

The regular monthly meeting of the Gallatin Airport Authority was held June 9, 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 May 12, 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. Lehrkind moved approval of the minutes of the regular meeting held May 12, 2016. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

Robert Shropshire signed up for public comment and 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 statement:

I expected my request to have Reach taxi to/from the runway to be on the agenda. I am disappointed. I request that it be added now and discussed at this meeting or the next meeting, or both. I request that all board members view

my video of the chaos that a Summit (now Reach) helicopter landing and taking off is dangerous to people and property on the ground and can cause damage if not lives.

I will only feel safe when Reach can only taxi to and from the runway for take-off and landings. In September 2015 I was terrified by the actions of the helicopter by taking off and hovering in front of my hangar with the door open. And then, when they returned, by landing directing the downwash of the rotors into my hangar. And all of this was with a fuel truck just feet away from their rotors.

How many of the board members have viewed the video? (There was no response from the board members). I suggest you all view it.

The Reach helicopter taxiing by my hangar, or others, is acceptable to me as long as they are respectful to hangar owners. But it is dangerous when a helicopter lands and takes off next to a fuel truck and in front of hangars especially when hangar doors are open due to the down drafts.

I invite any board member to have a Reach helicopter land/take-off in front of their hangar, tail directed into their open hangar door. I live with that every time my door is open. I shouldn't. I worry. I should feel safe. Just like all the other hangar owners. Reach can taxi. Just like they can taxi to and away from their fuel truck. Just like transient airplanes should feel safe. Just like people having a picnic or a gathering at the pilot's shelter should feel safe. Just like

hangar owners should feel safe from a helicopter landing or taking off too close to their hangar.

I'm upset that the Gallatin Airport manager because has deemed it acceptable for them to land and take off at their discretion. This puts my life and my property at risk. Also other lives and property are at risk.

Helicopter operations need to be limited to safe operations in the general aviation environment. This is not the case at Gallatin Field. It happened once. It will happen again. A week, a month, a year, five years. I was lucky. And I am on the forefront.

Do you know what is right and wrong? If a helicopter blasted your airplane in your hangar would you feel it was wrong? That is what I'm doing. I want to feel safe. I want to make sure my property is safe. Reach can taxi. And if that is too difficult for them, or too time consuming, they should move. I want to feel safe.

Mr. Lehrkind said that for 10 years he flew CH-46 helicopters for the Marine Corps. He acknowledged he doesn't know the total weight of the Reach helicopter but he is guessing that the helicopter he flew was twice as heavy. It was common to land next to troops, next to F-18's, and taxiing. He said there is prop wash and the tandem rotor probably threw down more wash than the Reach helicopter. And of course if there is dust on the taxi way that it pushes. But in no time did he ever hear of any F-18 damage or harrier damage on the ship when he landed within 5 feet of them. Mr. Lehrkind said he was trying to get the context and more detail on what kind of damage Mr. Shropshire is concerned about.

Mr. Shropshire responded that he has no idea what damage can happen in the future. He said if you look at the video that Mr. Sprenger has, the helicopter took off and hovered over the roof for 3-4 minutes. Mr. Shropshire said the video shows him out on his apron swaying. Mr. Lehrkind says he understands the prop wash but he is trying to quantify the damage. Mr. Shropshire continued saying that when they landed they approached over and landed tail down. Mr. Shropshire said he is not a helicopter pilot. He said he felt a lot of wind and the wings on his aircraft were rocking inside his hangar. Mr. Lehrkind clarified with Mr. Shropshire that he didn't sustain any damage. Mr. Shropshire said no, he was lucky. Mr. Lehrkind thanked Mr. Shropshire for his comments.

Mr. Mathis asked if anyone had anything else to discuss with Mr. Shropshire. There were none.

Mr. Mathis asked if there were any other public comments. There were no other public comments.

3. Report on Audit Review Process – Sydni Tangaro

Ms. Tangaro took the podium and indicated she was there to represent Holmes and Turner. Governmental Accounting Standards Board Statement Number 68 (GASB 68) was implemented last year so this will be the second year working with that.

The audit staff is mainly the same staff as last year. Bill Hebron is the Shareholder. Sydni Tangaro is the Audit Manager and Engagement Supervisor. Rosie Bart will perform the engagement quality control review. Madeline Miller will be working with Ms. Tangaro for the third time as the In Charge Auditor. Sam Lewis will be a Staff Auditor.

The field work for the audit will be performed September 19-23, 2016. They are hoping for draft financial statements and note disclosures on that first day of field work. The draft Comprehensive Annual Financial Report (CAFR), which will include what we already previously provided, should be ready by October 17th 2016. Then they will schedule an exit interview with management in late October or early November and present at the board meeting on November 10th. Their understanding is that the schedules that are being audited will be available for GASB 68 information much earlier than last year. So that should not hold up the presentation of financials this year.

Ms. Tangaro presented some reminders on required communication. Management is responsible to prepare the financial statements, the schedules, and supporting information in accordance with Generally Accepted Accounting Procedures (GAAP). Management is to establish and maintain good internal controls for proper presentation of the financial statements and also provide all the information needed to perform the audit. The auditors are responsible for performing the audit in accordance with government auditing standards, generally accepted auditing standards, and the single audit act.

There is one new GASB statement that will have some impact. That new statement is GASB 72 - fair value measurement and application. This applies to the Airport Authority's Statewide Transportation Improvement Program (STIP) funds. Disclosures are expected to be obtained in mid-September. There will be an adjustment to their investment values but it should not be significant. There will also be some example disclosures from the local government to help write the new note disclosures.

The Uniform Guidance is applicable for federal grants. They will be auditing under Chapter F of the Uniform Guidance. It also impacts the Airport Authority in how they manage these grants. The auditing staff will be using, applying, and reporting federal grants under the Uniform Guidance if it is a new award issued after December 24, 2014.

The auditing staff will include the Government Finance Officers Association (GFOA) certificate of achievement received last year in this year's report. Ms. Tangaro congratulated staff on that accomplishment.

Ms. Tangaro asked if there were any questions, there were none.

4. Consider request by Sharbert Enterprises to explore the viability of a mobile sandwich/snack cart during the summer

Mr. Sprenger reported we are expecting the busiest summer ever. One change this summer is the addition of American Airlines and their use of the Gate 1 area. On Saturdays, all 8 gates are occupied during the 1pm time frame. Even with the grab-and-go location, there may be some customers who will not be completely satisfied. Sharbert Enterprises has suggested a mobile sandwich cart which will be positioned in the older section of the concourse. They would like to try it out and see if they can accommodate the traveler's needs.

Bert Hopeman came to the podium. Mr. Hopeman said the cart was Les' idea. He shared some statistics. He reported that sales over the last contract year have increased 10.65% overall. Enplanements went up 6%. So that is a 4.65% increase. Revenue to the airport from the concessions went up 28.34%. That is from a combination of higher rent along with an increase in sales. The revenue to the airport per enplanement was \$1.81. Mr. Hopeman brought a document that reports the figure for all the airports in the country, gathered from a federal website. \$1.81 ranks in the top 30 airports out of over one thousand airports. We have higher

revenue to the airport per enplanement than Seattle, Denver, Salt Lake, Dallas and Minneapolis. Mr. Hopeman said that is the good news.

Mr. Hopeman said Les and their staff have been to Minneapolis and other places to decide how to service the customer best. She did bring a picture of the cart and it was presented to the board members. Les said the cart is not on site yet. They will change out all the graphics. They may also take the awning off because that makes it 1 foot longer. Originally it was set up for Italian ice and a nut cart. Sharbert Enterprises plans to change it to a sandwich cart.

Les reported that there is a trend to serve people at the gate. The cart could alleviate lines in the restaurant. Even in the gift store they offer quick serve food and they get backed up. The grab and go gets backed up and they are adding a second register there. The cart may be able to catch traffic they hadn't already served.

Mr. Mathis asked if the cart would be moved daily to be stocked. Les said no, they would bring the items to the cart. Then at the end of the day it will be stored behind where the kiosk is. It would get charged overnight to be able to keep everything cold for the next day.

Mr. Switzer thanked Sharbert Enterprises for their innovation in serving passengers. Mr. Switzer asked would any cost be passed onto the airport. The response was no. Mr. Switzer also asked if they needed any special certification or licensing for a mobile food cart. Les responded it would need a license of its own but that will not be a problem. Mr. Switzer said he can see the need for the cart but why just one? Mr. Hopeman responded that they would like to try it out first. If it works they would buy a second one.

Mr. Kelleher asked what hours the cart would be utilized. Les said 10am-2pm is the most critical time period. On-The-Fly will be opened for breakfast for the first time. So, they are not sure yet when the need will be.

Ms. Stelmak congratulated Sharbert Enterprises on being in the forefront of what is trending. She said that the cart is a wonderful pair with On-The-Fly. It is great because it will service passengers and also provide additional revenue.

Mr. Lehrkind asked what the size of the cart is. It is 3.5 feet wide and 7.5 feet long and the canopy adds 1.5 feet. Mr. Lehrkind asked if they have measured the area. Les said they have and Mr. Sprenger had suggested a space by the old exit lane between gates 2 and 3. Mr. Lehrkind also commented that the old snack bar doesn't get much traffic. Les said they are doing a refresh on what they are offering. Mr. Lehrkind said he would love to try the cart idea but he is worried it is a band aid on a long term problem.

Mr. Sprenger said the challenge in the gate 1, 2, 3 area is usage. We are just starting to see growth in that area. In the long term there will be more flights that will be using that area. We have the space to develop more there when there will be a better return on investment. The other consideration is the potential of expanding the concourse. That will also provide an opportunity for additional food service. This is an innovative way to provide something in the meantime.

Mr. Lehrkind agreed that in the short term it works but he would like to see some ideas for the future. Ms. Stelmak agrees with planning ahead for the long term growth but she likes the flexibility and immediacy of the cart for the short term with a limited investment.

Mr. Mathis commented that the gate 1 area gets full. To take up space in that area is a concern. But the idea of having it back towards gate 2 or 3 makes sense. He also commented that he would like to see some rubber bumpers on the cart to protect the woodwork and counters at the airport. He also said the canopy would make it more visible.

Mr. Mathis also mentioned that on the new fast food facility, the board was originally told there would be pictures of the items for sale. Currently, people seem unsure of the menu options, especially foreigners. Les said they just recently added graphics. Mr. Hopeman said there has been a misconception by the public that the On-The-Fly venue is a grab and go for the main restaurant. They are researching that to try and re-brand it to make it look like 3 separate entities. Some of that branding will be to add graphics. Les said both sides of the screen will have pictures with the menu in the middle.

MOTION: Mr. Switzer moved to approve the request by Sharbert Enterprises to explore the viability of a mobile sandwich/snack cart during the summer and if the viability of the cart meets staff approval that they can immediately implement it. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

5. Report on Operational Cost Efficiency initiatives – Paul Schneider

Mr. Schneider started by commending the maintenance staff for being in tune with cost savings. Mr. Schneider then reported on the following savings from May 2015-May 2016:

- Grainger - 19% average savings
- Staples - 34% average savings
- Fastenal – 36% savings on water softener salt (\$1,271)
 - 35% on air filters (\$3,547)

- Saved \$9,528 purchasing a Ford F150 with state pricing
- Saved \$5,805 purchasing a Ford Interceptor
- Purchased foam and dry chemical to replenish supplies directly from the manufacturer and saved \$3,100
- Continuing the LED lighting and motion sensor installation
 - Just finished Jet way 1 with LED lighting. It is a brighter light. The bulbs are rated for 27,000 hours of operation.
- Recently purchased a de-soldering and re-work station for printed circuit boards.
 - Repaired 6 circuit boards to date at \$20.52 for parts
 - To buy the replacement boards they would have cost \$3,419
- Purchased a combustion gas analyzer for boilers for less than \$300
 - Increased efficiency of the east end boilers from 42% to 89%
 - \$12,677 estimated savings in natural gas by increasing efficiencies
- American Airlines ticket counter - Sourced a different vender and saved \$3,388
- With the new 1-ton flatbed truck, we can now buy paint in 55 gallon drums
 - Saves \$7.07 per gallon. Last year 475 gallons were purchased for a savings of \$3,358.
- Fastenal doesn't charge shipping but they track what we would have paid which was a savings of \$1,320.
- All the savings combined comes to approximately \$50,200

Mr. Mathis asked about the new police cruiser indicating that he hasn't seen it being used. Mr. Schneider said he sees it out during the day but Bill likes the old Tahoe better. Mr.

Mathis also commented that sunset is about 9pm but all the parking lot lights come on at 8pm. Mr. Schneider said he asked that they be adjusted but must not have got it right so they will fix it. Mr. Mathis said other than that they have done great work with great initiative and ideas.

Mr. Sprenger wanted to add what was accomplished with regards to weed spraying. He said in the past we have had one employee who sprays weeds almost all summer. They had considered the option to contract it out and received a quote of \$65 per acre. In the past we had used a 25-30' boom on the Gator with a 25 gallon tank and it took a lot of time. We talked to a guy who does this regularly. We had the opportunity to purchase a 60' agricultural spraying boom for \$16,000. With a 300 gallon tank it has created an 85% reduction in labor. He has sprayed over 200 acres in a little over a week. The payback on the spraying boom is right around a year. If we had contracted the work out, at \$65 per acre, that would have been about \$14,000.

Mr. Schneider recognized the maintenance and custodial staff for doing a phenomenal job. Mr. Schneider recently traveled to Billings and received commendation from one of the trainers on how clean and beautiful our airport is.

Ms. Stelmak congratulated Mr. Schneider and his staff. Even though we are fortunate to have such a strong revenue stream, they are still determining the most efficient way to handle things. That is terrific.

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

Total operations for May 2016 versus 2015 were down 4%. It was a wet month. That puts our rolling twelve-month operations at 81,372. Corporate landings were down 3.5% at 109 versus 113. Total enplanements were up 20.8 % at 39,294. We had 8,700 more seats in May

than we had 1 year before. We had 6,800 more enplanements. Rolling twelve-month enplanements were 528,107 which is a record for a 12 month period. Total deplaned passengers were up 21% at 41,526 versus 34,321. Airline landings are up 9.1% 445 versus 438. Load factor is down 1.7% at 84.7% this year versus 86.4% last year with quite a few more seats in the market. Fuel dispensed for April was up 15.9% at 444,421 gallons versus 383,302.

Mr. Humphrey reported that operations are up 10% so far for June for projected enplanements. Load factors should climb into the high 80's. The summer schedule for Delta has kicked off this week. The Los Angeles direct service starts Saturday. San Francisco United is back on the schedule as of today. Houston service starts this weekend. La Guardia starts at the end of the month for Delta. New York service returns July 2. Everything seems to be going well on the American Airlines flights. Their load factors are good.

The board thanked Mr. Humphrey for his presentation.

7. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported on the significant Asian traffic during the month of May. Mr. Humphrey estimated 100 Asian travelers a day through the terminal.

Discretionary Funding – We are now looking at August. We are trying to re-prioritize the project to keep Knife River on site. They have not approved any discretionary projects throughout the region. Fortunately, next year we have a second part of this project that has entitlement money. That allows us to move the construction of Taxiway Charlie Delta under an entitlement project rather than discretionary to get us closer to the August time frame. On the other hand, all of this funding is eligible for reimbursement under the entitlement program. Currently the anticipation is to re-allocate more of Taxiway Alpha with discretionary funding by

pulling Taxiway Charlie Delta and paying for that with entitlement funding. It is a little complicated but it gives us the ability to keep Knife River here. If they have other projects and it works in their schedule, we can accommodate that. The end result will not change; it will just require a lot of reorganizing.

Gravel Pit- We are getting very close. We have one more meeting. We should have an agreement for review by the end of the month.

Car Wars – Mr. Humphrey is spending a lot of time mediating space between all the rental car companies. They have a fleet of about 3,000 cars and not enough space for them all.

EPA – Finding of No Significant Impact (FONSI) and Record of Decision was issued for Runway 11/29. We are still expecting a bid opening this August.

Butte – Was showing only 1 flight in their schedule for January. We understand that Delta will be adding the second back to the schedule within the next month.

Certification Inspection – It went well. There was one minor write up for the fuel farm emergency stop at Arlins'. The emergency stop is inside the fence and it needs to be outside the fence. Yellowstone Jet Center has theirs outside. That will be fixed at Arlins' expense. We are the regulating agency so we are responsible for making sure they meet all the regulations.

Tourism Advisory Council – There was a lot of discussion on air service throughout the state. They are watching what is happening here. The state has focused on marketing new air service in conjunction with the local communities. We are seeing more collaboration and understanding. But keeping them educated is a challenge. Each market is different and their strengths are different. We are seeing a significant amount of people who will fly a portion of

their trip to Montana but they don't end or start their air service in Montana. The Institute for Tourism Research in Missoula will be focusing on getting that background information.

Conferences – Mr. Sprenger has the Jump Start conference in Denver next week. The following week is a contract tower meeting. After that the last one for the year is the Northwest Chapter which is in Big Sky.

Mr. Mathis commented on the new American Airlines service. Everyone knows how important that is and the amount of effort our staff and community has put forth to make that happen. Mr. Mathis gave special thanks for that effort. Mr. Mathis also mentioned that the welcoming event for American Airlines knocked it out of the park. Everyone was very impressed with how it was handled. It was a great event.

8. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

9. Adjourn

The meeting was adjourned at 3:14 p.m.



Ted Mathis, Chairman