The regular monthly meeting of the Gallatin Airport Authority was held March 12, 2015 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kendall Switzer, Kevin Kelleher, and Ted Mathis. Karen Stelmak was unable to attend. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director, Cherie Ferguson, Office Manager, and Shannon Rocha, Recorder.

Kevin Kelleher, 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. He asked that they raise their hand, be recognized, go to the podium, state their full name and make their comments.

1. **Review and approve minutes of regular meeting held February 12, 2015**

   Mr. Kelleher asked if everyone received their copy of the minutes and if they had any questions, corrections or additions. Mr. Sprenger, Airport Director, indicated the following corrections: strike second “meeting” on page one, the second line of the second paragraph. Page six, the third paragraph from the bottom, the third line down should read “the two bridges they lease from us” instead of “their two bridges.” Page ten, second line of the second paragraph should indicate the “former” Sande property as it is now owned by us.

   **MOTION**: Ted Mathis moved approval of the minutes as amended. Kendall Switzer seconded the motion and all board members voted aye. The motion carried.

2. **Public comment period**

   There were no public comments.
3. Consider hay ground lease/pasture proposals

Mr. Sprenger said we received a recap of the three different proposals. Only one proposal addressed every item that was in the request for proposals. That was the proposal by Joel Dykstra and Brandon Smith. Mr. Dykstra is a maintenance employee of the airport. Mr. Dykstra and Mr. Smith feel they can manage this property without impacting Mr. Dykstra’s performance at the airport and we feel comfortable with that. Another advantage is their ability to offer onsite removal of the buildings that are on the property. Their proposal is appropriate and would be a benefit to the airport. They proposed putting cattle in the pasture. Our preference was to accept haying only. There was no interest in haying only. The current people who hay for us both declined to make a proposal because they did not feel they could make it work on a hay only basis. Our recommendation is to award the lease to Joel Dykstra and Brandon Smith. We will have an out clause that they are aware of in case there are any other developments on this property that we need to address. On the removal of the buildings, the lease on the land would be pro-rated if the lease were cut short.

MOTION: Carl Lehrkind moved to approve Joel Dykstra and Brandon Smith to lease the recently purchased land for use as proposed and Mr. Mathis seconded the motion. All board members voted aye and the request was approved.

4. Consider Food and Beverage Concession expansion

Mr. Sprenger had distributed drawings and renderings of the proposed expansion. Bert Hopeman and Matt Faure, architect, were both present. The kiosk compared to the renderings has been adjusted so instead of facing into the concourse, it will be facing down
the concourse so people aren’t lining up into the concourse area. The distance out for that kiosk is actually slightly less than what the distance out for the counter of the gift shop is just a little further down. Our concern is making sure there is traffic flow in that area. One of the interesting concepts is using an Apple iPad to assist in ordering. Customers would also have the ability to order at the counter, but the concessionaire would have a staff member in the lobby to speed things up and keep the line moving. It would be similar to what Delta does with their kiosk. The iPads would be the vendor’s equipment and would not be managed by the airport. All other equipment would belong to the airport. The engineers, structural engineers, and contractors that Mr. Hopeman is using are the same as used on the terminal expansion so they are knowledgeable about the terminal area. One architectural element, the metal signage for The Copper Horse Restaurant, cannot be seen. The new signage would be more perpendicular to the traffic flow down the concourse and would therefore be more visible. The vendor plans to start work upon approval and open by July 1st 2015. Just in the past week, we overflowed in the restaurant. There are so many large aircraft around the noon hour that it creates capacity issues. The planned operating hours would be 11am-3pm. If the enplanements continue to increase, it would be open all day like the main restaurant.

The airport recommends that the metal grate above the sign be removed.

Mr. Kelleher asked Mr. Hopeman if he had any recommendations on the signage. Mr. Hopeman sees signage being done for the grab and go, the new restaurant, the old restaurant and the gift store. He thinks it should all appear similar so it looks like a main street with different shops and restaurants.
MOTION: Mr. Switzer moved to approve the Food and Beverage Concession Expansion as proposed with the modification of removing the old sign and Mr. Mathis seconded the motion. All board members voted aye and the request was approved. The motion carried unopposed.

5. Consider landscaping plan

Mr. Sprenger mentioned that all board members received a proposed landscaping plan. Our recommendation to hold off last summer was very beneficial. It provided time to determine the snow storage areas. One change we recommend from the proposed plan is along Airway Blvd. Since there is some ambiguity about what will be developed, there is merit to considering holding off on landscaping in that area. Backing the trees up to the buildings is an option, but the recommendation is to wait as we are expecting to present a Central Valley proposal in the next month or two. Also some landscaping requirements may be made of Central Valley. The trees would still be along the corridor; there is only one portion they would recommend holding off on.

Depending on the type of sign, there is a $2k allowance to enhance whatever is done in that area.

Mr. Switzer asked if the roundabout should be left as one lane. Mr. Sprenger indicated that it seems some have been driven over intentionally and that is being taken into consideration with the landscaping. The brick area is designed to be an overrun for semi-trucks. It was engineered as part of the overall roundabout design.

Mr. Sprenger said we would like to get most of the landscaping started this spring. Sod will not be put in, so we would like to take advantage of the spring rain for seeding
grass. Irrigation will be a separate proposal. We don't have a number for that yet. Some parts are included in the construction project near the terminal. As we move out from the terminal, we will be making recommendations regarding irrigation. We anticipate using a couple of wells to provide water. Our airport engineer, Mark Maierle, is going through regulations on that. It looks hopeful that we will not have to tie into city water. There is one well in existence that we may be able to use.

Landscaping the center of the roundabout is currently only an allowance. Most likely it will be some type of shrubbery and landscaping rock to discourage driving through the center.

**MOTION:** Mr. Mathis moved to approve the landscaping plan as proposed by staff and Mr. Lehrkind seconded the motion. All board members voted aye and the request was approved without opposition.

**6. Consider entry signage**

Last year we looked at several different signage concepts. We took the board’s direction particularly on the mountain theme and using rock similar to the terminal area. There was a preference to use BZN along with the full name on the signage. We took that into consideration with Signs of Montana to come up with some concepts. Staff has given the board four proposed concepts. A few preferences that have been mentioned are using the rock base instead of pushing the sign up higher, making the BZN smaller to enhance the mountain visual, increasing the size of Bozeman Yellowstone International Airport, which would widen it a little bit, and using the log as the structure on the side instead of the metal in between. We like Sign of Montana’s recommendation of the M on the Bridgers.
Mr. Lehrkind likes the input from staff. He still feels the BZN sticks out so much more than the Bozeman Yellowstone International Airport part. He would like to see the rendition where that is not the case. His concern is that the customers will not understand the focus on that.

Mr. Mathis would like the BZN to go away completely and emphasize the Bozeman Yellowstone International Airport. He likes the white lettering on the burgundy background, the stonework, the logs on the end, and the mountains.

Mr. Kelleher asked if the BZN could be vertical on the traffic side of the sign and make the Bozeman Yellowstone International Airport larger. Mr. Sprenger said it is a possibility and that there is no requirement to have BZN on the sign. Having it vertical could take away from the legibility of it. A lot of other airports use their letters as their identifier in signage, like LAX and JFK, as well as smaller ones. The large BZN helps identify it as an airport when you are further away.

The board mentioned the airplane can hardly be seen. If the BZN is removed, we could increase the size of the aircraft. They would probably keep the airplane underneath.

The sign will be well lit, backlit, inside the letters.

Mr. Switzer would like to see the BZN in there. It is an element that people use.

There is a general consensus on all the elements with the exception of the BZN. Mr. Humphrey mentioned there are a lot of calls to the office asking if we are the BZN airport.

Mr. Sprenger will come back with other proposals. That would also allow Karen Stelmak to take a look at other proposals.
Another concern is that if you’re coming westbound on the frontage road, or from the interchange, you cannot see the sign. Perhaps there should be signage down the road. We had budgeted for two signs. We could do a third sign or we could modify the sign to a V-shape. It would be a costly statement but we could put a sign on both sides. Perhaps the little one next to the terminal should be removed.

There was discussion of having signs on the trestle going in. Mr. Sprenger commented that the chances of that happening are unlikely.

The board would like to see other renditions of the sign including a rendition of double signage in the front with removal of the inside sign.

**MOTION**: There was no motion; the discussion was forwarded to next month.

7. **Consider request by Manhattan Flying Tigers to enter into a new non-commercial land lease on hanger 38**

   Hangar 38 is located off of taxiway Juliette. The hangar is in good condition. Staining needs to be done on the brace frames before we get the lease signed. We recommend approval based on them getting the staining done.

   **MOTION**: Mr. Lehrkind moved to approve the request by Manhattan Flying Tigers to enter into a new non-commercial land lease on hanger 38 with the stipulation that they stain the building braces and Mr. Switzer seconded the motion. All board members voted aye and the request was approved. The motion carried unopposed.

8. **Consider request by Rusted Barn Works, LLC to transfer their non-commercial land lease on hangar 168A/B to Aero Squadron Condominium**
Hangar 168 is located off of taxiway Quebec. It is our newest hangar that is just about complete. It is a two unit hangar. Mr. Scot Stambaugh is in the process of selling one of those units to Mr. Terry Albertson. In so doing, they must create a condominium association. That makes it better for us to lease with them and makes it better for them as they buy and sell. Transfer is requested from ownership under the Rusted Barn Works to the Aero Squadron Condominium and staff recommended approval of that request.

**MOTION:** Mr. Switzer moved to approve the request made by Rusted Barn Works, LLC to transfer their non-commercial land lease on hangar 168A/B to Aero Squadron Condominium and Mr. Mathis seconded the motion. All board members voted aye and the request was approved. The motion carried unopposed.

9. **Presentation of CY 2015 Airport Traffic Forecast**

Mr. Sprenger indicated this is a new agenda item. This agenda item is planned to show projections for the rest of the year. A document was distributed that shows where we project things going for this next year. The chart on the right hand side tracks advance airline schedules and their number of seats. There is a dark blue line and a light blue line. The dark blue line shows the number of seats offered for sale out of Bozeman for 2014 as the schedules change from December 10th through about May 7th. Slowly there became more seats and on the final one you see the actual number of boardings. You can see the difference between the number of seats offered and passengers, which becomes your load factor, the percentage of seats filled. The light blue line under that is where we are this year. We have quite a few less seats than last year. As of this week have 5,300 seats less than last year. If you extend that line to the right, you can see we are still above the number
of boardings we had last year. This is a visual representation that we will have enough seats to carry the number of passengers we did last year. In July we may see more seats come in. We are looking good for May. In June we are 4,900 seats less so it is suspect at this point. This does not indicate enplanements as we generally see a lot of open seats outbound. The reason behind all of this is that last year, we were running a double digit increase in seats and airlines were only filling half of the additional seats. That wasn’t enough for them to continue growing. They are looking at how they can raise the load factor from 80% to 90%. The chart below shows this is a common occurrence. If you look at July 2009 & 2010 we hardly grew. We had strong growth in July 2011 and 2012 but then backed off again in 2013. When you see those significant growth periods, they are typically followed by a scaling back period. Once we get through May, we may see little increase or decrease. But our projection is about 493,000 passengers, which is about 10,000 more than last year. It will be a record year made in the first half of the year. There are a few variables. Frontier is changing their business model. They are continuing to fill their flights here even with less connections. They seem to be doing good on fares right now. You can purchase a round trip ticket to Denver for $80. They are operating similar to Allegiant and that is not all that different from what you would see on Allegiant. If they change their model even more or we lose service, the lower projection is more likely. On the higher side, we are fairly confident about July and August but don’t have enough definition to project for Fall and Winter growth. We expect a record year but the growth will probably stop about June. Alaska will be up about 10% this year. They have essentially taken the place of Frontier as the low fare leader in Montana. Their expansion in Seattle has allowed them to offer more
competitive pricing to the east coast than Delta or United. They always offer one way fares so you can pick and choose who to fly with each way. Alaska is making Delta offer the one-way fare to those markets.

The other sheet has a couple of interesting things to note. We now have 700 people employed at the airport; some are part-time and some are full-time. The other two parts of the report are where we fly to and where people fly in from. Denver is the number one market on both, primarily due to Frontier and the strong ties to Denver in this region. New York City is ranked number two inbound. Number two outbound is Las Vegas. Interestingly, number ten inbound is Las Vegas. Ten years ago Las Vegas didn’t make the top twenty-five. Only half of the inbound passengers are flying in on Allegiant. A good portion of them are flying in on United, Delta, or Alaska. Outbound ninety percent fly on Allegiant. The average daily numbers are thirty-three going to Vegas and twenty-four coming in. The growth in the Las Vegas market is occurring on the inbound side. The market we have been trying to reach is Dallas but we have ten more people a day coming in from Las Vegas. The Bozeman Conventions and Visitors Bureau (CVB) has spent some money in Vegas. The state’s main thrust is in Denver. Maybe there should be some discussion about increasing focus on Las Vegas with the CVB and state agencies.

10. Report of passenger boardings and flight operations

Mr. Humphrey reported that total operations in February were up 24.5%, 5,848 versus 4,698. That can probably be attributed to the weather we have been having. Rolling twelve-month aircraft operations were 81,324. Corporate landings were up slightly, 373 versus 344. Enplaned passengers for February were up 8.3%, 37,935 versus 35,042. Right
now we are at 9.6% for the year. Rolling twelve-month enplanements were 489,881. Revenue deplanements were up 7.5%, 38,536 versus 35,850. Airline landings were up 5.3%, 478 versus 454. In February we had 40,322 seats versus 37,740 last February. Airline load factors dipped slightly 84.3% versus 86.5% due to having almost 10% more seats in the market than prior. Fuel dispensed in January was 584,735 gallons versus 645,802 gallons. Jet A airlines is down slightly. Historically we are seeing more of the 319s with Allegiant so they are probably doing better on their fuel purchasing out of Bozeman. Mr. Humphrey was talking with Delta about the 319 that overnights here. In terms of the dry runway and $1.95/gallon, they are tankering fuel in on their aircraft. So fuel dispensed is slightly down for January but we will see what happens in February and March.

11. Airport Director’s Report

Mr. Sprenger reported that the new Verizon cell tower at first glance looks just like a little taller pine tree. Vertical Limit is the company that worked on it and they did a great job. They were easy to work with and have already paid the first year’s rent on the space so they should be good tenants.

The environmental assessment on runway 11/29 is still going through FAA review. We are reaching a point where the FAA will have a dilemma. One part of the FAA is counting on us to spend this year’s grant money. The other side of the FAA is going through the environmental assessment. Pieces have been re-written to meet their requirements. There will be a point where the money side of the FAA will be applying pressure because they are counting on us to use the money. So we are counting on that to be pushed through soon.
2015 AIP entitlements increased from $3,036,000 to $3,078,000. We are fortunate to see that increase.

Mr. Mathis commented that he and others on the board attended the state aviation conference in Missoula last week. Summit Aviation had a nice booth there. Janine Nunes from Summit Aviation received an FAA award regarding her flight instructing. Arlin Wass from Arlin’s Aircraft Service was recognized by the FAA for his many years of excellent service provided. That spoke well for two of our commercial operators. Mr. Kelleher thanked Mr. Mathis for not mentioning that he won tickets out of the Butte Airport.

12. Consider bills and approve for payment

The twelfth agenda item was to consider the bills and approve for payment. The board members and Mr. Sprenger reviewed and discussed the bills. Copper was purchased as approved by the board last month. There was an independent fee review on the de-icing. Thompson Contract was for the new baggage carts with credit card capability. There will be a report on the impact on revenues at some point. Our interactive training program was renewed. Snow plowing is coming down. The flight tracking system keeps track of billing for landing fees and is paid on an annual basis. Some software and a new laptop for fingerprinting were purchased. The last large payment was made to Thyssenkrupp as the contract has terminated.

MOTION Mr. Lehrkind moved to approve the bills for payment as presented and Mr. Mathis seconded the motion. All board members voted aye and the motion carried unopposed.
13. Adjourn

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

Kevin Kelleher, Chair