

The regular monthly meeting of the Gallatin Airport Authority was held February 8, 2018 at 2:00 p.m. in the Airport Conference Room. Board members present were Carl Lehrkind, Kendall Switzer, Kevin Kelleher, Karen Stelmak, and Ted Mathis. 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. Open Bids – Runway 12/30 Rehabilitation and Commercial Apron Reconstruction Project**

Mr. Sprenger asked for additional bids. Mr. Sprenger reported both Schedule I for the runway rehabilitation and Schedule II for the concrete apron can be bid separately. Mark Maierle assisted with the bids.

There were four bids:

The first bid was from Nelcon, Inc. of Kalispell, Montana. Their Montana Contractor Registration number is 6292. The addendums were acknowledged and the bid bond of 10% was attached. The bid was signed by Sam Wyers, Vice President. Nelcon bid \$5,796,996.00 for Schedule I and did not bid for Schedule II.

The second bid was from Treasure State, Inc. of Belgrade, Montana. Their Montana Contractor Registration number is 157069. The bid was signed by Barrett Haugan, President. The addendums were acknowledged and the bid bond of 10% was attached. Treasure State did not bid for Schedule I. Treasure State bid \$1,417,527.50 for Schedule II.

The third bid was from Riverside Contracting, Inc. of Missoula, Montana. Their Montana Contractor Registration number is 7850. The addendums were acknowledged and

the bid bond of 10% was attached. The bid was signed by Dwayne Rehbein, President. Riverside Contracting bid \$5,552,062.65 for Schedule I and did not bid for Schedule II.

The fourth bid was from Knife River of Belgrade, Montana. Their Montana Contractor Registration number is 10089. The addendums were acknowledged and the bid bond of 10% was attached. The bid was signed by Leo Zimecki, Vice President and General Manager. Knife River of Belgrade bid \$4,890,902.25 for Schedule I and \$1,570,972.00 for Schedule II.

Mr. Lehrkind thanked everyone for their bids.

**MOTION:** Ms. Stelmak moved to take the bids under advisement and award a contract to the lowest qualified bidder(s). Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

## **2. Review and approve minutes of the regular meeting held January 11, 2018**

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. Kelleher moved approval of the minutes of the meeting held January 11, 2018. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

## **3. Public Comment Period**

There were no public comments.

## **4. Safe Helicopter Operations at BZN**

Mr. Sprenger reported that this agenda item was requested by Robert Shropshire. Mr. Shropshire wanted us to discuss safe helicopter operations at BZN, approved distances from helicopter rotors to fixed wing aircraft, and approved distances from fuel trucks to helicopter rotors.

Staff has done some research regarding best practices with both the Federal Aviation Administration (FAA) and the National Business Aviation Association (NBAA) for this topic. The research yielded that a suitable landing site would be a minimum of 75 feet by 75 feet. Reach Helicopters has an exclusively leased ramp of 100 feet by 100 feet.

Best practices for helicopter operations include that operation of both fixed wing and rotor wing aircraft on the same ramp are compatible and can be accomplished when standard procedures are addressed, such as helicopters will avoid hovering on the ramp or near other aircraft. There will be no overflight of other aircraft at low altitudes by the helicopter and overlapping of rotor blades and airplane wings will be avoided. Reach operates from an exclusive ramp so these situations generally don't occur.

Rapid re-fueling of helicopters is permitted. We are not aware of Reach doing this, but if they did have qualified personnel it would be permissible to re-fuel the helicopter with engines running and blades turning. Commercial helicopter operations such as Reach and Life Flight are regulated by the FAA and have their own Principle Operations Inspector overseeing their operations. The Reach helicopter operation in Bozeman has been specifically reviewed by the Helena Flight Standards Office of the FAA and the Helena Airport's District Office of the FAA and Reach's operations have been found in compliance with both flight standards and airport standards.

Mr. Shropshire had also mentioned an issue with the camera not being able to determine motion. The camera's sensitivity has been increased to 100 percent so we believe that has been corrected.

We perform regular and on-request sweeping of the ramps in that area. We are not aware of anything that doesn't meet the FAA standards for helicopter operations in the area.

Mr. Lehrkind welcomed public comments.

Mr. Robert Shropshire took the podium. Mr. Shropshire said he appreciates Mr. Sprenger's time and effort in investigating. He still has problems. His wings were rocking when he was refueling. On the 16<sup>th</sup> of January, he was trying to refuel and had his airplane on the apron. The helicopter came in and landed and the wings of Mr. Shropshire's aircraft were rocking. The fuel truck was then setting up and the helicopter blades were close to the fuel truck. Mr. Shropshire said this was dangerous.

Mr. Shropshire said he would like to get fuel and doesn't know what to do about it. He thinks that if he gets fuel, helicopters will land and cause problems. Mr. Shropshire said he has been keeping his hangar door shut even though unwillingly. He says he can't sit out there for any length of time or wash his airplane. There are three fuel trucks out there in close proximity. He thinks something should be done.

Mr. Shropshire was thanked for speaking.

Mr. Wade Ayala - a representative of Life Flight Network, came to the podium. Mr. Ayala said he appreciates what Mr. Shropshire was saying. He said they want to be good neighbors and have procedures to minimize their impact at the airport. If there are issues

with their procedures that aren't working, they are willing to address them. Their operations are time critical but they are always listening for ways to adjust. Mr. Alaya said he is the guy to bring complaints and recommendations to. The board thanked him for coming.

Mark Taylor of Rocky Mountain Rotors came to the podium. Mr. Taylor said rapid fueling by properly trained personnel who stick to the guidelines is completely safe. They have done it thousands of times. It is not dangerous. They do all kinds of fueling. They practice static and live fueling. Mr. Taylor said the standards do not say to not fly over aircraft it says to try to avoid it. At the proper altitude and speed it is completely safe. Our winds here are just as likely to make a plane rock as the helicopter. Mr. Taylor said they are very cautious in their operations. Mr. Taylor said if anyone plans to be away from their hangar, everything should be closed. Mr. Taylor said in his opinion an unattended airplane should be tied down and chocked.

Ms. Stelmak said she appreciated everyone speaking. We have determined that the safety factors are being met. In addition to being safe, she is pleased with everyone's willingness to be good neighbors.

**5. Consider request by United Airlines to place passenger information monitors at gates 6 and 7**

Mr. Sprenger reported that United wants to bring their information monitors that they have at other airports to ours. Most airlines have passenger information displays at their larger facilities. The displays at the gates show the upgrade list, flight information, etc. Since United's operations in BZN have grown, they would like to provide that information

here. We believe that if this is approved, there will be interest from other airlines in doing the same. Space is at a premium up at the gates and especially for monitors.

We currently have monitors for the Montana PBS programs at each of the gates. Montana PBS has been a great partner and it provided a unique aspect to our airport. The use of that space and the ability to provide information and reduce congestion at the gate counters overrides the benefits that Montana PBS has provided. Staff recommends replacing the Montana PBS monitors with the airline information monitors. We would also anticipate changing the Montana PBS monitors at baggage claim to baggage information monitors to display the flight that is being served at that time. The baggage monitors would also allow us to provide additional information such as the peak season notices to remind passengers to check in earlier. We have a 90 day out clause with Montana PBS that we would make use of if approved.

Mr. Mathis asked if Montana PBS has been informed. Mr. Sprenger said they have not yet been informed. Mr. Mathis thinks this is a great idea for both the United monitors and the baggage monitors and added that it makes sense.

Mr. Kelleher said he agrees, especially since he had issues with where to pick up his bags on a recent flight.

Ms. Stelmak said as much as she travels, she is looking at these monitors all the time in other airports and it would be a good thing to have here.

Mr. Lehrkind asked about the timeframe and if both changes would be ready after the 90 day notice. Mr. Sprenger said United would probably be quick with their gate monitors. That would allow us to do this over the shoulder season. The baggage monitors

will require programming and there will be a cost associated with that. The gate monitors are at United's expense. We do anticipate spare monitors for the gate monitors which will be a savings. Mr. Sprenger does not have numbers at this time.

**MOTION:** Mr. Switzer moved to approve the request by United Airlines to place passenger information monitors at gates 6 and 7 as proposed by staff. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

**6. Consider request by Harriet Ross, Conservator of the Ostrovsky Estate to transfer the non-commercial land lease on hangar 76 to Northern Wings Aviation, LLC**

Mr. Sprenger said we recently transferred this lease over to Harriet Ross the Conservator of the Estate. They are selling the hangar to Northern Wings Aviation which is owned by Jim Ortman. Mr. Ortman currently has space at Yellowstone Jet Center. Northern Wings Aviation has done some tail wheel flight training in the past but mostly they do attack firefighting and forest service aerial photography. Mr. Ortman is evaluating what he wants to do with the commercial side. Mr. Ortman needs a spot to store his aircraft. Although not part of a current request, this hangar is in a location where it could be a commercial hangar. If Mr. Ortman would like to continue commercial operations, he would have to meet the minimum standards. Mr. Ortman is aware of that. So it could eventually be a request to convert this to a commercial lease. There have been no guarantees of such.

**MOTION:** Mr. Mathis moved to approve the request by Harriet Ross, Conservator of the Ostrovsky Estate, to transfer the non-commercial land lease on hangar 76 to Northern Wings Aviation, LLC. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

**7. Consider request by Sky River Holdings, LLC to transfer the commercial land lease on hangar ER3 to Arlin's Aircraft Service, Inc.**

Mr. Sprenger reported that ER3 is located on the east ramp. Arlin's Aircraft is in the process of purchasing this hangar. They requested a new lease. In 2012 the board approved a process where lease transfers can request a new lease that offers terms to match the threshold of a new construction lease as long as the lease is current, the building is in good repair, and can be expected to be structurally capable of enduring the lease period. This one would meet those requirements. In addition, language in the lease reserves the right for the Airport Authority to require an engineering inspection at lessee expense by a professional engineer licensed and current in the state of Montana prior to entering into the lease if needed, or at the time of the option, to verify structural integrity. There is an additional administrative fee to enter into a new lease of \$1,000 to cover the airport's cost. If they choose to go into a new lease they would be charged that fee. The hangar is in good condition and capable of enduring the lease term, but if they choose not to it would be a renewal of the existing lease.

**MOTION:** Ms. Stelmak moved to approve the request by Sky River Holdings, LLC to transfer the commercial land lease on hangar ER3 to Arlin's Aircraft Service, Inc. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

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

Total operations for January 2018 versus 2017 were up 3.1% at 6,464 versus 6,271. That puts our rolling twelve-month operations at 76,428. Corporate landings were up 17.8% at 463 versus 393. Revenue enplanements for January topped 50,000 for the first time and



were up 13.6%. That puts our twelve-month enplanements at 606,380. Deplaned passengers were up 13.6% at 48,556 versus 42,754. Airline landings were up 16% percent at 603 versus 520. Airline load factors were up 2.1% at 83.8% versus 81.7% with 11% more seats. American Airline's load factor was 91.2% in January out of Dallas. Fuel dispensed for December was down 37.4% at 858,290 versus 934,336 mainly due to Jet A for airlines with bigger equipment and less frequency.

We only have about 4% more seats in the market for February. Mr. Humphrey anticipates we will end up 5% to 6% better. We are on the right track for 2018.

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

Mr. Sprenger said the summer schedule for 2018 is up 17.3% in seats. The peak in July went from 95,475 available outbound seats a month ago to 101,621 available seats now.

Mr. Sprenger passed out a report with a Saturday schedule for a peak day in July. For July 14<sup>th</sup> we are showing 34 total departures and 3,893 seats. Inbound shows 35 arrivals with 4,067 seats. So the total for that one day is 69 flights and 7,960 seats. That will put us at about 6,500 passengers in the airport for that day.

The airlines have not found equilibrium between demand and supply. For the year ending September 30<sup>th</sup> 2017, we handled more passengers and the average ticket price went up. We do think that with a 17% increase we have a better chance of finding that equilibrium.

Regarding tower staffing, we are working through the contract. We would be required to pay for the training time of 60 days and not have a qualified person in there

until after those 60 days. It is a one-time cost, so Serco would cover turnover. We asked for assurances, for example, if they are short staffed, we are paying for a full time person and we are only getting our two additional hours. Serco acknowledged there is a risk that could happen, but they are not willing to adjust that downward if they are not fully staffed because they would be paying for overtime and additional training.

We did ask Serco about additional hours, for example, an hour and half before and after. They did say they would be willing to do that, but because of night differential there would be an additional \$10,000 in cost.

Our legal consultant has looked at it and said they have us over a barrel. This has all transpired in the last week and we just got some responses today.

Mr. Lehrkind asked how the turnover has been in the past. Mr. Sprenger said the last six months have been better, but prior to that it was not.

Ms. Stelmak said she is disappointed by Serco's response but it is critical we staff those additional hours as quickly as possible. We don't have a choice. We should continue to work with them and stress our concerns. Mr. Mathis said he agrees.

Mr. Lehrkind asked if they have to recruit someone once this is approved and then will we have to wait 60 days for them to start. Mr. Sprenger said the agreement that they gave currently shows a date of February 1, 2018 . Mr. Sprenger's guess is that the 60 days would start at the time of hire because they do have to get the person qualified. We did ask them what happens if that person fails. They came back and added that they would not charge us more than 90 total days of training.

Ms. Stelmak said the time is more concerning than the cost. We don't want to lose 90 days and then 60 day. It is critical to be staffed.

Mr. Mathis asked if there is anything in the agreement if we lose the person after 6 months. Mr. Sprenger said all training after the initial training is at their expense.

Mr. Sprenger said we do have a 30 day out clause which they have as well. If we are not happy, we don't have to keep it very long.

Mr. Mathis asked Mr. Sprenger if he knows of any other airport that has done this. Mr. Sprenger said Mesa, Arizona has done some additional hours. Also, Vail, Colorado pays a housing allowance to assist in staffing the tower due to the high housing cost in that area.

Mr. Lehrkind asked if it is worth it to go to our state representatives and let them know what we are doing. Mr. Sprenger said they are very aware. Mr. Sprenger said he had a good conversation with Gallatin College and they said they would see what they could do to work with us to get us the number of operations we need for the FAA to pay for those hours. We would only need one flight student to take off and land for 90 days. Mr. Sprenger said for those of you who have licenses you could choose to fly after midnight. Mr. Sprenger asked what the consensus was and everyone agreed to continue the agreement with Serco and staff one hour on each side.

An Architectural Request for Qualification (RFQ) will be going out shortly. Staff would like to have 2 board members participate in the evaluation. They would need 2 volunteers from 9:30am to 12:30pm on Thursday April 5<sup>th</sup>. Mr. Sprenger will send out an email.

Because of the efficiencies of using the General Contractor Construction Manager (GCCM) process, one month later we will follow up with an RFQ for the construction managers.

Mr. Mathis will be attending The Montana Aviation Conference as a speaker. Mr. Kelleher is also attending. If anyone else is interested, Mr. Sprenger said he has applications.

Central Valley Fire will be advertising for bids for the fire station this weekend.

We have received a letter from Signature Flight Support regarding potentially building a hangar and GSE facility where our current FBO is. They would also be looking into building a facility on the north side. There may be some issues with the lease of the old FBO building and the land lease of the cinderblock building with Arlin's. It may be something to look at in the process. We will have get more information and pass that on as we do..

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

The bills were reviewed and detailed by Mr. Sprenger.

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

Mr. Kelleher congratulated the airport staff for a good editorial in the newspaper.

**11. Adjourn**

The meeting was adjourned at 2:55 p.m.



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Carl Lehrkind, Chairman