

The regular monthly meeting of the Gallatin Airport Authority was held October 13, 2016 at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Carl Lehrkind, 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.

**1. Review and approve minutes of the regular meeting held September 8, 2016**

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

**MOTION:** Mr. Kelleher moved approval of the minutes of the regular meeting held September 8, 2016. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

**2. Public Comment Period**

There were no public comments.

**3. Consider FY 2018 Airport Capital Improvement Plan (AIP)**

Mr. Sprenger said that once a year our capital improvement plan is submitted to the FAA to program entitlement and potential discretionary funding for our different projects. In conjunction with that, we work on a 10-year plan for the airport capital improvement plan. The plan is reviewed every year.

Mr. Sprenger reviewed the highlights of the plan. He reported that we used 85% of our current operating income projecting out with a 1.5% growth rate. That is also done with Passenger Facility Charge (PFC) income.

One change this year is we moved up the potential for a terminal expansion by 2 years. It is in the budget, so if there is a need we can show the capability of doing the expansion. We also have more definition of what would be required from a square footage standpoint as well as some base estimates on additional baggage handling systems. We have budgeted \$19.5 million for that project.

On the CFC side, we are working with the rental car companies on constructing a multi-use rental car and pay parking garage with the expectation to begin that project next fall. Seventy-five percent of that project would be reimbursed through the customer facility charge from the rental car customers.

Current AIP projects include the runway 11/29 project, rehabilitating our main taxiway system, and runway 3/21.

Earlier this year, we created a snow removal equipment plan covering the next 10 years and that has been incorporated into this plan. We have also included a north side apron and service road. Those would be needed if we moved the flight school to that side of the airport.

In 2018, we have scheduled the rehabilitation of runway 12/30. That one we expect to have discretionary funding for.

In the 2020 timeframe, we would be looking at using AIP funds to cover the concrete portion of the ramp expansion if we did a terminal expansion.

In the 2024-2025 timeframe we have budgeted for a potential second parking garage depending on the need.

If growth and revenue continue as in the past, we would be able to accomplish this entire plan over the next 10 years totaling about \$110 million. We would also be able to pay off

our bonds about 13 years early. If revenue or growth dropped off, it would be adjusted accordingly.

Mr. Mathis said he met with Mr. Sprenger to review the plan and he thinks the plan is very well done. The only thing Mr. Mathis mentioned was the possibility of a need for a high speed taxiway for runway 12. The new runway will soften the need for a while but it may be something to look at within the next 15 years. Other than that he couldn't think of a thing to change.

Mr. Kelleher said he agreed. Mr. Sprenger clarified where the second parking garage was detailed in the plan. It is budgeted for \$18 million over 2 years in the 2024-2025 timeframe based on parking increase. Four years ago, we did a parking garage analysis. That was when it was determined it would make sense to have one on the east side with one level for paid parking. When we followed those findings and extrapolated out the growth rates, there would need to be a second parking garage on the other side. Our projections for enplanements four years ago for this year were 526,000 and we are on track right now for 548,000 so we are exceeding that projection as well.

Mr. Lehrkind said it is a plan well written. His first concern is the possibility that we grow even beyond all of our expectations. His second concern is fiscal responsibility. He commended Mr. Sprenger and Mr. Mathis before him on a job well done for timing it right so we aren't hung out at the next downturn should one ever come. Mr. Lehrkind did have a question about the length of the runway and whether it will be able to accommodate the larger aircraft we continue to see fly into Bozeman. Mr. Sprenger responded that domestically we are in good shape. Barring unforeseen announcements from Air China flying into Bozeman, we should be in good shape for some time.

Mr. Kelleher asked about the plan for accommodating large transit vehicles, like buses which are what other national parks see a lot of. Mr. Sprenger said we have designed the terminal around ski season which has a strong need for buses. So the reality is we are underperforming for our capacity in the summer whereas in the winter we are seeing 3 to 4 buses here at one time. Looking at other options, once we get into the parking garage area, we will be able to expand into that parking area. The other options would depend on how they arrive. Based on what we see now, we have a lot of capacity in the summer that would accommodate more buses.. Mr. Kelleher said he thinks the plan is ambitious but on track with the numbers being generated. There is a downturn out there somewhere but who knows so we have to work off the numbers we have.

**MOTION:** Mr. Lehrkind moved to approve the FY 2018 Airport Capital Improvement Plan (AIP). Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

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

Mr. Humphrey reminded the board that we started a construction project in September. Our total operations for September 2016 versus 2015 were down 29 percent. That is mostly local general aviation. Rolling twelve-month operations are at 78,394. Corporate landings are up 6.8 percent at 219 versus 205. Revenue enplanements were up 15.7 percent at 51,017 versus 44,857. Right now we are at 526,287 for twelve-month enplanements. Deplaned passengers are up 15.3 percent. Airline landings are up 4.7. We did not have a big increase in seats in September but our load factors were up 2 percent. Fuel dispensed for August was up 31.7 percent.

Going forward we are just about even for October and will probably end up ahead 1 or 2 percent just due to an increased load factor. We are only up 1,200 seats for Oct-Dec. So we will probably end the calendar year at about 548,000 to 550,000 in enplanements. That should put us close to 8 percent up for passenger traffic in 2016.

We are sure American's performance here has exceeded their expectations. If we pay anything on the guarantee it will be very little and might just be for October. We are trying to get American to add May service for the start of summer versus June. Mesa airlines will probably operate the flight for a month and then transition to mainline. Mr. Lehrkind clarified that the guarantee with American is on a month to month basis not an annual basis and Mr. Sprenger confirmed that was correct. The guarantee terminates in February 2018.

Mr. Kelleher asked what the likelihood is of American moving up their service to May. Mr. Humphrey said they gave us a 95% chance and that is based on if Mesa can operate it for a month; we will know soon.

The board thanked Mr. Humphrey for his presentation.

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

Mr. Sprenger referred to some charts that were included in the board packet. He said the first chart basically shows the prices going up and more people buying them. The figures are for the year ending March of 2016. There were only 6 other airports in the country out of the top 115. We are 114<sup>th</sup> where the average price rose and traffic increased. We had the highest price increase at 3% and the highest passenger increase at 4% out of the airports that had both. Out of 115 airports, there were only 7 where both of those parameters were met. Many airports had growth but they also had decreases in fares. These are parameters that encourage airlines to add service in a market.

The second chart is growth compared to the larger regional airports. It shows that for total passenger growth we have exceeded all 3 of those airports over the last 20 years. We are essentially 95 percent the size of Colorado Springs. Boise grew about 590,000 passengers over the last 20 years and we have grown 670,000 passengers.

The third chart compares other airports of our size and in our region extending out into the Dakotas. Our 670,000 passenger growth more than doubles the growth at any of the other airports our size over the 20 year period.

The purchase of the gravel pit property should be closing in 7 to 10 days.

Construction work has been continuing. The weather has not helped us on the taxiway project. However, the weather did not slow down work on runway 11/29.

We are essentially done with the taxiway rehabilitation project from just the other side of taxiway Hotel to the other side of the west end. We hope to get between taxiway Hotel and runway 3/21 this year. The new LED lights are amazing. They are so much brighter than the old lights. All the lighting will be completed this year.

Mr. Sprenger attended the Tourism Advisory Council meeting. They reported that international travel into Montana consists of 78% Canada, 11% Western Europe, New Zealand, Australia and Japan, and 8% China. Gallatin County accounts for 25% of all the bed tax receipts for the state of Montana which is by far the largest. Tracking the spending of tourism dollars is hard to correlate. Technology has helped some with that. If you look at an advertisement on your mobile phone and then 3 months later that phone shows up in Montana they can correlate the two. This is the first time they did correlation with the advertising in Dallas. They could correlate it to the number of people entering our airport.

The Christmas Party is planned for Dec. 8<sup>th</sup> at 5pm.

Our PFC Report shows a total of \$4,238 for September. Normally we have around \$180,000. That is because everyone paid twice in August so the collections never made it to the September report.

Mr. Lehrkind asked about the foundations for the Yellowstone Club hangars. The foundations are in. They plan to have the first one completed by April. Bridger Aerospace and Cloud Nine are also starting their construction.

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

The bills were reviewed and detailed by Mr. Sprenger.

**MOTION:** Mr. Lehrkind 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 2:35 p.m.

  
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Ted Mathis, Chairman