

The regular monthly meeting of the Gallatin Airport Authority was held September 11, 2014 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Kendall Switzer, Karen Stelmak and Carl Lehrkind. Kevin Kelleher, Board Chair, was unable to attend the meeting. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Paul Schneider, Assistant Airport Director-Ops and Cherie Ferguson, Office Manager.

Ted Mathis, Vice Chair, welcomed everyone to the meeting and said Mr. Kelleher was unable to attend the meeting.

### **1. Review and approve minutes of regular meeting held August 14, 2014**

Mr. Mathis said the first agenda item was to review and approve the minutes of the August meeting. He ascertained that everyone received a draft copy and didn't have any comments, changes or suggestions.

**MOTION:** Carl Lehrkind moved to approve the minutes of the meeting held on August 14, 2014 and Kendall Switzer seconded the motion. All board members voted aye and the motion carried.

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

Mr. Mathis said that Jeff Bengner was the only person who signed up. He asked Mr. Bengner to step up to the podium and use the microphone.

Mr. Bengner said he was speaking as an individual and an employee based at the airport. He said he could see no good reason to change the addresses from Gallatin Field Road to Wings Way for hangars and businesses on the general aviation side of the airport. If the addresses are changed, everyone on the general aviation side that has a Gallatin Field Road address will have to make multiple address changes associated with that. The legal description would also change and he and the other owners in a condominium association

would have to change their addresses. It affects insurance, utilities, mailing and shipping addresses. The flight data suppliers he works with all use the Gallatin Field Road address. Multiple documents mandated by the FAA would all have to be updated. Mr. Bengert said he recently read how slow the FAA is about making changes, and he fears it may take significant time to get everything changed. He asked the board to change the name of the new entrance road rather than the name of the road on the general aviation side.

Mr. Mathis asked Brian Sprenger, Airport Director, to give a history regarding the decision to change the hangar addresses to Wings Way. Mr. Sprenger said we have a new road that goes to the terminal and it made sense to rename it Gallatin Field Road. Over one million passengers, delivery companies and tenants, including the Gallatin Airport Authority, use Gallatin Field Road. Mr. Sprenger said we didn't get any negative responses from the Fixed Base Operators (FBOs) when we talked to them, or when they attended the February 2014 Airport Authority board meeting when the decision was made. Mr. Sprenger said he was also surprised the hangar Mr. Bengert mentioned had a Gallatin Field Road address. It is on a taxiway and he is not aware of any other hangars within the fence that have a Gallatin Field Road address. The addresses for the hangar condominium he referenced are not in the Gallatin County Geographic Information Systems (GIS). Mr. Sprenger said we had to choose which road to name Gallatin Field Road and the one that was chosen made the most sense.

Mr. Mathis asked Mr. Sprenger if the name change had been a specific agenda item and Mr. Sprenger said it had been and it had been posted in the paper for the February 2014 meeting.

Mr. Mathis told Mr. Bengert the board appreciated his comments and would take them under consideration.

The second person to speak was Ken Nass, of Keller Williams Montana Realty. He asked the board if it is possible to change the name of the new road to airway or parkway and leave Gallatin Field Road unchanged. He said he tried to change the legal description on Dean Hatten's hangar #116 and it will take some time.

**3. Consider request by Mr. Dale Miller to enter into a new ten- year non-commercial lease on hangar #29, #30, #31, #40 and #41**

Mr. Sprenger said the hangar is in good condition and the rent is current. He said there is an aircraft in each hangar and he recommended approval of the request.

Mr. Mathis said this is one of the earliest hangars and it was built in the mid-1980s.

**MOTION:** Mr. Switzer moved to approve the request by Mr. Miller to enter into a new ten-year non-commercial lease on hanger 29, 30, 31, 40 and 41. Karen Stelmak seconded the motion. All board members voted aye and the motion carried.

**4. Report on food service behind security – Bert Hopeman**

Mr. Hopeman said he and his wife own Sharbert Enterprises, Inc., which operates the food, beverage, and gift concessions at the airport. He thanked the board for the opportunity to discuss the food situation behind security. Mr. Hopeman gave the board an overview of the changes they have seen since they have operated the food concession at the airport and what steps they have taken to accommodate as many people as possible. They added more seating for more diners and changed their menu to improve food flow. Mr. Hopeman said the kitchen is smaller than the old kitchen and has only one grill. He said there is very little storage in the kitchen area and they have to replenish their supplies from storage in the basement when they run out, or they have to tell people they are out of the item. Coffee service was relocated to the gift store and a greater variety of snack food including microwavable items was made available there too. Mr. Hopeman asked if the Authority

would be willing to open another venue on the concourse as he believes it would be beneficial to the traveling public. Mr. Hopeman presented some estimates of revenues and costs if a new venue were to be opened and suggested a possible location.

Ms. Stelmak thanked Mr. Hopeman for taking the time to prepare his information for the board and make his presentation. She also complimented him for taking the steps he has taken to better serve our customers.

Mr. Lehrkind asked when the contract with Sharbert Enterprises ends. Mr. Sprenger said May 31, 2015 and asked the board if they would be in favor of including another food venue in the upcoming Request for Proposals (RFP) for food, beverage and gift concession. Mr. Sprenger also believes it would generate more revenue because we would be serving our customers better. He said the restaurant at the airport is larger than most restaurants at other similar sized airports. When the terminal expansion was planned, it wasn't known how much business the restaurant would generate as it was the first time we had one behind security. We also didn't know how quickly our passenger numbers would grow. Larger aircraft and our aircraft mix have created some challenges. Mr. Sprenger also discussed a location for a third venue based on the most convenient place for the traveling public.

Mr. Sprenger asked the board, if they are willing to consider another food venue, whether they would want the Authority to pay for changes or if they would want the successful concessionaire to pay for them. In the past, the Authority has paid for most improvements. Mr. Lehrkind asked what Mr. Sprenger and staff's recommendation was and Mr. Sprenger said they believe that passenger growth will be less than this year, and proposals for the concept could be included in the RFP process and work completed by the summer following the award to the new concessionaire. Staff believes it would be beneficial to allow the successful concessionaire to be involved in the design.

Mr. Switzer asked if the current contract is a five-year contract and what is being offered at other airports. Mr. Sprenger said the current contract is a five-year contract. He said some airports are offering ten-year contracts but he and staff would prefer a five-year or possibly a seven-year contract. Mr. Sprenger said the RFP may attract interest we have never seen before. Because of that, he wants the board to discuss the RFP process at the October board meeting.

Mr. Switzer thanked Mr. Hopeman for being responsive to the flying public's needs and said we are a service organization. We need to find the best solution for our airport and need to plan for expansion.

Mr. Mathis asked Mr. Hopeman if he included any maintenance or utility costs in his estimate and Mr. Hopeman said he only included construction costs. Mr. Mathis said a cash and carry venue would create additional custodial work because people would be eating in the seat areas. He said the airlines could start serving food again, which could impact food service in the terminal. Mr. Mathis thanked Mr. Hopeman and said he was very impressed with his report and the amount of research he had done.

Ms. Stelmak agreed with Mr. Hopeman and Mr. Sprenger about the location of a third food venue. She doesn't believe people would go to the end of the concourse to eat and then return to their gate. She said the growth in the food industry has been grab and go. It would make additional work for the custodial staff and necessitate placing larger trash cans in the concourse area. She believes we should keep a sit down restaurant, increase the grab and go area as we have done and add a third food service option.

Based on the board members' thoughts, Mr. Mathis asked Mr. Sprenger and staff to include ideas for a third venue in the RFP process for the food, beverage and gift concession.

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

Mr. Humphrey reported that August tower operations were up 5.4%. Air carrier operations were up 32.8% while air taxi operations were down 15.9%. Local general aviation (GA) was up 15.8%. Itinerant operations were down 2.9%. Mr. Humphrey said he read an article Delta recently published in which they said that by next summer they would remove 50% of their fifty-seat regional jets (RJs) out of their schedule and by the summer of 2017, they wouldn't contract any fifty seat RJs.

Rolling twelve-month aircraft operations were 78,897. Corporate landings were up slightly, 312 versus 302 last August. Passenger enplanements of 61,585 were up 6.0% from 58,809 and rolling twelve-month enplanements were 466,129. Deplanements were up 6% also, 58,879 versus 55,550 for August 2013. Airline landings were up 4.3%. Last August there were 728 airline landings, this August there were 759. Airline load factors of 82% were down 10.5% from last August. There were 12,274 additional seats in the market this August. Fuel sales for July were up 9% to 964,525 gallons versus 884,628 gallons dispensed last July.

Mr. Humphrey said there would be 23% more seats in the market in September, 51,734 versus 41,852 last September, and reservations are up 11% so far for September. He expects enplanements to be up about 11% to 12% for September. There are 17% more seats in the market for October.

Mr. Lehrkind asked if Mr. Humphrey had any information about the holidays and Mr. Humphrey said Thanksgiving isn't much of a driver for us and the airlines haven't finalized their Christmas timeframe schedules yet. He said they are still working on their winter schedules for the morning bank and sequencing of flights. Mr. Sprenger said right now there are six mainline aircraft departures scheduled between 6:30 and 8:00 a.m. on peak days. He

said the airlines may increase the number of seats in the market by 20% from Christmas through about the first week in January and then we may see single digit growth after that.

Ms. Stelmak asked how Delta's Seattle flights were doing and Mr. Sprenger said he doesn't believe the response was what they had hoped it would be. They initially tried to schedule it to meet international flights but that didn't work well with the inbound domestic connections. They moved their flight to about the same time as the afternoon Alaska flight. Mr. Sprenger said, within the next couple of months, we will see if Delta brings the flight back next summer. The board thanked Mr. Humphrey for his report.

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

Mr. Sprenger reported that he had a discussion with Frontier. There have been memos about their transition and they aren't serving many airports our size. They told him they are very pleased with our market; it is a strong market for them and they anticipate continuing along historical levels.

Mr. Sprenger said we have had good comments from customers regarding the Screening Partnership Program. All the baggage and passenger screening after 1:00 p.m. is being done by the contract company. Former TSA employees say the work environment has improved substantially. We want our customers taken care of and that starts with the work environment. Hopefully by next month, CSSI FirstLine will be doing all the screening and we will have a better idea if it was a good move. Mr. Sprenger said the GAO and Congress are watching what is happening in Montana.

Mr. Sprenger said we plan to replace our 1992 ½ ton truck with a full-sized pickup with a plow. We are already using a pickup with a plow and it seems to work better than a large plow. Through the state procurement program, we can get one at a substantially reduced cost. We will try to negotiate for one locally first.

Mr. Sprenger said the mosaic map is up by the teleboard but we will continue looking for alternative locations for it as it is a bit out of the way there.

Mr. Sprenger reported that we had to reschedule our full-scale emergency drill for October 11<sup>th</sup> due to our original date conflicting with the Belgrade Fall Festival.

Mr. Sprenger said he would have a draft of the food, beverage, gift concession RFP for the board to consider at their October 9th meeting. Paul Schneider will also report on the cost savings initiative and Mr. Sprenger will send the board a preliminary ten-year Capital Improvement Plan (CIP) spreadsheet to be discussed at the meeting.

Mr. Sprenger said the annual audit would be presented at the November board meeting and in December, he would follow up with the CIP to submit to the FAA. The board will have some time to consider the priorities for the airport.

Mr. Sprenger and Mark Maierle, airport engineer with Morrison Maierle Inc., gave the board members an update on the I-90 interchange project. Knife River, the contractor, is moving a lot of dirt out of the borrow pit on the south side. In about a week, traffic will be exiting the terminal using the temporary entrance. In about two weeks, traffic will be routed through the borrow pit, which will be at grade, and everyone will enter and exit using the temporary entrance. The biggest impact will be in about two weeks and will last about four weeks. Mr. Maierle said they are not planning to open the road to Dry Creek until everything is done, which should be about five weeks from now.

Mr. Sprenger said Knife River is working on the roundabouts. The railroad is on the new tracks.

Steve White, Gallatin County Commissioner, asked Mr. Sprenger what was decided on the concrete roundabout and Mr. Sprenger said we wanted it made of asphalt for numerous reasons. The Montana Department of Transportation (DOT) wants it made of

concrete. Mr. Sprenger said making it concrete wasn't in any of DOT's paperwork but they have asked for the change in their response. We might be responsible for the maintenance on the roundabout if it is asphalt.

Mr. Sprenger said we are also in discussion with the DOT because the project came in under budget. In the agreement, if it had come in over budget, the County would have had to contribute the additional funding. Since it is under, Mr. Sprenger thinks it conversely should go to the County's priorities on Secondary 205. The DOT said they don't have any excess dollars, but we, and the City of Belgrade, have documentation saying what the budgeted amount was and that the County had to pay any shortfall. Mr. Sprenger said about two years ago, they went up to talk to the Highway Commission and they said if there were any excess dollars, they would be used on Secondary 205 because maintenance dollars were used for the interchange project and the interchange should reduce traffic on 205. In the minutes of the meeting with the DOT, Commissioner Reardon agreed if the amount came in lower, it should be focused on Secondary 205. Commissioner White agreed and said DOT would use the money somewhere else in the state if we didn't ask for it to be used on 205. He said Mr. Sprenger did an outstanding job before the Highway Commission and they did sign off on it verbally.

Ms. Stelmak said people are telling her they are confused about the airport entrance due to construction. Mr. Maierle said he talked to Knife River and asked them to add additional signage further away from the airport. Mr. Switzer said we need more signage. Mr. Mathis said it is dark when people are coming to the terminal in the morning. Mr. Maierle said we can ask the state for more lighting. Mr. Sprenger said it would be only a week or two before we start using the new entrance and there would be better lighting.

The board thanked Mr. Sprenger for his report.

**7. Consider bills and approve for payment**

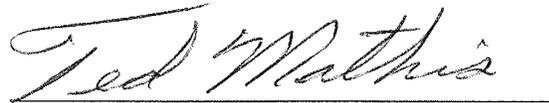
The seventh agenda item was to consider the bills and approve for payment.

Mr. Sprenger mentioned the bills from DGM for pay parking lot equipment, Gallatin County for utilities for the Interchange project, Thompson Contract for the luggage carts, House of Clean for annual purchase of custodial supplies, J & B Aviation for GPU cabling, some of which will be reimbursed by the airlines, and SimplexGrinnell for annual fire alarm testing and sprinkler updates. The board members and Mr. Sprenger reviewed and discussed the other bills.

**MOTION:** Ms. Stelmak moved to pay the bills and Mr. Lehrkind seconded the motion. All board members voted aye and the motion carried unopposed.

**8. Adjourn**

Mr. Mathis thanked everyone who attended and the meeting was adjourned at 3:17 p.m.

  
Ted Mathis, Vice Chair