

The regular monthly meeting of the Gallatin Airport Authority was held February 9, 2017 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 Chairman, 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 January 12, 2017

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. There was one revision to change Kevin Kelleher's gender at the bottom of page three.

MOTION: Mr. Lehrkind moved approval of the minutes of the meeting held January 12, 2017 as amended. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Marilee Brown from Safer Bozeman signed up to speak regarding a separated pathway along the Frontage Road.

Ms. Brown handed out a flyer. Ms. Brown took the podium and explained that she is here representing Safer Bozeman and Gallatin County. Ms. Brown first got started with safety issues on Frontage Road. She has been very concerned about some of the people

that have died along Frontage Road. One was a veteran named Patrick Henry who was on his bicycle. She has also observed employees from the airport making their way on Frontage Road without a pathway.

Safer Bozeman started on a motion for this project about a year ago. The motion was passed out and it includes the groups supporting it including the Belgrade Planning Board. The Montana Department of Transportation (MDT) has been digging their heels in about having a separated multi-use pathway. MDT's position is that the transportation planning document that was created by Bozeman and Gallatin County indicates that there should only be shoulders. Safer Bozeman and the City of Bozeman feel it was an oversight. Gallatin County has said no official entity has asked them to support this project. There are tourists, school children, and people traveling between Bozeman and Belgrade who would like to use this. Safer Bozeman feels that making a bicycle friendly community will bring more tourists in and be an economic opportunity.

Safer Bozeman is asking for help. The MDT is currently conducting a corridor study. They are currently reviewing the proposed draft and then it will be out for one more round of public comments. Ms. Brown hasn't seen the wording of the document but the rumors are that they are not supporting the pathway at this time.

Safer Bozeman has 3,000 signatures in support of the pathway but they need more entities to acknowledge the pathway solves a safety issue and that it would contribute to the local economy. Ms. Brown would like us to consider writing the MDT and the County Commission asking them to support a separated use pathway. Ms. Brown is currently collecting funds to get a design concept going. They have matching funds planned. Ms.

Brown clarified that she is not asking us for funds. Ms. Brown said they are taking this very seriously and moving forward as best they can. Ms. Brown provided a list of the addresses.

Mr. Mathis informed Ms. Brown that we will take this under advisement.

Mr. Sprenger asked what Safer Bozeman's deadline is. Ms. Brown said they would need it within weeks.

Ron Murray, owner of Montana Murray Kennels came to the podium next. Mr. Murray is also a member of Safer Bozeman. He was involved in a serious car accident November 18, 2016 on Frontage Road. He has seen first-hand why we need to have a pathway. His business is one mile past the airport entrance. The interchange created a new pathway but the frontage road still sees a lot of traffic. He and others have seen too many wrecks over the last five years on Frontage Road. Mr. Murray asked that we really consider supporting this initiative.

Mr. Murray has spoken with the Belgrade City Chamber. Mr. Murray says that Bozeman has many paths and other features that Belgrade doesn't. Mr. Murray wants us to look at economic development for our town. Mr. Murray said that if we can get the state to participate let's have the funds go to Belgrade and not another city.

Mr. Murray was thanked for his presentation. Mr. Mathis noted that recent airport improvements include a paved pathway throughout the airport for that reason.

There were no additional public comments.

3. Consider request by Vietnam Veterans of American Chapter 788 to place a welcome sign in the terminal

Mr. Sprenger sent a proposed draft of the sign. Two signs are up in the exit lane area, one for the Veterans of Foreign Wars and one for the American Legion. There is

currently enough space for one more sign. The one concern is that in the future, other entities might also want to put up a sign that supports veterans. While we don't anticipate additional entities at this time, we should be looking at this request and determining what we can do in the future should that situation arise. Staff recommendation is to approve this request with the knowledge that if we receive an additional request we would remove all three signs and pay for one sign that would include all entities that are interested in participating.

Chuck Renevere and Steve Holland were present and passed out some information. Liz from Senator Daine's office came to the podium. The senator has provided his support for this in the form of a letter which she read.

Mr. Renevere of the VVA came to the podium. He said they provided a list of some of the things their chapter takes part in. They provide volunteer and financial support to a lot of organizations in this community. The proposed sign says "Welcome Home." Mr. Renevere said the Vietnam Veterans were not welcomed home. So their mantra is welcome home. Mr. Renevere asked that they get a favorable consideration and thanked us for having them.

Mr. Mathis mentioned that we have two signs up there at this time. Mr. Mathis watched a news program in which Tom Brokaw mentioned how important it is that veterans feel welcomed and that the airport terminal in Bozeman, MT has a sign that says welcome home veterans. That indicates that people do notice. Mr. Mathis is personally very much in favor of it.

Mr. Switzer thanked Chuck Renevere, Steve Holland, Liz and the Senator's office for the letter and all the consideration from the congressional delegation. Mr. Switzer said the Vietnam Veterans' chapter in Bozeman is awesome and they do a great amount of work. Mr. Switzer's father was a Vietnam veteran and he remembers people blocking the gate to the base. Mr. Switzer thinks that if there is anything we can do to support the cause we should do it. We also want to think this through for the long term. Mr. Switzer wholeheartedly supports this request.

Ms. Stelmak also extended thanks and admiration to all our veterans in particular the ones at the meeting. She thinks this is a very strong welcome that is well deserved. At the same time Ms. Stelmak mentioned that we do have to be careful with the limited space. We don't want to deny other representation. Ms. Stelmak supports the sign with the understanding that it may need to incorporate others in the future.

Mr. Lehrkind agreed with the previous comments and recommended passing the request with Mr. Sprenger's recommendation.

Mr. Renevere said they are well aware of the space limitation. They don't want to see any left out. An Afghan veteran can join their organization as an associate member. Their National Council is considering how to continue the organization after the last man is standing. It could transform into Afghan and Iraqi veterans or whomever. They are open to all veteran and civilians if they would like to take part.

MOTION: Mr. Kelleher moved to approve the request by Vietnam Veterans of American Chapter 788 to place a welcome sign in the terminal with the revisions offered by

Mr. Sprenger should additional requests be made and the signage needs to be revised. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

4. Consider request by Pacific Commerce Company, Inc. to construct a 70' x 60' non-commercial hangar

Mr. Sprenger reported that Mr. Gary Roberts of Pacific Commerce Company has a business that has a need for private aircraft, a Cessna Citation. He would like to hangar that aircraft here at the airport. Mr. Roberts has requested some exterior improvements for our consideration. He envisions a much nicer exterior than what we have seen in other hangars. It may or may not occur. Before he could move forward on a change like that we would have to approve the changes. Staff currently recommends approval with the current architectural requirements.

MOTION: Ms. Stelmak moved to approve the request by Pacific Commerce Company, Inc. to construct a 70' x 60' non-commercial hangar. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

5. Consider Schematic Design Task Order with Morrison Maierle for the Multi-use Parking Garage

Mr. Sprenger reported that last month he presented the concept of the parking garage. Many questions were answered at that time and since then. The first question was can we afford it and we have provided documentation to show that we believe we can. Staff does recommend that we pursue a \$3.50 per rental car customer facility charge (CFC) for this project. That is separate from today's motion.

The first step is to consider Morrison Maierle to begin schematic design of this project for \$335,400 (7% of the total project). After that we will have the opportunity to review and consider each step of the project before moving forward.

Mr. Sprenger clarified that the \$25 million includes the 4th level as the roof for the 3rd level. We have had some discussion on that. It would be an additional \$3 million to have a roof on the 4th level. At this point the bulk of our rental car needs are in the summer. From that perspective the 4th level without a roof would be adequate at this time. The schematic design will include the roof as an alternate to be considered at the bids or a future addition to the project at a time that we could afford it.

Mr. Sprenger said that Morrison Maierle is anticipating having the schematic completed by April.

Mr. Sprenger clarified that the current design is as tall as we can make it. Mr. Switzer asked if the construction schedule is optimal based on weather and other such factors. Mr. Sprenger said we know we will lose one full summer which is our biggest concern. By starting in the fall time frame of this year we would lose summer 2018 but be available by summer 2019. We might see it completed as early as the winter of 2018-2019. It is estimated as a 14-18 month project.

MOTION: Mr. Switzer moved to approve the Schematic Design Task Order with Morrison Maierle for the Multi-use Parking Garage. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

6. Consider entering into a Ground Lease Agreement and an Inter-Local Agreement with Central Valley Fire District

Mr. Sprenger reported that this has been a long process. The first time Ron spoke with the board was in December of 2014. It has been well over two years since we first looked at the concept. We have been working on an agreement between their legal counsel and our legal counsel over the past year or so. We have reached a point where we feel comfortable with both the inter-local agreement and the lease agreement. The lease agreement would need to be reviewed by the FAA to make sure there is no diversion of funds to meet our grant assurances. Our legal counsel has worked hard to make sure that is not the case so we don't believe that will be an issue. We show very distinctly that this is an equitable trade. There were questions on the location that may still be a concern. It is the only location that Central Valley would be able to work with.

Ron Lindroth of the Central Valley Fire District took the podium. Mr. Lindroth said his and the airport's staff have been working diligently to create a government win/win that is ultimately a win for the people we are here to serve. He thinks this local agreement and lease agreement do exactly that. The airport will receive better fire services and they receive a more affordable location to rebuild a badly needed fire station in a place that they can have access to the community in all directions quickly. They measure their response time in seconds. The location is important. They want to minimize intrusiveness but provide their service quickly.

If approved by the airport, they expect approval by their board. They need to quickly move forward with this project. They will be searching for architects as early as next month. They plan to have design plans done by the end of this year to break ground next year. Their hope is to move in the winter of 2018-2019.

Mr. Lindroth said he is fully aware of the concern over the visual impact on the airport. Mr. Lindroth said we have a beautiful airport and it is their desire to maintain that appearance. Something they often say in the fire service is that the inside of the fire station is for the firefighters but the outside belongs to the community. As we get designs and plans everyone will have an opportunity to weigh in on the looks of their fire station.

Ms. Stelmak asked what is the updated average of calls they have per day. Mr. Lindroth said they are at 1660 for last year with that number increasing about 10% per year.

Mr. Mathis said they have had about a week to look this over. They have made a few minor recommendations to Mr. Sprenger. Mr. Mathis said that overall he thinks this is a marriage made in heaven and it is just what we need. One thing Mr. Mathis noted in looking through the agreement is that it includes many details for crash fire rescue on the airport, which is extremely important. But the agreement doesn't detail other responses such as response to a heart attack or a car wreck on Aviation Lane. While we understand today that you will provide the same service at the airport as you do throughout the rest of the district, Mr. Mathis would personally like to see one sentence that says that.

Mr. Switzer thanked Mr. Lindroth and the service they provide the community. Mr. Switzer said there are a lot of issues with this. From an operational standpoint it is a win win. Aesthetics can be made into a win win. There will be noise issues. Mr. Switzer thinks our primary responsibility is to provide a safe and effective place for people to operate out of. With that in mind, and the fact that we only have one place that meets all the criteria, we only have one choice on our end. We and the community need it. This is probably the solution.

Mr. Kelleher said one thing he likes about the location is that you have multiple gates to get through to our taxiway system immediately. He thinks public health and safety makes this the best suited spot even for the future and addition of a new runway. That is the number one reason Mr. Kelleher would like to support this.

Ms. Stelmak agreed with what others have said and thanked Mr. Lindroth. Ms. Stelmak's concern is whether this is the best location for other businesses that may occur in the area. Ms. Stelmak recalled trying to find a location that was further back. Ms. Stelmak acknowledged that she knows what they need for their access and so she reluctantly supports this location.

Ms. Stelmak asked about the reference on Page three to additional possible uses for community events and recreation. Mr. Lindroth said they may have an open house once a year. They also have station tours for school children. He anticipates the annual pancake breakfast may continue at the park but they are not sure at this time. They will be small scale type events. Ms. Stelmak voiced concerns about that location and how it may affect future development but she understands that is what they need to provide access.

Mr. Lehrkind asked about the lease term and Mr. Sprenger said it is a 40 year lease. If we choose to discontinue the lease then we would purchase the fire station at fair market value. If they choose to discontinue the lease then it would be a different situation.

Mr. Lehrkind thinks this is a great location as it will be the first thing people see and it makes people feel good. Mr. Lehrkind thanked Mr. Lindroth for mentioning the aesthetics and wanting to make it look good. Mr. Lehrkind noted that he didn't see language in the agreement for maintenance as the building ages. Mr. Sprenger said that is part of the

language for the continuation of the lease. At the 40 year timeframe the tenant needs to reasonably maintain such improvements and it needs to be in good and useful condition. Mr. Lehrkind said he saw that and it could mean a couple different things. Mr. Lindroth said he couldn't speak for who would be in his position in 40 years but the fire service has a reputation they would like to maintain just like the airport does.

Mr. Kelleher asked if the proximity to the fuel farm is of any concern. Mr. Lindroth said from a danger standpoint it is not a concern. As a possible fuel source for fire trucks it is advantageous. Mr. Lindroth's biggest concern is making sure there are no spills or ground leakage as that could migrate. They did research and they found no codes or prohibitions against the proximity to a fuel farm.

Mr. Kelleher asked if there is enough land there for many years use and growth. Mr. Lindroth said he believes there is. As they grow they will have one main fire station, which this one will serve, but he anticipates the building of two or three more in the next 10-15 years. Firefighters will be dispersed through those other stations for a faster response. They plan to build it large enough to grow into over the next 20 years as opposed to what their immediate needs are.

Ms. Stelmak asked Mr. Sprenger if the fire station is at this location then are our needs covered for fire service to the airport now and in the future. Mr. Sprenger said the biggest concern is Emergency Medical Services (EMS). We are required to provide that. Their current location is close enough that we don't need to provide that service internally. A location on our property would definitely cover that requirement. That is the driving force

from our standpoint. EMS would be costly if we had to provide them on our own. They also provide mutual aid and training of our staff.

MOTION: Mr. Switzer moved to approve the Ground Lease Agreement and an Inter-Local Agreement with Central Valley Fire District subject to FAA approval. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

Mr. Mathis thanked all who were involved for their time. Mr. Mathis asked about the availability of an ambulance that could transport to the hospital or clinic from the airport. Mr. Lindroth said they will have an ALS ambulance at the station. They will have three ambulances available in the district. The three year work plan they have had out for public comment identifies that they are operating at half the funding and half the staffing of all comparable communities in the state. Their number one effort is to add staff and maximize the use of every dollar they get and ultimately look for other financial resources. If they get their grant to add three additional firefighters that will allow the ambulance to be available more often.

Mr. Mathis said it is noteworthy that they have an ambulance on the field with rotor blades.

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

Total operations for January 2017 versus 2016 were up 4.2%. That puts our rolling twelve-month operations at 77,152. Corporate landings were up 10.1% at 393 versus 357. Total enplanements were up 5.2% at 44,357 versus 42,175. That gives us another twelve-month rolling record of 556,216 enplanements and counting. Total deplanements were up 4.6% at 42,754 versus 40,868. Airline landings were up 2.2% percent at 520 commercial

airline landings versus 509. Airline load factors 81.7% versus 82.4%. We did have a few more seats in the market last January. Fuel dispensed for December was up 18% at 933,000 versus 790,000. For calendar year 2016 fuel dispensed was up 27%.

Right now we are looking flat for February in seats and enplanements. However, that is on one less days since last year was leap year.

We will be meeting with Southwest Airlines on the 23rd. We are meeting just to keep in front of them and look for something in the 2019 timeframe when their reservation system can accommodate smaller communities like us. Mr. Humphrey said they always have a good meeting. Mr. Mathis asked if they would be meeting with other airlines as well and Mr. Sprenger responded that this is just with Southwest. Mr. Sprenger emphasized that we are just meeting with them so they don't forget about us, but we don't expect anything soon.

8. Airport Director's Report – Brian Sprenger

Mr. Sprenger highlighted a report with a graph on airport enplanements for the past 25 years. Mr. Sprenger said it is a pretty impressive graph. Overall we have had a strong growth rate over that timeframe. Billings has been flat, but we will see Billings have some growth this next year with the addition of Dallas. Missoula growth will moderate later this year. Last fall we had exceptional load factors and growth. Right now we are seeing a 13% growth in seats next fall. That growth is mostly due to United extending Chicago service essentially year round and adding San Francisco service during the month of October. We may not end up at 13%, but it is a glimpse at how well last fall went. Alaska Airlines will have twice daily service to Portland in the summer. That will be the first time any airport in

Montana has had twice daily service to Portland. Mr. Lehrkind asked when Missoula will overcome Billings. Mr. Sprenger said they thought it may happen as early as next year. But Missoula may have overgrown and may scale back while Billings is having a little growth. The indication is that it is not too far distant in the future.

Last month Mr. Sprenger attended the small community air service workgroup in DC. He established some very good relationships with the Airline Pilots Association, the Regional Airline Association, the UND flight program, United Airlines and the US Department of Transportation (DOT). There will be four total meetings. They have moved two of them to the west so that they can be a day meeting which is extremely important for those of us in the west. The focus is on pilot training, essential air service, small community air service grants and funding of smaller airports and what that means for maintaining and attracting air service. We have already seen some positives in that and we believe through the relationship with the DOT we can extend the Dallas Fort Worth grant a little longer than next February. That might be important in extending that service and adding additional months to get to year round service.

There is currently an air service bill going through the legislature that is essentially a 1% tax on car rental income. Right now the lodging tax and TBID's contribute greatly to marketing and revenue guarantees and the rental car companies have generally not participated in that. It appears that there is actually some support from even the rental car companies. Mr. Mathis asked Mr. Sprenger if he had a bill number. Mr. Sprenger said no but they can get it for him. They have asked for support from various groups including airports. Our biggest concern is that if structured incorrectly it could be really good for Bozeman but

not for a smaller community that can't get it. It appears they have addressed that very well and still allows communities like ours to access it.

The snow removal equipment timed out well for this particular winter. It has made a big difference in clearing ramps. It has been well received by staff. It previously took several hours to clear the ramp and now we are clearing the ramp by 8am. The back hangar area is being cleared in about 50% of the time it took previously.

Runway 12/30 will be rehabilitated next spring. We have worked with our engineers to come up with a viable plan that minimizes the impact on our community. The new runway will minimize impact on general aviation, corporate aviation and our freight operations. The airlines will be the biggest challenge. We are proposing an April 30th-May 19th timeframe with a 12:30 to 23:00 main runway closure. It will take about eight straight days of paving. We plan to have two hot plants and two active paving crews plus backup. It is eight days of critical paving but a 20-day overall period which allows for weather contingency. We may pave the terminal ramp like we did the last time. Grooving of the runway will occur later in the year with a 30 day minimum. The budget is about \$6 million. We are expecting to use one year's entitlement funds of \$3.2 million and \$2.1 million in discretionary funds. We have worked with the FAA to get \$1 million this fall because once we are in place and we have scheduled the airlines, we are at the mercy of congress. Discretionary funding has to be in hand before we can do the work. Entitlement funds don't have that restriction. We have emphasized that with the FAA and they have been very receptive.

Big Sky lodging tax collections for the summer of 2016 equaled the winter collections of 2005. The summer season is growing substantially at Big Sky.

The pilot meeting has been rescheduled for April 12th at 6pm which is the day before the April board meeting. We are working on our next newsletter and including that as well.

Mr. Sprenger reported on a conceptual topic that he felt everyone should be aware of. The passenger facility charge (PFC) that we currently collect is \$4.50. There is significant push in congress to remove the cap and allow airports to decide what they want to charge. That over the past few years has been met with quite a bit of resistance. While our airport organization is in support of it, we disagree with it. While it can be good for funding airport related projects, the challenge is that the majority of our passengers will pay this PFC 4 times. They will pay it once out of Bozeman, two times at connecting airports and then at another connecting airport or at their return airport. Right now Denver collects \$9 on a typical round trip. If you remove that cap and they increase it to \$20, Denver is getting \$40 from our passengers and the ticket prices have increased. That is a big concern. It penalizes the small communities that require connections.

The new administration is high on tax reform and infrastructure which are both good things. But here is a solution to lower federal taxes, increase infrastructure's funding but it is going to be funded locally. Then we see the impact of our airfares go up. Staff is not opposed to a reasonable increase but to remove the cap would put a burden on our passengers and smaller communities around the country. This is one of the key items I will be bringing to the small community group. The airline industry has said traditionally that if

you raise the price 1% you would see 1% decline in demand. Generally this would have a negative impact on demand for smaller airports. Not all airports would react the same but it could have a significant impact on us. In the last few days we have seen more acceptance even on the republican side which had originally opposed it.

Mr. Switzer asked if there is any way to change the structure so that if you are a small airport and you have these connecting flights that you could restructure it. Mr. Sprenger said one possible way to accomplish that is that the originating amount could be different. It would not tie into the connecting airport. The larger airports are driving this. Larger airports are saying they will take less or no AIP money and give it to the smaller airports. Our strength is going to be in the senate. There are a lot of smaller states. But most states have one major airport and not the same impact of ours.

Mr. Lehrkind asked about how the building is holding up over the interesting winter we have been having and if the roof has had any issues. Mr. Sprenger said no they haven't seen any issues. There was one window leak to address but otherwise no.

Mr. Mathis asked for the schedule to open Runway 3/21. It was opened this morning.

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 3:17 p.m.

Ted Mathis, Chairman