

The regular monthly meeting of the Gallatin Airport Authority was held May 12, 2016 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 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. There is a sign in sheet if anyone would like to talk during the public comment period.

1. Review and approve minutes of the regular meeting held April 14, 2016.

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

MOTION: Mr. Kelleher moved approval of the minutes of the regular meeting held April 14, 2016. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Robert Shropshire came to the podium. He provided Shannon Rocha, recorder, a copy of what he planned to say. Mr. Shropshire's public comments consisted of the following:

Until last fall Summit, now Reach Helicopter, was taxiing and taking off at will in front of their hangar and mine and within feet of a fuel truck. Hangars, vehicular traffic, and aircraft parking are nearby. I never did like it

but I bowed to the wisdom and experience and authority of the airport to keep everything safe. That includes life and property.

Last September of 2015, Summit, now Reach, took off, hovered for 3 to 4 minutes over the hangars and then about a half hour later landed in front of my open hangar door causing the wings on my airplane to rock inside my hangar not to mention everything to blow around from the down drafts produced by their helicopter. Security video is available. I gave a copy to Brian last fall. These maneuvers by Summit, now Reach, are not safe. I feel threatened for myself and my property.

I complained to Brian Sprenger, Gallatin Field Airport Manager and he set up a meeting about a month later. Going into that meeting I adamantly wanted Summit to taxi to and from the runway all take offs and landings. But at the meeting I, once again, bowed to the wisdom of the airport authority to wait 6 months wherein Summit, now Reach, will only take off in an emergency notifying me if my hangar door is open. A letter of understanding (MOU) was signed by the parties, the Airport Authority, myself and Summit. About four and a half months later, on February 26 and 27, 2016 Reach decided they could start landing again. Who knows when they decided they could take off in a non-emergency or how often that happened during the 6-month period. I don't know.

So once again I complained to Brian Sprenger, the Gallatin Airport Manager. He set up another meeting, this time 6 weeks out on April 15,

2016. At that meeting Brian and Ted Mathis, ex airport manager, told Reach they could land and take off at their discretion. I was shocked, absolutely shocked. How could the airport authority knowingly sanction Reach helicopter activity when there is documented history of danger. What will it take? An aircraft being damaged due to the helicopter down drafts? A Reach helicopter damaged during landing or take off? Or loss of life?

Reach Helicopter operations are still hazardous. Currently they have been given permission to land and take off within feet of a fuel truck. Right next to hangars that could still be damaged if not destroyed if something happens. Right next to a designated transient airplane parking and camping area. And very importantly a densely populated general aviation area where there are people, aircraft, and vehicles.

I also witnessed Reach doing a flying taxi last fall about 20 feet above the ground. You tell me that is safe.

There is also the threat of a helicopter on skids coming into the area as stated by Reach at the April 15, 2016 meeting. Would 2 Reach helicopters operating out of the same hangar be ok with the airport authority? How about a larger helicopter? All this is only increasing the danger of life and property and is unacceptable.

I request that the current decision by the Gallatin Airport Authority, i.e. Brian Sprenger, that enables Reach to land and take off in front of their hangar, and mine, be reversed. I request that the Reach helicopters can only

taxi to and from the runway where they can take off and land on the runway.

I request the tower be instructed not to allow Reach to land or take off in front of their hangar or mine. Currently I believe that when the tower says land and take off at your own risk they should also include and everyone else's risk.

Oh and as a side note I believe the value of my hangar has decreased if not un-salable. Any questions for me?

Mr. Mathis asked Mr. Shropshire if the wings on his airplane have rocked since the first incident. Mr. Shropshire said no but he is scared. Mr. Shropshire said a couple weeks before he had his hangar door open and a Reach pilot came over and said they were taking off and to close his doors. Mr. Shropshire inquired if it was an emergency. The pilot had to check and returned to say yes it was a cardiac patient.

Mr. Kelleher asked Mr. Shropshire if he has 1 or 2 aircraft. Mr. Shropshire replied that he has 1. Mr. Kelleher clarified that Mr. Shropshire is saying that he wouldn't want to see Reach have 2 helicopters in their hangar. Mr. Shropshire replied that when you start doubling their activity, it is going to increase the risk of problems and of an accident. Mr. Kelleher said he has a hangar just down from Mr. Shropshire's in the same direction. If Mr. Kelleher's hangar door is open and he hears the helicopter start up he closes his door. Reach generally comes right by his hangar or are airborne in front of his door. Mr. Shropshire asked Mr. Kelleher if he thinks that is a problem. Mr. Kelleher replied that he doesn't think it is a problem. They are professionals. If you start putting the sanction on them not to operate 2 helicopters out of their hangar, how do you limit the other operations that have 2 or three aircraft? Mr. Shropshire said that when they

taxi by his hangar door open or closed he doesn't mind. Mr. Kelleher said that any moving aircraft could be a physical threat to human beings. Mr. Kelleher asked Mr. Shropshire if he taxis next to fuel trucks. Mr. Shropshire said yes he does and Reach can too. But he feels landing and taking off next to a fuel truck is dangerous.

Mr. Shropshire said he had one more comment: If your airplane was at a hangar or an airport tied down on the runway and one of those Reach helicopters came by and landed or took off, say about the distance from my hangar door to the fuel truck, how would you feel?

Mr. Mathis thanked Mr. Shropshire for his comments.

There were no other questions or public comments.

3. Consider expanding scope of Schedule II of the Taxiway Rehabilitation Project

Mr. Sprenger reported on the non-discretionary part of the bid with which we had added an additional entrance to the terminal ramp area. This area was added to stage aircraft while planes are waiting for gates. As we get closer to the summer season we are seeing the peak traffic schedule. During our peak hours we are seeing 8 departures within a 55-minute period, so all 8 gates are occupied. The peaks are getting more emphasis and where we used to see only one airline for a certain market, we are now seeing multiple. Generally, multiple carriers are adding service at the same time. We have had Delta ask if there are any additional gates available. We talked with United yesterday and asked if there are any constraints with 3 gates. United said they could see the use of a 4th gate during peak times. With just those 2 carriers you can see the potential for needing 8 gates at the same time. We also have to squeeze in the operation of American, Alaska, Frontier and Allegiant.

We may be closer to needing a terminal expansion than we originally thought. The best scenario is to have something in the 2018-2019 timeframe. So that is only a 2 year difference between what we had originally budgeted for. We started looking at some plans for a terminal expansion to the west.

Mr. Sprenger showed a diagram of the possible expansion for 3 additional gates. We are proposing to have the expanded section paved. That is estimated to cost \$400,000. In the long term, we will absolutely need it. In the short term, it gives us one additional overnight spot. We have had up to 11 overnight aircraft in the past. We currently have 11 so this would give us some cushion.

Doing the paving now would also take advantage of the best asphalt prices we have had in decades. It will prepare us for something that will happen in the next 3-5 years..

Mr. Mathis asked how this would affect snow storage. Mr. Sprenger said all of our snow storage goes east or west now. That works well due to limited islands. That same process would continue.

Ms. Stelmak commented that she thinks this is very proactive in planning for future growth. It also takes advantage of good asphalt pricing so she thinks it is a good idea and she is very supportive of it.

Mr. Kelleher said he agrees. Especially with the terminal expansion coming up shortly anyways and the good pricing for asphalt.

Mr. Lehrkind asked if there was anything else we need to be planning for, other than asphalt, as we continue to grow. Mr. Sprenger responded that this next expansion would be relatively simple compared to the last one. It will not impact current operations for the most

part. If we see an opportunity on concrete, there may be some merit to taking advantage of that. But there is no extreme need for that at this time.

Mr. Scott Bell commented that we will continue with concrete near the building and asphalt further out where most of the movement is.

Mr. Lehrkind asked if the expansion area is big enough for the larger aircraft that we are anticipating.. Mr. Sprenger responded that we have designed the parking to accommodate the larger aircraft. All gates are capable of handling Airbus and 737 size aircraft. Mr. Lehrkind clarified that the space is large enough for the larger aircraft. Mr. Sprenger outlined the areas and how the maneuvers will be accommodated for the large aircraft.

Mr. Mathis asked if you could use the new position for de-icing and Mr. Sprenger responded yes we could.

MOTION: Mr. Kelleher moved to expand the scope of Schedule II of the Taxiway Rehabilitation Project as proposed by staff. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

4. Consider preliminary budget for the fiscal year 2017

Mr. Mathis said all the board members had an opportunity to discuss the proposed budget with Mr. Sprenger.

Mr. Sprenger reported a few highlights of the preliminary budget for fiscal year 2017. Our operating revenues are projected to increase about 8.4% to almost \$8.2 million. Operating expenses are projected to go up 5.6% to \$4.6 million. Our operating net is expected to increase about 12.2% to almost \$3.6 million. The net is applied to our capital improvement plan. Our AIP projects include the taxiway rehabilitation project which overall is about \$5.7 million for both

schedules. Also our paved runway 11/29 and associated taxiways at \$7.9 million, and snow removal equipment we bid earlier this year for \$1 million.

We also have non-AIP projects that include a paid parking lot, the expansion and our miscellaneous capital improvement projects. Overall it is a \$15.7 million capital improvement program for the year.

We also have our bond principle and interest payments which are a little over \$1.1 million.

Overall expenditures are expected to be approximately \$22.8 million. We anticipate decreasing the Capital Improvement fund by \$4.5 million to fulfill the Capital Plan. We have been saving that up over the past few years in anticipation of these large projects.

Mr. Lehrkind said he thinks the budget is once again well written and well worth passing.

Ms. Stelmak agrees that the budget is extraordinarily well done. She said the nice thing is that we have the funding to go along with the budget.

Mr. Kelleher said he thinks the budget is balanced and has a good spectrum on the future.

Mr. Mathis commented regarding the revenue. He is concerned that while we are continuing to spend huge amounts for airline related projects, we are among the lowest in the state for airline fees. While he doesn't want to disrupt our service, he would caution that we make sure they pay their fair share as we move forward. The other area that needs an occasional increase is the general aviation side. Our rates are low. An occasional increase there to help off set those costs should be addressed in the not too distant future. He would also

hope that there are sufficient funds this year for airfield maintenance. He sees the need for additional crack sealing and our turf runway needs some work.

Mr. Mathis said overall he is pleased with the budget and thinks it is a fine piece of work. It is great that we have sufficient funds to make these things happen.

MOTION: Ms. Stelmak moved to approve the 2017 Gallatin Airport Authority budget as proposed by staff. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

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

Total operations for April 2016 versus 2015 were up 7.3% at 6,421 versus 5,983. That puts our rolling twelve-month operations at 81,624. Corporate landings were up 6.1% at 121 versus 114. Revenue enplanements were up 5.2% at 32,859 versus 31,235. That gives us 521,337 enplanements for the past twelve months. Total deplaned passengers were up 5.9% at 30,592 versus 28,897. Airline landings are about flat at 394 versus 396. Load factor is down slightly; we are at 83.7% this year versus 84.8% last year on about 7% additional seats. Fuel dispensed for March was up 47.4% at 1,000,027 gallons versus 695,000.

Mr. Humphrey reported that operations are up so far for May about 17%. We may not stay at 17% but should be in the double digits. Our summer season is starting to kick in.

Dallas service starts June 2. We have the Los Angeles Delta starting June 11. Houston service starts June 11. La Guardia service is starting June 25. Newark service starts July 7th.

We should have the rest of the American Airlines equipment installed next week. Mr. Humphrey said the American kiosk will be placed where the old Frontier kiosks were.

Ms. Stelmak said last summer we had a public relations campaign in which we encouraged people to arrive early to the airport. She asked if we had something planned for this summer. Mr. Humphrey replied that we do. We are also finalizing with the airlines that they should be opening at 4-4:15 am. Mr. Sprenger said we will not be doing TV or radio announcements. It will be focused on the inbound passengers with signage and announcements. There is a banner on our website. Social media will also be reminding passengers to arrive early. We will have an advantage because passengers will experience long lines in other places before they get here.

Mr. Mathis asked that as the time approaches for American Airlines to be here, are there any major events planned. This is the first major airline in the state of Montana in many years. Mr. Sprenger said the chamber green coats are organizing a Gallatin Valley chamber event. There will be a ribbon cutting at the ticket counter. The Chamber along with the Green Coats has offered to plan a social at the old airport lounge that will look out at the American Airlines plane. Mr. Sprenger also offered to give a state of the airport address. That is planned for June 2 with the ribbon cutting at 12:45 and 1:15 for the social upstairs. The American flight leaves at about 1:30. The focus will be on American. We have not planned any television advertising for it. There will be some social media attention. Mr. Humphrey said there is a large marketing campaign for the service to Montana in the Dallas area. Mr. Mathis said this is the first major carrier in Montana for some time. Mr. Sprenger asked if it would be appropriate for the airport to do some campaigning for that. The board agreed they thought it would be.

The board thanked Mr. Humphrey for his presentation.

6. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported on airline service. They had a phone conference with United Airlines particularly regarding Newark service for the coming winter. They have some of the flights loaded for the coming winter. They were waiting for guarantees. It was January that the community guaranteed last year. They were very receptive. They are loading Sunday flights for February and March. They also said they decided to go daily over the holiday season. So December 17 to January 3 there will be daily Newark service. That will be 1 flight per day. There are no other details yet. That should get loaded this weekend.

As it stands we will have 28 daily flights during the Christmas holiday period without any additions to certain markets, without Frontier and Allegiant. We will have 28 flights per day for 2.5 weeks, which is a significant number.

Our projections are that there is a good chance that, excluding essential air service, Missoula will out board Billings in 2017. That is due to a combination of Missoula's growth and more of a stagnant situation in Billings. A lot of things can change between now and then.

Another item we are watching is Delta is showing only 1 flight per day out of Butte. That is a 50% reduction. We are interested to see how that develops. Butte is an essential air service market on Sky West to Salt Lake City.

Cook Gravel Pit land swap – We have firmed up how the farming would be transferred, the gravel pit, the water rights, boundary lines, future road easements, existing structures and the railroad right of way. We are close to nailing down the actual dividing lines. We might have something to the board as early as next month.

Runway 11/29 - We expect the finding of no significant impact (FONSI) to be issued before the end of the month. The FAA desires to take that to the next step because it is a runway, it is a record of decision (ROD). That allows a 60-day comment period, but once that period is over it almost takes away the ability for it to be stopped later. FAA says that because of the low risk we can go out to bid during the 60-day comment period. We just wouldn't have an award during that period. We were already planning a bid opening in July and the 60-day period would end about the end of July. That is a good development for us.

Reach – They did have an inspection from the FAA. The only concern was a little on the fuel truck but they stated that Reach was operating within approved limits. Reach is looking at what they can do to increase the safety margins. During the meeting we asked them to continue to taxi when appropriate. Reach said there are times when they need the ability to move in and out without being blocked by other aircraft. Mr. Sprenger believes they are doing their best and we are trying to encourage that. We have a camera being installed today to see what is happening there in that area.

Our FAA certification inspection is going on at this moment. We hope to have no findings and will know before the end of tomorrow.

The national AAAE conference is in Houston next week. Ted Mathis, Kendall Switzer, Scott Humphrey and Mr. Sprenger will be attending the conference.

In June Mr. Sprenger will be attending the Jump Start Conference which is an international conference. It provides the opportunity to speak with incumbent airlines without having to travel to them but it also gives us time with several new airlines. Mr. Sprenger will be speaking with Frontier, United, Delta, and American on our incumbent side. He also has times

scheduled with Jet Blue, Southwest and West Jet out of Canada. Because of the cost, only Mr. Sprenger is attending. Mr. Humphrey attended a couple years ago. It is an opportunity to minimize cost by not trying to reach all the airlines separately. Mr. Sprenger is hoping to set something up in Montana in the future and have all the airports represented here. Many have never seen Montana.

7. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Mr. Sprenger reported that the camera being installed in General Aviation is motion sensitive. It will record for up to 30 days. We will be looking at it over the next few weeks to make sure it is recording what we want.

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

8. Adjourn

The meeting was adjourned at 2:59 p.m.



Ted Mathis, Chairman