

The regular monthly meeting of the Gallatin Airport Authority was held September 14, 2017 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Ted Mathis, Kendall Switzer, Karen Stelmak and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Carl Lehrkind, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

**1. Review and approve minutes of the regular meeting held August 10, 2017**

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

**MOTION:** Mr. Mathis moved approval of the minutes of the meeting held August 10, 2017. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

**2. Public Comment Period**

Mr. Brandon Wilson came to the podium. He said we were gracious enough to allow him extra time for building his hangar. He had a trial date set for August 3<sup>rd</sup>. His ex-wife got a new attorney and the trial was vacated. The court says they will try to fit them in between August 3<sup>rd</sup> and October 1<sup>st</sup>. If they don't hear from the courts by October 1<sup>st</sup>, his attorney can contact the court and get a date. Mr. Wilson was working with Dan Welch at the Bank of Bozeman to get a pre-approval letter as we had required. Mr. Wilson thought it was "in the bag" so he added onto the slab, had plans engineered, and paid extra for his permit because he got the additional hangar approved with the State of Montana. The bank gave

Mr. Wilson a pre-qualification letter. Mr. Wilson supplied the letter to Mr. Sprenger. The bank wants Mr. Wilson's final divorce decree. Mr. Wilson was present to ask for more time.

Mr. Sprenger said that on July 13, 2017 we gave approval to Mr. Wilson to modify the size of the hangar with a contingency that required financial commitment from a lending institution by September 13<sup>th</sup>, yesterday, and substantial completion by January 13, 2018. The lease is technically now in default because the financial commitment has not been completed. We have talked to our legal counsel. If we decide not to immediately terminate the lease, the January 13<sup>th</sup> deadline does still apply. That would leave Mr. Wilson three options: To substantially finish the hangar by that date, find a suitable assignor for the lease, or an automatic termination of the lease on January 14, 2018.

The question is if we want to issue a letter based on the technical default of the lease.

Ms. Stelmak asked Mr. Wilson if he could confirm he has made progress on the slab. Mr. Wilson said they installed an insulated radiant floor on the expanded addition and he paid to have plans engineered for the bigger building. The concrete work is done and Mr. Wilson emailed the plans yesterday. The plans are stamped by an engineer.

Mr. Mathis asked if there is any chance he could be finished by January 2018. Mr. Wilson said at this point he doesn't know. They could set a trial date for 6 months from now.

Mr. Lehrkind told Mr. Wilson we will work with Mr. Sprenger and would be in contact with him.

Mr. Shropshire came to the podium and provided a written version of his presentation:

I had a bad day yesterday. Between 12:30 and 1:30 Reach took off twice and landed once with their skid helicopter. Not that it matters in my mind but last night at the pilot meeting I asked Brian Sprenger (Airport Director) if they were emergencies. (Mr. Sprenger said he was looking into it this afternoon).

It was a nice day and I wanted my hangar door open. I was using the bathroom when someone from Reach called to say they were going to take off. By the time I was done they were spinning up and taking off. When they landed about 15 minutes later I did not hear them, or any reports, so that I could close my hangar door. I was using power tools to put up a peg board at the time.

Then about 20 minutes later they took off without informing me. I did not get my door closed, but many times in the past they do maintenance on their helicopter and do not take off. How am I to decipher the difference?

Anytime there is an error in communication, mine or theirs, I suffer the penalty. My hangar gets blasted by their rotor wash or at least windblown with rocks and dirt.

Recently I have seen they are trying to make adjustments by parking the helicopter in the transient area by parking on the grass. While this helps me some by not getting the direct blast if they parked in front of their hangar, it is not good either. A transient airplane will not want to park 20, 30 feet from a helicopter. And people having a BBQ will not want to chance a helicopter taking off.

The decision made by the airport authority and this board a little over a year ago was a very bad decision. Problems still exist and an accident is waiting to happen. It took 3 months for me to get my grievance of getting blasted by Reach (then Summit) heard by this board after the airport director told me to just shut my doors. But that set a precedent for Life Flight to get approved by this board in less than a month. Why is that? It reeks of the Airport Authority doing anything they want.

Is this board a bunch of bobble-heads that can't think for themselves? When something is not right why can't this board recognize it? Why can't the airport director acknowledge that the GA pilots/hangars have an investment, and therefore, rights. General Aviation should not be run over by companies/people that have money.

I would like this airport to set the standard nationwide on how GA and companies can co-exist. Currently it's not happening at BZN.

By the way:

- A Poker Run is scheduled for this Saturday the 13th of September and the Shelter will be used. Rain delay is a week later, the 23rd of September. I hope we won't be disturbed by helicopters.
- Lots of rocks are on my apron in front of my hangar. They pelt my hangar door when shut and go inside when open.

Mr. Lehrkind thanked Mr. Shropshire for his presentation and asked Mr. Sprenger to research the incidents and get back to the board and Mr. Shropshire.

**3. Consider request by Eagle Mount to continue to use the former Cook Gravel Pit for Digger Days 2018**

Mr. Sprenger said last January, shortly after acquiring this land and the gravel pit, we were asked by Eagle Mount to grant continued use of the gravel pit for the Digger Days event. They completed the event this month. It was a success for them and well received by the community. They would like to continue that approval for 2018. Mary Peterson was present to address the board.

Mr. Lehrkind asked Ms. Peterson if Friday is her last day. Ms. Peterson said no, her last day isn't for 2 more weeks. Mr. Lehrkind thanked Mary for all her service and support to the community.

Ms. Peterson said the Cook Pit is a perfect location for the event. 5,000 people attended the event this year, with support from 150 companies. Sime Construction, TMC and Knife River take the lead in supporting the event. Ms. Peterson acknowledged that safety was our primary concern. They had no incidents at the event. Many of the public safety agencies are involved at the event. The event raised \$124,000 for Eagle Mount.

In the time since they have started, they have added programs for younger kids, veterans programs, and are able to do more for families than they ever have before. They hope the way they conducted the event has allayed any concerns.

Ms. Peterson said we were concerned about receiving other requests to use airport property for events. Ms. Peterson said they are thrilled to have been grandfathered in. They would love to have the event at the same location in 2018, 2019, and 2020 and are happy to address any concerns.

Mr. Sprenger said one challenge is the potential precedent setting. Grandfathering mitigates that concern to some extent. All things have to come to an end at some point.

The location is off the extended center line of our runway which is a concern. We have an obligation to keep that area clear because we have control of it. There may be some other opportunities within the pit or other areas. But, we also have a new extended center line for our new runway.

The pit is a bigger concern because that is a 365 day concern that we will correct over time. Staff would prefer that there be a set deadline on how long this event can last and a time when they should find another location. This would allow us to make steps towards being good stewards of the land which we can't do when it is being reserved for a once a year event. Over time we intend to fence the area, level it out, and reclaim it. We would like it for agricultural use or other improvements. That will not happen overnight. It would be a couple years before we could fully implement it. We would recommend setting a deadline so they can look for a new location and we can be good stewards of that land.

Ms. Stelmak told Ms. Peterson that she applauds her for her work. Safety is her concern. It is at the end of a runway which is always a concern. Ms. Stelmak would not be comfortable approving it for more than one year at this time so that we can continue to monitor it and watch for how we should proceed in the future.

Mr. Mathis said there are pictures in the board packet that he took. They show the berms of sand and concrete culverts that are remaining after the event. The pictures also show where they are in regards to the departing Delta flight. The pictures also show a trailer and some other industrial junk. It seems to belong to AM Wells and Mr. Ron Pike will talk to them to get it moved. Mr. Mathis is concerned about the possibility of a forced landing in that area and the obstructions that are there today and have been for some time. Mr.

Mathis said if we approve for a year, he would like that stuff moved as soon as possible. If it has to be in the same location this next year, maybe the culverts and sand can be brought in for a few days and then remove it. Mr. Mathis said it has only been a couple months since we have had an off airport landing. The location in question is a logical place for an emergency landing.

Mr. Switzer thanked Ms. Peterson for her work in the community. He said this is one of the more popular events for the community. We are blessed to be able to participate in it for a time but this is an airport so eventually this will have to move somewhere else due to expansion and safety concerns. Mr. Switzer agrees with Mr. Mathis that the extra stuff should be removed. Mr. Switzer suggested we look at 2018 and then continue to have that discussion as time goes on and depending on what happens with the land.

Mr. Mathis mentioned he is very much in favor of the event and all the good work that Eagle Mount does. He is not in favor of it being in that location.

Mr. Switzer asked if there is any other place on airport property that could have the event and would be outside of the approach zones. Mr. Sprenger said most of the other lands are being used for agriculture purposes. There are neighboring areas that could be good but they aren't in our control. There is a section northwest of the sewer lagoons. Maybe the City of Belgrade has a lease on that land.

Mr. Kelleher said he served on the Eagle Mount board years ago and is a 2 time cancer survivor. He is empathetic with the success of the program. But we are a different airport now. Looking at the end of the runway and all the equipment there, it is unreasonable to think that everything will be cleaned up soon after the event. The most he

could agree to would be one year. Re-assessment of another spot to move the event to could be a solution. In the long run, seeing the position of the Delta flight, if we had a set down of a commercial airliner it isn't worth the risk.

Mr. White, Gallatin County Commissioner, came to the podium and showed a picture of his grandson in the seat of a front end loader. He was one of thousands of kids that visited the site that day. He understands the concerns of the board. He hesitates to suggest some form of exchange of money for the use of the land to off-set the loss of income from the agricultural side. This is an important program for Eagle Mount. At county, they have conditional use permits in zoning districts for things they are not sure how to handle on a permanent basis and are evaluated on a regular basis. If there are any conflicts, that permit is removed. He would suggest an annual review. Then if the FAA or the airlines are having a problem with it, they can re-evaluate the use of the land. He is surprised that the sand and other stuff are still here. He encourages the board to think seriously about the event.

Ken Stover, with TMC Sand and Gravel, came to the podium. They operated the pit before it was acquired by the airport. They understand the safety concerns. The pieces of equipment that are there have nothing to do with Digger Days. He can take care of that. It would be easy to take culverts out and level the sand piles. They ask that we let them have the event again until we can't anymore.

Ron Pike, President and Owner of Sime Construction and TMC, came to the podium. They appreciate everything the airport does for them. It has taken them 7 years to build up the location for the event. They shot a commercial there Tuesday. There wasn't a piece of



equipment there. 90% of their equipment is out of the location by Sunday night. It would cost them so much more money to provide the event if they needed to have it at a different location. The recognition of the same location for 7 years makes it so much easier to put on the event. They would not be able to have it at their active mine because of a liability concern. Mr. Pike said we all need to get our heads together to work on a solution to get it cleaned up. He thinks we can work together and keep this event going at this location.

Mr. Kelleher said he likes what Mr. White said about the conditional use permit. Arranging something we can review on an annual basis might be a good solution. Possibly we can get some help from the county in drafting that permit.

Mr. Switzer confirmed that the exposure for the event is 2 days plus the set-up and take-down. Mr. Mathis added there is also the exposure of what is left there year-round. Mr. Switzer said realistically it will be re-addressed every year. He suggested a possible conditional 3 year approval that is discussed each year.

Ms. Stelmak said she would be more comfortable with a 1 year approval at this point with a stipulation that the items need to be moved and then put together more of a review process prior to the next year.

Mr. Lehrkind said we are all in agreement that this is a great event and we want to keep it going wherever it ends up. Mr. Lehrkind asked Mr. Stover and Mr. Pike if they could guarantee to level it out at the end of the event so if someone did need to land it would be a flat surface. Mr. Pike said yes.

**MOTION:** Mr. Switzer moved to approve the request by Eagle Mount to continue to use the former Cook Gravel Pit for Digger Days 2018. Mr. Switzer added a charge to staff to

look into a follow-up plan over time to figure out how to make this work. Ms. Stelmak added that approval is based on the assurance that the items will be removed from the area and the ground will be reclaimed. Ms. Stelmak seconded the motion. Karen Stelmak, Kendall Switzer and Kevin Kelleher voted aye. Mr. Mathis voted opposed. The motion carried.

- 4. Consider request by Brask T-4 Ranch, LLC to lease hangar 116B to Ridgeline Aviation for a commercial operation**
- 5. Consider request by Ridgeline Aviation to operate a commercial flight training, aircraft charter, and aerial photography and data collection operation at BZN**

Mr. Sprenger reported that agenda items 4 and 5 could be reviewed together. Mr. Sprenger showed on the map where hangar 116B is. It is right across from Reach. It was originally developed off of Spur Rd as a commercial hangar. It has been divided so there can be 2 independent operations. There are 2 restrooms but they are not in the same office. That would need to be addressed since our minimum requirement is 2 restrooms per operation. Brask has agreed to make the second restroom available. It technically doesn't meet the standard without that access. The second part is that the hangar is under a non-commercial lease. It would have to be changed to a commercial lease, including the commercial rate and other commercial terms.

Ridgeline Aviation would operate primarily a flight training operation.

Mr. Sperry, owner of Ridgeline Aviation, came to the podium. They started this a couple months ago. He has been involved in aviation since college. Mr. Sperry built all the menu boards for the restaurant upstairs in the airport. He has been a flight instructor for

over 2 years in various capacities. He is currently a Standard Evaluation Pilot for Civil Air Patrol and the Director of Operations for the state.

Mr. Sperry said they started Ridgeline Aviation to provide an alternative for commercial flight training. They have a single engine complex aircraft they can offer. There are a lot of local individuals who are interested in adding high performance complex endorsements or possibly using an aircraft for their own business needs. Perhaps they need training from a simple single 172 into something more complex and a little faster. Ridgeline intends to help people with that. They are not planning to be a massive operation. He has met with Mr. Sprenger and Mr. Humphrey.

Ms. Stelmak asked if all his operations are fixed wing. Mr. Sperry said yes.

Mr. Switzer asked if the flight training they plan to offer is offered by any other entities on the airport. Mr. Sperry said no, not to his understanding. Summit does not have a single engine complex aircraft to offer the general public.

Mr. Mathis asked if they have any other aircraft at their disposal for primary training or if they will strictly offer the 182. Mr. Sperry said initially the 182. They are working on some lease agreements to have a 172 in the next 2-3 months because he knows there is a need for simple primary training on the airport as well. Mr. Sperry said the hangar has adequate parking and access. They want something small for the local community to rely on.

Mr. Mathis asked if the 182 will be hangared there. Mr. Sperry said yes.

Mr. Switzer said he thinks it is a good thing. The more advanced training we can provide the better off we are. Mr. Sperry does a great job and has a great outfit.

Ms. Stelmak thinks the location is good.

**MOTION:** Ms. Stelmak moved to approve the request by Brask T-4 Ranch, LLC to lease hangar 116B to Ridgeline Aviation for a commercial operation and the request by Ridgeline Aviation to operate a commercial flight training, aircraft charter, and aerial photography and data collection operation at BZN. Mr. Mathis seconded the motion.

Mr. Switzer asked about the restroom requirement. It was clarified that the agreement for use of the restroom has been provided. All board members voted aye. The motion carried.

#### **6. Contract Tower Discussion – Dave McCann, Serco**

Dave McCann, Senior Program Manager for Serco, came to the podium. Serco operates air traffic control towers for the FAA. They have 60 towers from Colorado to Alaska. They also operate the ramp control at the San Diego International Airport.

Mr. McCann said he was present to address some concerns that have been raised. He acknowledged that some board members were present at yesterday's Pilot Meeting. He feels it was a good exchange. They are taking the concerns of the pilots seriously. He is spending several days here.

They are in the business of providing air traffic control services. They also provide safety at the airports they operate out of. Service is very important to them. He knows there has been a lot of speculation as to what the solutions might be to some of the concerns. Their intent is to understand the complaints and then provide solutions.

Greg Steffen is the new tower manager and was present at the meeting. Mr. Steffen has more than 30 years of air traffic control experience at a variety of operations. He has

management experience at air traffic control facilities and worked at FAA headquarters. Mr. Steffen is well equipped to turn the tide of what the perception is of the tower. Mr. McCann and Mr. Steffen have formulated an action plan. Mr. McCann has extended his stay here to address concerns. Mr. McCann will be meeting with each employee individually and doing some one-on-one customer care training with them. Mr. McCann says they have heard loud and clear that it isn't so much the service they provide but how they provide the services. Mr. McCann and Mr. Steffen have created an initial stakeholder engagement plan. Mr. Steffen will be reaching out to all the stakeholders. The airport is a stakeholder. They are proposing regular recurring meetings with Mr. Sprenger. They would like to build a relationship so problems don't build up over time and they can address things immediately.

Mr. Steffen will be meeting with Summit Aviation in the next 30 days to schedule their flights and meet their needs. They will also speak with them specifically about the new runway operation and how it will change the way they approach the airport and how best to fit their aircraft into the new runway. Every Friday Summit has an instructors meeting. Mr. Steffen plans to participate in that meeting once a month.

Mr. Steffen will be proposing to establish quarterly pilot meetings with general aviation to give an opportunity to interact more often. Mr. Steffen will bring something to the table at each of those meetings like training and education for the pilots. They would like to provide the pilots an outlet to voice their concerns. Mr. McCann was surprised there weren't more tower visits by the pilots. Mr. Steffen will be reaching out to pilots and encouraging them to see the operation from 90 feet up so they can understand each other's working environments.

Commercial operations include a transient workforce so there may not be a formal meeting opportunity. They have an online survey they would like to get to the commercial pilots that can be completed on a mobile device or computer. The results can be reviewed by Mr. Steffen so he can follow up and address the concerns.

The tower is in the process of working with the FAA on a safety risk management process and pattern entry procedures for the new runway. It is encouraging to see the new runway. It will be a really good thing for the overall capacity at the airport. They will make sure there is a meeting ahead of the opening of the new runway to explain the procedures they plan on using. When it opens, and if the environment is different, they are open to changes. They appreciate the airport's investment and think it will have a positive effect.

Mr. McCann touched on staffing. He has heard comments that staffing must not be adequate. Mr. McCann's assessment at this point is that there is adequate staffing. They are fully staffed. However, he is not close minded on the issue. They will assess the impact of the new runway. Mr. McCann thinks the new runway will make things easier. They are happy to assess it and will continue to monitor staffing.

Mr. Mathis said he speaks for himself and other pilots. It appears that there is a rapid turnover of staff over the years. It seems like they are always breaking in someone new. He knows they have that problem everywhere with the FAA stealing what could be considered their best controllers or at least those that qualify for the FAA. Mr. Mathis was pleased to hear Mr. McCann say last night that when they have asked the FAA for additional funding for staffing they have never told them no. Mr. Mathis urged Mr. McCann to do that

so that we have that extra set of eyes and someone to cover when another staff member is unavailable.

Mr. Mathis said the airport is really concerned about accommodating the increase in traffic and the new runway is a good indication of that. Mr. Mathis asked Mr. McCann if there is anything that he needs from us. We own the tower and most of the equipment in it. He asked if there were improvements that we need to address to make the controllers' job easier.

Mr. McCann said the common opinion is that maintenance of facilities is good. They don't have problems getting anything fixed. It has been his recollection of how the tower has been supported from the beginning. There are two things that would be nice to consider. The most immediate is the voice switch system which is almost 20 years old. It is very dated and has limitations. It would be nice to consider updating the system. There are much better systems available that are smaller and simpler to operate.

Mr. McCann said the tower personnel don't have a training room or break room. That is a requirement on the FAA's minimum equipment list. It would be nice to have one of the unfinished levels finished. The FAA would provide a computer for training; they just need a workspace.

Ms. Stelmak was at the pilot meeting. She is pleased to hear Mr. McCann will proactively work on improving the services provided at the tower including the attitude that is sometimes projected by controllers. She senses that they get frustrated and they are very busy. She hopes Mr. McCann will give the new manager the tools to be successful. She

hopes Mr. McCann will go to the FAA and talk to them about having staff increased. She appreciates he will be working with staff to provide a certain level of safety.

Mr. Lehrkind was also at the meeting. It will be interesting to see how the second runway plays out and he is sure the learning curve will be steep. The key is communicating and working with others. The staffing is still an issue. If you have somebody sick, on vacation, or who quits then they are down to 3. He hopes that Mr. McCann will keep that in mind. We had some of those issues this last year. One of the controllers was willing to come in, otherwise we would have had to close the tower during a snow storm. Failure is not an option here. We are here to support you in getting more staff to make sure we never face that situation again.

Mr. McCann said the extra runway allows ability to segregate larger and smaller aircraft which will un-complicate things. Having a parallel runway is helpful. The single runway now with 12/30 is a lot harder than having a parallel option. They track staffing closely. When necessary, they have brought in TDY personnel. It is not the ideal situation but it is an option to ensure the service went on. It is not something they take lightly. They would like to keep an open line of communication. They will monitor the situation and if an adjustment to staffing is necessary, they will do it.

Mr. Lehrkind said there will be a learning curve for GA pilots with the new runway. Mr. Lehrkind said we will take them up on classes and discussions prior to the opening of the runway to get them educated to create a smooth transition.

Mr. McKenna, a local private pilot, came to the podium. He started flying here in college in 1974. He lost a bet in a bar and had to jump out of a plane piloted by Greg



Mecklenburg two days after he first arrived in Bozeman. He said it has been a privilege to serve with this organization for 20 years and was here when the tower was open. At no point has there been something the airport needed that this organization hasn't worked to provide. He believes this board and airport management with support from county commissioners and the greater community have built what is arguably the best airport in this part of the country if not the entire country. We are not equally proud of our control tower operations. From the day it opened, staffing has been an issue. It continues to be an issue and he hopes it doesn't continue to fall on deaf ears. Mr. McKenna said he was with Mr. McCann up until the point he said staffing was ok. If this is ok, then perhaps we need to work with Serco to define what we believe is a quality standard, not what is "ok". We don't have just "ok" at the Gallatin Field. If we need to hire some better people, then we better do it. Mr. McKenna feels we need to hire more people. He hopes that it will be taken seriously and that serious concerns at the control tower will be addressed.

#### **7. Update on Montana Gift Corral and Copper Horse Restaurant – Bert Hopeman**

Mr. Hopeman, owner along with his wife of Sharbert Enterprises which owns Montana Gift Corral and Copper Horse Restaurant, came to the podium. Mr. Hopeman provided some comparisons of the contract year that ended May 30, 2017 to the previous contract year which ended May 30, 2016.

Sales were up 8.1% while enplanements increased 7% and airport income increased 7.3%. KMG, or the Marlboro Ranch, cut back their operation to about 20% of what it was. Mr. Hopeman believes that reduced their gift side revenue by 3%. If they hadn't reduced their operations, Sharbert's sales would have been closer to 11%.

BZN's income per enplanement from the gift and beverage concession is \$1.81. Billings' income per enplanement is 68 cents, Denver's is \$1.78, Minneapolis' is \$1.58, and Salt Lake's is \$1.35.

The income for the first time was over \$1 million. Mr. Hopeman named a few reasons why we have seen the increase in income:

- Growth in enplanements
- Competitive prices. Having the food and gift concessions together results in lower prices because they can operate at a more efficient level. They have prices close to main street prices. Water is the only exception to that. They have the same prices at all their locations.

Mr. Hopeman said they have had a fabulous year and hope that will continue.

The biggest single problem is availability of labor. They were short staffed this summer. They had 5-6 people leave in June. They tried to replace them but were 3-4 people short. That shortage affected all their operations. This resulted in spending a lot in overtime pay.

In Gallatin County there are several thousand restaurant and retail jobs unfilled. Walmart is looking for 125 employees. Sharbert has increased their total wage package 12.5% over the last 2 years and inflation during that same period was 2.6%. They have just instituted another 5% increase in their total wage package. They didn't anticipate having to do that. It has pinched them but it isn't critical in any way.

The gift store behind security is reaching its capacity at times. There were times this summer you could not get in it. That does have an impact. Once you hit that maximum, it

gives you a floor on sales and service. Hopefully as the airport expands, they will be working to come up with a long term solution.

Mr. Hopeman said their comment cards in the restaurant show 93% of the customers consider the Copper Horse better or much better than similar restaurants visited while flying and 99% would recommend it to a friend. They have good ratings on Yelp, Google and Trip Advisor. They don't survey the gift store buyers but they receive favorable emails frequently about the store.

He believes another reason for the phenomenal financial results is they have a favorable mix of vacationers and non-vacationers. The decision for the airport to own the restaurant space was a good investment and is probably seeing a good return.

Ms. Stelmak said she is often a customer. She has never had a bad experience. The way they treat customers is so commendable. She thanked Mr. Hopeman for creating that atmosphere.

Mr. Hopeman attended a prep school called Taft in Connecticut. The school's motto was, "We are here to serve and not to be served". That is the motto of their company. Employees have to buy into that motto or they go.

#### **8. Report on Operation Cost Efficiency Initiatives – Paul Schneider**

Mr. Schneider reported that we are seeing a 20% savings with Grainger. That is due to the Western States Contracting Alliance (WSCA) pricing that we have been members of for 3 years. Mr. Schneider gave the example of a parking barrier. The regular price is \$108 but we got them for \$88 with WSCA pricing. We also don't pay any shipping with Grainger. Another company that is similar to Grainger is MSC. We negotiated with their sales

representative and showed him the WSCA pricing. MSC has also offered very favorable pricing. We do compare the two companies while looking for products.

We just switched our vendor for airfield lighting spare bulbs. We saved \$100 on the first order.

Earlier in the year we had dead trees at gate 6 that needed to come down. Since there were power lines involved we decided to contract out the work. We contacted three vendors. The quotes ranged from \$800-\$1400 and obviously we went with the \$800 quote.

Something else that happened this year was our John Deere Z Track mower suffered a mechanical breakdown and it would have been \$3,000 to repair. It was a 16 year old piece of equipment. We checked with three vendors on pricing for a replacement. The prices ranged from \$5,600 to \$10,000. We went with the equipment that offered a better warranty.

We recently had a lift motor fail. We sourced for a new motor. The cost would have been \$8,600 and a 10 week lead time. A company out of Butte refurbished ours for \$3,111 and it only took them 4 weeks. That allowed us to get the bridge back into operation sooner.

About two years ago we purchased a soldering station to repair printed circuit boards. We had a jetway printed circuit board that failed and needed repaired. A new board costs \$1,200. We paid \$12 for a power supply and fixed it. We bought a \$4 relay to repair a board that would have cost \$1,800 to replace. We recently repaired four microphone assemblies for the PA system. A new assembly would have cost \$200 and we fixed them with a 20 cent capacitor.

We are repurposing old signs. It is a material called nudo board. The backside is still fresh.

Mr. Schneider presented some year over year comparisons. For the period of June-August we saw a 6.6% reduction in electrical energy use compared to 2016. It is interesting to note that 2016 doesn't include all the additional lights in the parking lot and at the security checkpoint and 2017 was a hot summer which required more air handling time. In August we had to run three of our air handlers for 4-5 more hours per day and we are still seeing a reduction.

#### **9. Consider FY 2019 Airport Capital Improvement Plan (AIP)**

Mr. Sprenger said this isn't a new plan but we continue to review it.

Because of the runway project next year, we have been looking at what we need to do in the same time frame to minimize impact on other areas of the airport. Mr. Sprenger showed on the map where the terminal ramp was extended out 75 feet. The aircraft we had been seeing in the past fit well on the concrete, but now we are getting larger aircraft and some drainage issues. We have to adjust the parking angles. They would not operate an aircraft over the grate we have there now. This is a project to add into the spring time when there are fewer flights. When you do ramp work, you cannot do all of them. It will probably be done in two phases. It has been included in the capital budget. The additional cost is offset by an additional \$600,000 in our discretionary budget.

In the overall plan we continue to look at fully funding the parking garage. We are starting to fund a terminal expansion and then potentially a second parking garage after that. We are constantly looking at Uber's impact. Uber is successful here. Some days Uber

has 60 pick-ups. That is on a peak day with 3,200 passengers. We are gauging it. As a growing airport, we can evaluate how much more we have to build for parking instead of having to downsize if there is an impact. More recently we are looking at covering Easter Sunday and Christmas for parking. In the past we have just plowed a field and that becomes the overflow.

The dynamics of our passengers are dramatically different than other airports. Mr. Sprenger was departing Eugene at 1pm. The terminal was being very lightly used, maybe 200 passengers. Their total passenger count is about 90-92% of ours. But their peaks are very different from ours. Their concourse and concessions are very different. They have much more business oriented traffic. Their traffic may stop at the bar but there is an almost non-existent gift shop. At our airport at 1pm we had about 600 just in the concourse.

Mr. Mathis said he looked the AIP over and was impressed. Overall it looks real good.

Mr. Lehrkind said he looks at \$120 million and it blows him away. Little Bozeman is not little Bozeman anymore.

Ms. Stelmak appreciates that with this kind of money we are still careful and creative and finding ways to be efficient.

**MOTION:** Mr. Mathis moved to approve the FY 2019 Airport Capital Improvement Plan as presented by staff. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

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

Total tower operations for August were down 5.9% at 7,263 versus 7,715 so YTD we are down one half percent. We are 76,727 total operations. Corporate landings were down slightly at 299 versus 316 but for the year we are up 13.9%. Total enplanements were up 13.2% at 73,439 versus 64,853 and 9% for the year. That gives us 588,497 rolling twelve month enplanements so it looks like we will hit 600,000 fairly easily. Total deplanements were up 14.9% at 70,370 versus 61,238 and 9.3% better for the year. Airline landings were up 6.3% percent at 748 versus 704 mainly due to the increase in service from American and United. Airline load factors dropped 4.5% at 86.5% versus 91%. But we did have 19.1% more seats in the market. Fuel dispensed for July was down 8.1%.

We haven't been getting TSA projections for a few months so we are branching out on our own for those. As of right now we have 10,000 more seats in the September market. Mr. Humphrey's guess is we will be 8-10% above.

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

Mr. Sprenger followed up on Mr. Humphrey's report. Available seats from September to December increased 10.5%. The increase we have on the books for January to April 2018 in available seats is 15.3% up. We feel good about those numbers. April doesn't include some extended schedule changes from Allegiant which creates a buffer for seats we might lose otherwise. Short of a bad snow season, the projections are really strong.

We are also looking at our May figures due to the runway rehabilitation. The schedules are almost 100% in. We are waiting on American to adjust their departure to Dallas about an hour earlier. Then all of the airlines will have modified schedules for the runway construction. At worst case, we could see May down 10-14%. That is total

passengers in and out. When Billings did their runway rehabilitation in July and August of 2013, both months were down 30%. Billings lost 58,000 passengers compared to the previous year. That was a strong impact. That doesn't mean they made the wrong choice because they have things that we don't have to worry about. We can put FedEx and UPS on our new runway because they are small aircraft. Billings didn't have that opportunity and they are a much more business oriented market. They did it in the peak summer for the best temperatures for pavement rehabilitation. We have changed our way. This is the second time we will do it this way and it is not without challenges. Every day we will close the runway at 12:30pm. We will do everything we can but we have to open it with stripes and lighting every day to make it work. It is not the easiest but it minimizes the impact on our local economy.

We are tentatively planning the opening of Runway 11/29 on October 12 at 11am. There are a number of people who would like to be the second and third to land. One suggestion was to have a flight so many could consider themselves part of it. We are looking at ideas for that.

Our tri-annual disaster drill is planned for Saturday, September 30. It is a full scale, live exercise at 8am. It happens to be MSU's homecoming. We are trying to make sure we are efficient so our volunteers can get to the homecoming game that day. Mr. Switzer asked if we have any publicity for the event. Mr. Sprenger said yes we will be putting out press releases and test our Twitter and Facebook feeds. Reach and Life Flight have offered a live helicopter response for that as well.



We have been assisting the county on a response to the Montana Department of Transportation's (MDT) request for more money on the interchange project. As a team we had to go through things very quickly to make the project work. The MDT has pushed back on things that we thought were all agreed to. One thing is our road from the roundabout to Belgrade, now called Gallatin Field Rd. MDT is pushing back and saying we didn't have to do that road. That road was a compromise to get Belgrade on board because they were worried about people not going through the town. We needed to build a road to excavate all of that area. MDT only wants to offer us what it would cost to do a detour. We have had to reeducate them. They have no institutional knowledge. They are saying that we owe \$600,000 of our \$3 million contribution. How much we account for on the road is the main difference. We have documentation to show the agreement for the road. We had a cost involved that was more than we had anticipated due to their requests. We are still figuring out the final dollars. The county has been great, but the State has been very difficult.

Rocky Mountain Rotors and Bridger Aerospace are still working toward requesting expansions.

Central Valley Fire has all the agreements. We got the FAA responses and they were good with all of that. We are ready to move forward and they are starting preliminary site design.

We are seeing some corporate challenges with our screening company Trinity Technology Group. The local people are great. But they have had some local management turnover because of discontent with headquarters. We have some concerns regarding the upper management and how they are treating the employees and ensuring that

management continues to function well. Their employees are great and doing a good job. The challenge is having a good company manage them. We are watching that with Dan Feeble with TSA.

Ms. Stelmak has been surprised that in the early morning when she is flying out they only have one at the front and 17 at the back. It creates a bottleneck. Staffing seems to be intermittent. The local management has left due to frustration with upper management. They have advised Dan Feeble they are addressing it and will have someone shortly.

We have seen some significant changes in staffing. We have had two retirements and people who haven't passed their probation period. We have done a lot of hiring. Because we are separating maintenance and operations, we have had some staff adjustments from one side to the other. Chuck Rasnick elected to downgrade because he wasn't comfortable rotating shifts as the Duty Manager. We want to keep him but we need the rotation. Rhett Boerger is our Duty Manager. We have hired two additional Duty Managers so we will have all shifts covered with management staff. We hired Will Jefferies from Skywest for our custodial, facility appearance, and grounds keeping staff. . On our Part 139 and Crash Fire Rescue we have hired Landon Burgwin from Yellowstone Jet Center. We are getting close to having everything in place. We have some training to do. We are looking to November or early December to get everyone in place for snow removal and such.

Mr. Sprenger acknowledged that while talking about Trinity, we have hired one of their managers for an operations position. We advertised outside of the area. It is hard to get people to move here. We have been fortunate to have interest from some with airport

experience. Almost none had maintenance specific training but they did have management experience.

Mr. Switzer asked Mr. Sprenger that once staff is in place that he provides an updated list.

The parking garage bid will not make the October board meeting. We evaluated it closely. We are looking to make the best use of time and least impact.

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

The bills were reviewed and detailed by Mr. Sprenger.

Mr. Mathis said good job to Riverside and Morrison-Maierle on the paving. He said that is the smoothest piece of pavement he has been on.

**MOTION:** Mr. Switzer moved to pay the bills and Ms. Stelmak seconded the motion. All board members voted aye and the motion carried unopposed.

**13. Adjourn**

The meeting was adjourned at 4:10 p.m.



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Carl Lehrkind, IV, Chairman