

The regular monthly meeting of the Gallatin Airport Authority was held September 12, 2019 at 2:00 p.m. in the Airport Conference Room. Board members present were Kendall Switzer, 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 August 8, 2019

Mr. Switzer asked if everyone had received their copy of the minutes and if they had any corrections or additions. Mr. Sprenger said there should be one small edit. Page 4 says Ms. Stelmak asked about having a rail by the fireplace. The minutes currently say, "Frank said that hasn't been discussed yet." The minutes should be revised to say, "Frank said that detail hasn't been finalized yet."

MOTION: Ms. Stelmak moved approval of the minutes of the meeting held August 8, 2019 as amended. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider real estate transfer agreement and subsequent short term lease agreement with Mr. David Williams and Mrs. Shelly Williams for the purchase of property located at 1551 Tubb Road, Belgrade, MT

Mr. Sprenger showed the location of the property on the map. The sellers are seeking 36 months of occupancy due to health issues. Staff recommends approval of the request. The purchase is \$20,000 over budget for land acquisition this year.

Mr. Mathis asked about the size of the property. Mr. Sprenger said it is just over 1 acre.

Ms. Stelmak asked if we could make certain we were covered for liability issues. Mr. Sprenger said they have been working with Payne West about the rental even though we will not receive income from it. Mr. Humphrey said the insurance coverage for that has been bound for this property.

Mr. Switzer asked if the price is locked in. Mr. Sprenger said yes. The purchase price is the appraised value plus an administrative settlement of 1.8% of the price. That was the same administrative settlement percentage as the last land acquisition. Consistency in that will be better in the long run since there may be more acquisitions on the same area.

MOTION: Mr. Mathis moved to approve the real estate transfer agreement and subsequent short-term lease agreement with Mr. David Williams and Mrs. Shelly Williams for the purchase of property located at 1551 Tubb Road, Belgrade, MT. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Mr. Dennis C. Guentzel to enter into a new 10-year non-commercial land lease on hangar #80

Mr. Sprenger reported that the hangar is in good condition and the rent is current. Staff recommends approval of the request. Mr. Guentzel was present to answer any questions. There were none.

MOTION: Ms. Stelmak moved to approve the request by Mr. Dennis C. Guentzel to enter into a new 10-year non-commercial land lease on hangar #80. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

5. Master Plan Update – Preliminary Air Field – Scott Bell

Mr. Sprenger said they started this process by trying to determine the ultimate air field while considering any restrictions such as property, runway protection zones and approaches. They created a 20-year plan and a beyond 20-year plan. The top page contains the current air field. We want to maximize the ability of the airport. The plan includes 20 gates and the space necessary for that. We are comfortable that 20 gates will probably take us 40 years into the future.

The plans were reviewed by Scott Bell. The plans of the existing conditions of the airport include all the improvements happening into about the spring of 2020.

The second image presented was the 20-year plan. The main runway is planned to be expanded to the east by 300 to 350 feet with an additional taxiway. An approximately 670 foot expansion is planned to the west. That would make runway 12/30 a 10,000 foot runway.

Mr. Bell said runway 3/21 was evaluated extensively during this planning process. The document will present runway 3/21 remaining a visual cross-wind runway for small aircraft. They reviewed the need for approaches to 3/21 and at this time they don't think there is. As development occurs to the north, the plan is for it to be slightly extended to add a taxiway past the turf runway and connect with Taxiway C2. The ultimate length would be 3,125 feet.

Runway 11/29 is 5,050 feet. The plan is to extend 11/29 prior to the next rehabilitation of the main runway so it could take all corporate traffic and maybe also some air carrier

operations. In order to accomplish that extension, the VOR will have to be relocated. Two sites have been picked for the Very High-Frequency Omnidirectional Range (VOR). State land is one of the locations and there have been discussions on the possibility to swap land. The other location is an airport property location. The preferred location would be the state land if they could negotiate a favorable trade. The extension would make 11/29 7,500 feet and then further for the post 20-year plan.

Mr. Switzer asked why we can't relocate the VOR to the middle of the airfield. Mr. Bell said the VOR has to have a critical area where no one has access to. It does ground checks. Mr. Bell said he would double check but he doesn't think that is an option.

Mr. Bell reviewed the plan for north side development. In the event that we run out of space on the southeast side of the airport for aircraft, the north side plan includes an apron bigger than the east ramp and aviation lane. The parallel taxiway in that area is moved out to 400 feet separation. It could be growth for small or large aircraft. Mr. Sprenger mentioned that puts the field out to where Tubb Road is. That is important to know as we consider land acquisitions. Mr. Bell continued that taxiway C is planned to continue west and connect to extended runway 11 and to the end of runway 12. Ms. Stelmak commented that she thinks that is crucial in case something happens to keep traffic moving. Mr. Sprenger said it could also delay the need for 11/29 to be extended.

Mr. Switzer asked why at the middle of runway 11/29 there is not a tie-in taxiway to the south side. Mr. Bell said they have considered that but the safest place to cross runways is at the threshold areas. As you start coming across at other locations the aircraft are traveling at higher speeds. They try to minimize crossings of runways. That is an FAA

consideration. Mr. Switzer said it is nice to have two places to go at the end of every runway. Mr. Sprenger said it is a conflicting problem between efficiency and safety. He acknowledged it is worthy of discussion. Mr. Sprenger said a compromise could be parallel taxiway to the south between the two runways. The recommendation was also made to create a high speed off the end of runway 29 on the south side connecting to taxiway C. Mr. Bell said they would continue to look at it.

The previous master plan had a full parallel-parallel. That has been shortened in an effort to eliminate another runway crossing. It would have high speed taxiways. Mr. Mathis said in the past the FAA had a problem with high speed turn offs. Mr. Bell said the FAA has approved them for capacity. Mr. Mathis asked if there was anything to keep us from doing the high speeds instead of inner parallels. Mr. Bell said he doesn't think there is. There were discussions on the inner parallel taxiway and high speed options. Mr. Sprenger said he doesn't see any reason why you couldn't do the high speeds first. Mr. Mathis said they are good for capacity and Ms. Stelmak said she supports that idea as well. Mr. Mathis said he didn't understand having another parallel taxiway on the cross wind runway. Mr. Bell said it would depend on the timing and how far it goes back.

If we move to a centralized location for de-icing there is a spot planned for 5 aircraft. If we need to move aircraft faster and have mounted equipment there is an area reserved for that. There is a storm water pond area. There is space for storm drainage to be moved further west if needed. There is enough apron space reserved for a 20 gate terminal. A move to the east of the terminal would create 10 gates on each side and maintain a true center entrance to the terminal.

The third plan presented was the post 20-year airport layout plan. That plan is showing an additional runway extension to all 3 runways. A 1,000 foot extension is planned to the east for runway 11/29 which makes it an 8,500 foot runway. The intention for that on the plan is to protect the approaches. The ultimate length for runway 3/21 per the FAA is 5,100 feet. The third plan illustrates Runway 12/30 with a planned expansion to the west to preserve the runway protection zones. The east and west extensions of 12/30 shown on both plans will start affecting the localizer and glide sloping and we will have to re-do the approaches. The benefit of that is we can improve the approach visibility, especially considering the fog we have had. Some of the equipment will have to be upgraded. With an approved Airport Improvement Project (AIP) we could accomplish that with AIP funding.

The next step will be to look at relocation of roads, parking lots, parking garage improvements, hangar layouts, etc. The planning committee will start having some meetings to get additional input including aviation users and incorporate their thoughts.

Mr. Kelleher asked about parking pads for heavy aircraft. Mr. Sprenger said that at this point those are not on the plan. Mr. Bell said what they have now is working well. They have expanded the concrete for parking aircraft. Some areas have asphalt so snow melts off faster. Even the older apron doesn't move much. Sometime dimples develop. We have parked Air Force One on our asphalt without any problems. Mr. Sprenger said the areas can be retro-fitted if there is a need for parking pads in the future.

Mr. Mathis said he likes the idea of the inner parallel taxiway but it is not practical for snow removal. Mr. Sprenger said just having it on the plan protects for the expansion. We will have to be hauling snow at some point as we expand. There are changes that could reduce

the need for the inner parallel. Some things could develop differently or faster than expected. It could turn out that the inner parallel isn't needed.

Ms. Stelmak said the lengthening of 11/29 is critical so if an issue develops on the main runway traffic can be diverted there. She said she likes the high speed taxiways because they will help with safety and improve efficiency. Mr. Sprenger said the extension of 11/29 is the most difficult to justify at this time. Mr. Sprenger said if we could do it just before the rehabilitation of the main runway that would help.

Mr. Mathis presented a correction to Chapter 2 of the plan. Page 2-35 refers to the Boeing KC-135 as a fire tanker. That aircraft has never been a fire tanker.

Mr. Mathis said all the projections in the plan are straight line climbing without any considerations for a recession or a mechanic shortage. He said you probably can't factor those in but those things have affected us in the past. Mr. Sprenger said from the enplanement side we feel comfortable with the projections. Our airline traffic has rarely been affected by recession. There will be other impacts that will not be recession based. We are still having internal discussions on the operational side. As we grow, we have been discussing the impacts on people that live around the airport. We have struggled to hit the operational numbers on total operations in previous master plans. The numbers suggest where we're going and we make development projections based off of them, but, we haven't reached those levels in the past. We are struggling to determine what is appropriate. We don't want to needlessly upset the community and yet we want to give them a good idea of what's coming. Some projections are based on FAA statistics. We are not sure the FAA is correct in their thinking about pilot populations.

Mr. Sprenger said one of the topics at the conference they attended was an electric trainer. The all in operation costs of the aircraft is \$23/hour. It is a 3 hour operational aircraft with a 20 to 25 minute recharge. This is an aircraft people will see but not hear. Another presentation was about drone usage for delivery of goods and services particularly to rural areas. Amazon, for example, could bring them in here and have a drone distribution center to service hard to reach locations. There is some thought that we aren't savvy enough at this time to understand what the impact of drones will be.

Mr. Kelleher mentioned an embargo that occurred in 1973. He is of the opinion that the embargo killed the initial development of the Big Sky property. He asked about the impact on flights at that time. Mr. Sprenger said that happened before Big Sky had really developed so there was little impact on air service. The impact was more based on the local economy. We are still a remote area. That keeps our air traffic healthy because there is no way for us to get anywhere quickly without flying. A terrorist event could drastically change things. From the fuel side we are seeing the opposite. We have fuel under our control nationally. It was mentioned at the conference that they don't see an external event changing that dramatically in the foreseeable future.

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

Tower operations for August 2019 versus 2018 were up 10.9% at 97,781 versus 88,018. That puts our rolling twelve-month operations at 97,932 which is another record. Corporate landings were up 55% at 681 versus 438. Revenue enplanements were up 10% at 89,169. For the past 12 months we are at 765,877 total enplanements which is another record. Total deplanements were up 12.7% at 87,576 versus 77,016. Airline landings were up

2.5% percent 870 versus 849. Airline load factor was up 4% from 87.4 to 83.4 with 4% more seats. American and Frontier had 95% load factors. American said they have ever seen a market like this where they add seats and the load factor is not affected. July fuel gallons pumped were up 4.9%.

Mr. Humphrey projects high single digit growth for September.

Ms. Stelmak said it is staggering that with the increase seats we can maintain that high load factor and the prices are still high. Mr. Humphrey said we are one of the few markets where seats increase and there is no decline in the yield. We are an anomaly.

Mr. Switzer asked about the conference Mr. Humphrey attended. Mr. Humphrey said it was a great conference and Lisa Burgwin did a fabulous job. Mr. Switzer asked that Ms. Burgwin be thanked for her hard work.

7. Airport Director's Report – Brian Sprenger

Mr. Sprenger said Alaska was planning to add a 4th flight to Seattle in December. Over the weekend Delta added double daily nonstop service to Seattle in January. By Tuesday Alaska added a 5th flight. So we currently have 3 flights a day and that will increase to 7 flights a day to Seattle. Mr. Sprenger expects this is not sustainable. There is some room for additional capacity but not for this. This is 100,000 additional seats if it maintains for the entire year. That is 10% of our seats. The additions are from 2 different business models. We do know the fares will come down and they already have. The fares now are roughly \$100 each way.

Mr. Sprenger discussed the various airline meetings held at the Montana Air Service Rendezvous. The review included discussions with six incumbent airlines (Alaska, Delta,

United, American, Allegiant and JetBlue) and three airlines that don't currently service Montana (Southwest, Sun Country and Moxy).

American Airlines is very excited about their recently announced summer 2020 service to Philadelphia, New York LaGuardia and Los Angeles.

Overall the conference went well. We got to show off Southwest Montana to these airline planners. It seemed like most were impressed.

The expansion is continuing to move to the west. We are working on the ramp area but we are waiting for a potential \$4 million discretionary grant. With this type of grant we can't build it and be reimbursed so we have to slow the work down. There may be a point we will have to stop. It may delay the terminal project a month or so. Hopefully we will hear something in the next 2 weeks or so. Then there will be a process to obtain it. But \$4 million is worth it.

Some neighbors to the north of the airport are seeing if we're interested in other property acquisitions in that area. We have let them know we are financially restricted at the moment. We will try to determine the best time to acquire property.

We have some preliminary interest from Bridger Aerospace to construct a combination of aviation and non-aviation operations. It doesn't have to be on the air side but they want it in proximity to their other operations. Mr. Sprenger showed their desired location on the map. There are possibilities in that location but also some infrastructure issues. There has been some discussion that if it is non-aviation we have to get fair market value. There are a number of factors to consider. We have not leased land to anyone for non-aviation related operations. We would like to get thoughts and comments and think about

how best to pursue this. It would be 10,000 square feet of manufacturing for aviation and non-aviation. They have it elsewhere now and would like to consolidate their operations. Mr. Switzer said the current leasing fee structure for hangar owners is attractive. This operation is something different. Mr. Sprenger said they have told them that and what the rates are in some other areas. We would want to compare fair market value.

Mr. Mathis mentioned relocating airport road and expanding the fence for more hangar development. Mr. Sprenger said they would have to compare the costs of road changes versus expanding other areas. The proposed Bridger Aerospace business probably wouldn't be appropriate inside the fence. Mr. Sprenger reviewed some various areas with development potential and commented that this is a great time to update the Master Plan.

Ms. Stelmak asked if we have talked to Bridger Aerospace about adding this operation down by the fire station. Mr. Sprenger said we have not. Mr. Sprenger said that is a possibility but doesn't think it will change the discussion. We still have to determine aviation versus non-aviation. But it might allow us another option to consider.

Mr. Switzer had mentioned the Mr. Sprenger that next month might be a good time to schedule an airport tour to see the fire station and the construction to the west. Everyone was agreeable to scheduling additional time after next month's meeting for a tour.

Mr. Sprenger presented growth rates by year for the past 10 years. They are 6%, 9%, 9%, 2%, 9%, 6%, 8%, 8%, 12% and 15% this year. We are currently at 20% year to date and estimating ending at 15%. Next year we are still projecting 10% growth based on early expectations. We believe right now we will be above 800,000 passengers which are 30,000 over our current estimate for year end.

Ms. Stelmak asked for an update on the north side. Mr. Sprenger said they haven't heard anything further from Summit. We have another busy flight school with Ridgeline and they may be interested at looking at something on the north side. The area they are at now is a difficult area to operate out of.

Mr. Mathis asked about Digger Days and if they are still operating on airport property. Mr. Sprenger said this is the second year the event will be held off of our property. Mr. Bell said they may come and ask if they can run their truck on our property for a tour but as of now they are not.

Mr. Sprenger said the Belgrade News had an article which was a letter to the editor by a former Belgrade commissioner, Bill Green, asking why the airport doesn't pay for its water. The City Manager had a rebuttal explaining that the airport owns all the water that it uses. The water runs through their system but we have provided much of the infrastructure and will continue to. There are other ways that we are more than paying for the water we use.

8. Consider bills and approve for payment

Parking enforcement is looking to use windshield covers instead of the boot mechanism.

There was a discussion on waste management in the parking garage. It is a challenge with 4 different floors. We are working on how best to handle it.

Mr. Mathis asked if the parking garage floors are leased as exclusive space Mr. Sprenger said the lease is more of a usage lease than an exclusive lease. The rental car passengers are paying for it and not them. Mr. Mathis asked if we could we end up with a

feud between rental car companies if they compare the number of cars each has parked. Mr. Sprenger said it is leased in a way that would neither prevent that nor encourage that. We consider it a public facility but we control the space.

There was a question about the numbering of the sheets for bills. Mr. Mathis asked that the reports be combined.

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Mr. Mathis 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 4:08 p.m.



Kendall Switzer, Chairman