

The regular monthly meeting of the Gallatin Airport Authority was held October 11, 2018 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kendal Switzer, Kevin Kelleher, Ted Mathis, and Karen Stelmak. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Carl Lehrkind, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. Open bids for On-Airport Recreational Vehicle Rental Concession

Mr. Sprenger asked for additional bids.

There was one bid:

The bid was from Black's Ford, LLC. The bid was signed by Jonathan Distat. Black's Ford bid:

First through fifth year minimum annual guarantees:

\$150,000 for the first year, \$155,000 the second year, \$160,000 the third year, \$165,000 the fourth year, and \$180,000 for the fifth year. They agreed to all the RFP conditions.

Staff recommends awarding a contract to the highest qualified bidder.

Mr. Sprenger showed the location on the map. It will be on the north side of the credit card lot. Their intent is to avoid the curb.

Mr. Mathis asked about their operations inside the terminal. Mr. Sprenger said, as he understands it, they don't need a counter. They would like a seating area for their customers to wait in while they do the paperwork on iPads. Staff thinks the best location

would be adjacent to Karst Stage. Karst Stage has a need for a waiting area in the winter and not in the summer, which allows for cross utilization. The RV business will not be operating in the winter and our peak parking is over Christmas so we could reclaim that parking as a credit card lot. In a lot of ways this is a complimentary business to existing businesses and needs.

MOTION: Mr. Kelleher moved to take the bids under advisement and award a contract to the highest qualified bidder. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

2. Review and approve minutes of the regular meeting held September 13, 2018

Mr. Lehrkind asked if everyone had received their copy of the minutes and if they had any corrections or additions. There were none.

MOTION: Mr. Switzer moved approval of the minutes of the meeting held September 13, 2018. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

3. Public Comment Period

There were no public comments.

- 4. Continue consideration of concurrent requests by Arlin's Aircraft to amend its commercial land lease on hangar #4 and Signature Flight Support to amend its commercial building and land lease on hangar #2/3 to include removal of existing hangars by December 31, 2020, a leased area re-alignment with a 5-year development period beginning January 1, 2021 to construct minimum 22,500 square foot hangars upon which new lease terms would be offered including a \$215,000 road re-alignment cost share, subject to move of Summit Aviation to the Northside by June 1, 2020**

Mr. Sprenger said we have been working on this over several meetings. We went back to the parties involved requesting a cost share. This proposal has a couple changes. We

increased the minimum hangar size to approximately 150 feet by 150 feet. We also discussed cost sharing within the lease period of \$215,000 for each party over the terms of the lease. Their request, and we agree, is increasing the lease term by 5 years depending on the lease option they choose. They are agreeable to the terms.

Mr. Mathis said there are a lot of parts and pieces to this and offered commendation to all involved. Mr. Sprenger confirmed these are our standard leases tied to the specific terms mentioned.

Mr. Switzer agreed that a lot of hard work went into this and commended everyone for working out a solution. He is very excited about the road adjustment because it will be much safer and easier to use.

Ms. Stelmak said this is the best strategic plan to accommodate our FBO's, General Aviation and airport needs. She thanked all involved for a good job and a lot of hard work.

Mr. Kelleher agreed and asked about Summit Aviation. Mr. Sprenger said Summit Aviation is the last moving part to resolve. Their current sublease on the former FBO building that Signature currently controls is a part of this. The next agenda item is a proposal to build a facility for Summit to relocate to the north side. The intention is to move a major flight school operator adjacent to the new runway. . The coordination includes having to build that facility to empty the facilities on the south side for redevelopment. We need to make sure Signature and Summit can come to an agreement. They have a long-standing relationship. They are continuing to negotiate. We can get into the details on the next agenda item.

Mr. Lehrkind asked when the road realignment happens. Mr. Sprenger said the expectation is to re-align the road about when hangars are removed so during the summer of 2020.

MOTION: Mr. Switzer moved to approve concurrent requests by Arlin's Aircraft to amend its commercial land lease on hangar #4 and Signature Flight Support to amend its commercial building and land lease on hangar #2/3 to include removal of existing hangars by December 31, 2020, a leased area re-alignment with a 5-year development period beginning January 1, 2021 to construct minimum 22,500 square foot hangars upon which new lease terms would be offered including a \$215,000 road re-alignment cost share, subject to move of Summit Aviation to the Northside by June 1, 2020. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

5. Continue consideration of request by Signature Flight Support for new ground lease on north side to facilitate development of a flight school hangar and facility subject to an approved sublease agreement between Signature Flight Support and Summit Aviation

Mr. Sprenger said this is a two-phase process. This agenda item is asking the Board to approve the concept of the move to the north side. We still have to define the size and specifications of the hangar. Mr. Sprenger showed the location on the map. We are working to ensure we have enough depth and ramp space. He showed the location of the ramp area. It is designed for a C2 aircraft. It is not designed for the separations we see on the south side.

The second part will be coming back with the plans and the proposal from Signature. They say they have the money and they would like to get this approved before the end of the year. They are very motivated.

Ms. Stelmak asked about infrastructure and coordination with Signature. Mr. Sprenger said the capital budget includes infrastructure needs including realigning the fencing and providing sewer, water, power and gas to that area. The AIP side would be tying into the ramp. We have a lot of interest in hangar space at the airport right now. Much of the interest is for commercial and on the south side.

Mr. Mathis asked what percentage of the \$2.4 million would be eligible for Federal Airport Improvement funds. Mr. Sprenger said they estimated approximately \$1.2 million of it. Ramps and taxiways are eligible. Roads are not eligible; they only allow one road to the airport that is AIP eligible.

Mr. Lehrkind asked if we foresee any other costs associated with this. Mr. Sprenger said we hope to have covered all of the expected costs. We have been carrying this in the budget and reviewing it for years. Mr. Lehrkind asked Mr. Sprenger if he foresees any other uses for this down the road. Mr. Sprenger said he thinks this is the first phase. Frontage along a runway is the space most likely to be developed. Mr. Sprenger showed some potentially available surrounding properties. We are watching where the development is happening. We are seeing a lot of commercial development.

Mr. Lehrkind said that if we are going to spend \$1 million on a road, we should think long term for expansion and make sure to do it right the first time.

MOTION: Ms. Stelmak moved to approve the request by Signature Flight Support for new ground lease on north side to facilitate development of a flight school hangar and facility subject to an approved sublease agreement between Signature Flight Support and Summit Aviation and submission and approval of site and building plans still to be

determined. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

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

Total operations for September 2018 versus 2017 were up 46.9%. We have eclipsed our rolling twelve-month operations record from 2006. The old record was 82,936 and we are now at 83,891. Corporate landings were up 42.3% at 276 versus 194. Revenue enplanements were up 8.9% 61,722 versus 56,697. That puts our twelve-month enplanements at 649,380. Deplaned passengers were up 8.4% at 57,497 versus 53,061. Airline landings were up 3.2% percent at 622 versus 603. Airline load factor was down .4%. Fuel dispensed was up 27%.

We only have 4% more seats in October. Mr. Humphrey predicts we will come in 5% to 6% better for October. That will still keep us in the double-digit growth for the year. Seats will start to build toward the end of November and into December.

Ms. Stelmak commented that local GA traffic more than doubled. Mr. Humphrey said flight school started back up and we are just seeing a lot more activity.

7. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that the pilot meeting last month was well attended. Approach Control came up from Boise. Mr. Sprenger thought the presentation was excellent. Mr. Mathis and Mr. Kelleher attended as well and both thought it was a good event.

The tower numbers are phenomenal. We have been flat on tower numbers for the last decade. We can see what the new runway has done. We had a threshold that the flight

schools could not surpass. The runway is accommodating a demand. Regarding our first and last hour with the extended tower hours, we are getting into the slower season so airline operations are averaging about one per hour. That will change in the winter.

The parking garage is coming along. Basically all the decks have been poured. They are focusing on the connector building and roof. Now it is a race against the weather.

Mr. Switzer asked if the work was on schedule. Mr. Sprenger said we are still on schedule for a full opening June 1, 2019. We are still working on the terminal project to be bid in January.

Mr. Sprenger showed some pictures of the terminal apron work. They can now do 25-foot widths which speeds up the process.

TSA is putting in the fifth lane at the screening checkpoint around Veterans Day. One of the initial challenges will be staffing. We have the opportunity to get this lane in knowing we will need it for the expansion. The hidden benefit is if equipment goes down on one lane, we have an additional lane to fulfill the need. For reference, Missoula just got their third lane. We are thankful for this opportunity before the expansion is done.

The Legislative Roundtable is here at the airport on October 31st. The primary purpose is to get all the different government entities together to present to our state legislature the challenges this county is up against like no other county in the state. In the last decade, 25% of all jobs created in Montana were created in Gallatin County. We receive no money from the state. We would just like our legislators to understand the benefit of airports, support airports' autonomy and provide the data and statistics to tell the story that we need our legislators to help out in this valley due to the growth.

Ms. Stelmak asked about Yellowstone Forever and their store hours. Mr. Sprenger said right now through the Fall they will open one half hour later. They are shifting those hours later into the day. They are open until 6pm now and then by December 15th until 8pm. Their challenge is getting the staff on board. We are seeing positive movements with the new staff.

Mr. Mathis said we had the Vice President in town last week and asked if they gave the airport any kind of coverage for our overtime and expenses. Mr. Sprenger said they did not and they estimated the cost to be about \$2,500.

Mr. Mathis said the Sunday, September 30th issue of the Bozeman Daily Chronicle had a very good article in it about the airport. He said Mr. Sprenger and staff put some time into it and he thinks it is one of the most informative articles in the Bozeman Daily Chronicle about the airport that he has seen in a long time. Mr. Mathis commended Mr. Sprenger and staff for helping to make that happen. Mr. Sprenger said they were fortunate to have a good reporter who has some airport and airline history. She was very interested. She asked a lot of follow up questions and even called back for some clarification.

Ms. Stelmak said she thought something was happening at the library this evening. Mr. Sprenger said yes, the Belgrade Community Library has talks once a month and they asked him to talk tonight.

8. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Mr. Mathis moved to pay the bills and Mr. Switzer seconded the motion. All board members voted aye and the motion carried unopposed.

9. Adjourn

The meeting was adjourned at 2:48 p.m.

A handwritten signature in black ink, appearing to read 'C. Lehrkind', is written over a horizontal line.

Carl Lehrkind, Chairman