

The regular monthly meeting of the Gallatin Airport Authority was held October 12, 2023, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, Carl Lehrkind and Kendall Switzer. Kevin Kelleher was connected to the meeting virtually. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Troy Watling, Assistant Director - Finance.

Mr. Mathis, Board Chairman, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and called the meeting to order.

1. Review and approve minutes of regular meeting held September 14, 2023

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 September 14, 2023. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

Mr. Mathis said that Jet Aviation recently finished their new hangar. It is a tremendous asset to our aviation service community. We are fortunate to have them as well as two other first-class operations. Congratulations to Jet Aviation. Ms. Stelmak and Mr. Kelleher echoed Mr. Mathis' comments.

3. Consider real estate transfer agreement with Kristen Marie Jackson, Personal Representative of the Estate of Bert John Crawford, for the purchase of property located at 1437/1455 Timothy Lane, Belgrade, Montana

Mr. Sprenger said the board approved of negotiating a buy sell with some stipulations. We've been informed they spent \$56,000 to clean up the property inside and out. Staff recommends approval.

MOTION: Mr. Switzer moved to approve the real estate transfer agreement with Kristen Marie Jackson, Personal Representative of the Estate of Bert John Crawford, for the purchase of property located at 1437/1455 Timothy Lane, Belgrade, Montana. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

4. Consider establishing Board Committee for Northside Development

Mr. Sprenger showed the location on the map where the ramp had been completed. Summit is building their hangar. Ridgeline's hangar has been approved. That is as far as we can go without completing the environmental assessment that is required for further development. That is in the process and completion should be early 2025. We have time to determine how best to pursue development in that area. The way we have done it in the past has been problematic. Staff feels it would be beneficial to have a couple of board members on a committee to help us evaluate the options. When we come back to the board with proposals, we will already have good board input and can work together to do the right thing. We currently have 48 names requesting 54 hangars. Some requests are from aircraft owners. Some are requests from commercial operations and speculators. We have concerns about outgrowing the demand. We want to meet the needs, but not have so many hangars that they become used for other purposes and create enforcement issues.

Ms. Stelmak volunteered to be on a committee. Mr. Mathis agreed and also volunteered.

MOTION: Mr. Lehrkind moved to approve establishing a Board Committee for Northside Development which will consist of the following two board members: Ms. Stelmak & Mr. Mathis. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

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

Mr. Humphrey prefaced by saying some final numbers had not been received but we should be close. There were 13,813 total tower operations for September, which was up 31%. Rolling 12-month operations were 125,396 operations which is another record. Corporate landings over 9,000 lbs. were 781 and 718 operations were above 12,500 lbs. which is up 31.5%. There were 18 custom clearances in September 2023 versus 11 in September 2022 which is a 63.6% increase. Total revenue enplanements were up 16.1% at 120,127 passengers versus 103,482. That brings total enplanements to 1,213,726 with 3 more months to go. Deplaned passengers were up 14.0% at 114,462 versus 100,362 passengers. Airline landings were 880 versus 817, up 7.7%. The overall load factor for September was 89.9%. Fuel dispensed for August was 2.336 million gallons compared to 1.6 million gallons last year, up 46%.

For October, we are 22% better so far and plan to end up 12-14% better by the end of the month. Three Forks Airport construction increased the GA numbers in September.

Mr. Humphrey attended the 5th annual Airline Rendezvous in Missoula. Pilots and equipment continue to be a bottleneck for the airlines. Delta's main focus is growing Atlanta service. They would like double daily service to Atlanta to extend year-round. They are excited

about Los Angeles this winter. They are not interested in JFK at this time, but Detroit is not off the table.

United is focusing on their existing service. Los Angeles' performance was somewhat weak.

American's Dallas and Chicago service did well. Phoenix service is a possibility in the future but for now they are status quo. They are going to concentrate on the new LAX service this winter.

Southwest's load factor went from 60% to 90%. Dallas service will remain seasonal. We discussed Phoenix with them as well.

Sun Country is expanding their network. They will have 50 more aircraft in the next 5 years. They will stay seasonal with us in the summer but, with the additional aircraft, will consider winter service out of Minneapolis.

Alaska is focused on building back Portland service and increasing ridership to San Diego. They are adding Santa Ana service mid-December and that is booking well. They are trying to right size LA and SFO.

Allegiant said Las Vegas is slowing they think due to the rising costs there. Their Phoenix/Mesa service is performing very well. They are focusing on Nashville shoulder season to increase the load factors.

Jet Blue and Avelo were not in attendance.

LAX is the pressure point for everyone right now.

Mr. Mathis said that Mr. Sprenger and Mr. Humphrey were instrumental in starting the airline conference, which has been successful, and thanked them for their effort.

6. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that October will most likely be busier than any month prior to COVID. One example of adjustments airlines make is Chicago. United operated twice daily service to Chicago over the winter. American was operating to Chicago once daily with a smaller regional jet. This year, American has bumped up Chicago service to a mainline 737. United has seen that and is back to once daily frequency. It is not uncommon to see those adjustments and we are always cautious. Mr. Sprenger said we are seeing more caution over the winter. The holiday season is still up. We are always a little cautious.

Overnight cars for September were at 99% of last year and parking revenue was 113%. Food and beverage revenue was 111% of last year and retail was almost 115%. Overnight cars for October to date are 98-99% of last year. The first weekend in October was 98-99% and the weekend was 105%. We are in better shape than last year in regards to parking.

Mr. Sprenger attended the Northwest AAAE Conference in September. There was much talk about worker shortages. The theme from some presentations is that there are people who don't want to work. From the numbers, that is not true. There are fewer people coming into the market due to fewer births. There is a higher need for employees. The recent Belgrade Economic Forum indicated that in the Belgrade area, 95% of all men from ages 16-65 are working. 80% of all women in the Belgrade area, that have school-age kids, are working. The high cost of living requires multiple incomes. There is more and more evidence that there is not a group of people who are able to work and are not. This will continue to be a problem.

There was also discussion on projects throughout COVID and cyber security. For Mr. Sprenger, the biggest benefit to him is networking with other airports.

Mr. Sprenger reported on the Belgrade Economic Forum. Belgrade has a population of 13,500. If all the residential development is filled, Belgrade population will grow to 25-35,000 in the next number of years. Belgrade is the fastest growing community in the state. Gallatin County is the only county in the state that has 2 Class 1 cities. Belgrade is the only community in the state with a population between 10,000-20,000. Belgrade is 8th in population in the state. The unemployment rate is 1.7% for Gallatin County. Income for residents of Gallatin County is increasing and is 81% of the national average but the cost of living is 100% of the national average.

We had a successful TSA transition over the weekend. We are seeing them more active in queuing and managing the lines than what we have seen in the past. It is still early. They have a transition team here for now and are hiring. Hiring appears to be going well. From a local employee count, they are almost double compared to the previous provider.

The new ticket counter lobby carpet has been installed. The baggage system is complete and will have significant testing soon. We have our skid steer on site. The street sweeper will be delivered tomorrow. The tie down ramp expansion is paved and the rehabilitation part will continue weather permitting. Taxiway G is planned to start next week weather permitting. We are still crossing fingers for paving at the fuel farm. Airline offices will finish up in the next couple weeks. We are considering electronic signage that will be presented for board approval in the future.

The BZN Market will have a soft opening on October 18th and a grand opening October 26th at 10am. We will have a press event and people from the community. We will also show the new baggage system at that time.

Fuel Farm Loop has been started. Signature is working to get their fuel farm and ground support equipment building up and running.

The checkpoint exit lane relocation is happening this month. The queuing expansion will follow that. Because we are taking away a significant part of the main gift shop, we are looking into relocating it near American at Gate B2. Bert Hopeman and Doug Stock with Sharbert Enterprises has recommended that we repurpose the space that is the current gift shop and make a coffee shop. We are underserving the demand for coffee. It would be a good size and location. We are working with Sharbert for a potential short-term concession extension until we can get a Request for Proposals (RFP) out. We will be working on that over the next month.

Summit Aviation has steel in the air. Ridgeline got their FAA approval.

We are submitting for the Bipartisan Infrastructure Terminal Grant of \$40 million. We expect that is on the high side of what we might be awarded. We feel we have a good case to consider the higher amounts. When we did our master plan in 2019, the FAA had our compounded annual growth rate at 5.6% and our actual rate has been 11.7%. We have brought that to their attention.

Staff will offer a tour of construction projects after the meeting.

Some of the large dollar amount checks that board members typically sign can be paid electronically. Staff is recommending signing an approval form instead of a check for authorization to pay electronically.

An attempt was made to present a video showing the life of a bag at Bozeman Airport. Due to technical difficulties, the video was not presented. Mr. Sprenger said it takes about 7.5 minutes for a bag to travel from one side of the system to the other. That is one reason to be here early to drop your bags.

7. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

MOTION: Ms. Stelmak moved to approve the bills for payment and Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

8. Adjourn

The meeting was adjourned at 2:52 p.m.


Ted Mathis, Board Chairman