about the Runway Visual Ranges and if we had heard anything back. Mr. Sprenger said it is in the FAA’s evaluation list so we don’t expect to hear anything back very quickly.

9. 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.

10. Adjourn

The meeting was adjourned at 2:50 p.m.

Ted Mathis, Chair