

The regular monthly meeting of the Gallatin Airport Authority was held July 11, 2024, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Karen Stelmak, and Carl Lehrkind. Also present were Brian Sprenger, CEO, Scott Humphrey, COO, and Troy Watling, CFO.

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 June 13, 2024

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. There was one correction to page 9 at the bottom, "Mr. Mathis" should be corrected to say "Mr. Humphrey".

MOTION: Mr. Lehrkind moved approval of the minutes of the regular meeting held June 13, 2024, as amended. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Election of Officers

Mr. Sprenger said the election of officers happens annually in July. With Kevin Kelleher retired from the board, the Vice Chair position is open.

MOTION: Ms. Stelmak moved to approve the following slate of officers:

Secretary Treasurer - Kendall Switzer

Vice Chair - Carl Lehrkind

Chairman - Ted Mathis

Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

4. Consider request by JARRAFCO, LP to enter into a new 10-year non-commercial land lease on hangar 129

Mr. Sprenger said the hangar is in good condition and the rent is current. Staff recommends approval of the request.

MOTION: Mr. Lehrkind moved to approve the request by JARRAFCO, LP to enter into a new 10-year non-commercial land lease on hangar 129. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

5. Consider request by BZN Hangars 1 and 2, LLC to transfer the commercial land lease on hangar SE4 to Bone Horse Hangars, LLC

Mr. Sprenger said the hangar is now complete and they would like the lease transferred. The container in the front will be removed soon.

MOTION: Ms. Stelmak moved to approve the request by BZN Hangars 1 and 2, LLC to transfer the commercial land lease on hangar SE4 to Bone Horse Hangars, LLC. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

6. Report on Airport Concessions – Doug Stock

Mr. Stock reported on airport concessions. The past year has presented some economic pressures including high inflation and a tight labor market. They have remained resilient in part by increasing the attractiveness and variety of their concessions and improved staff training. Over the past 6 months, sales have increased by 9% over enplanement growth.

Last year they hired a merchandising specialist and an executive chef. The executive chef did not meet their expectations, so they have recruited a new one who starts this summer. SharBert has a new fulfillment team. They have improved labor scheduling and onboarding. A focus has been creating distinct identities for each gift store. They have not completed the rebranding of Taco Jet. BZN Market opened last October. NS Provisions was opened in Concourse B and is meeting traveler's needs.

Mr. Stock said that recently a condenser failed for BZN Market. This led to the loss of \$13,500 in perishable items. However, they had the equipment back up and running in the same day with the help of staff, vendors, and airport maintenance. A new POS system has created better efficiency with faster service and more payment options tableside. Leadership in Human Resources management has reduced the turnover rate by more than half. Sharbert currently has 250 employees.

Sharbert provided \$3.2 million last year in revenue to the airport. Collaborative efforts have been very effective.

Ms. Stelmak thanked Mr. Stock for the presentation and said recent comments have been positive about the products and services being provided.

Mr. Lehrkind thanked Mr. Stock and his team and asked where they see the most growth. Mr. Stock said they are seeing level growth in the restaurants but more growth in the BZN Market and NS Provisions.

Mr. Mathis asked if there were any surprises or inventory adjustments to be made. Mr. Stock said some things have been more successful than imagined. The hot food line was

put in with high hopes and has performed well. They are looking at ways to expand the hot food line because the demand for it is great.

7. Consider Parking Rate Adjustment effective September 1, 2024

Mr. Sprenger said we have gained some experience with the parking lot and usage. When we expanded parking, we still see divergence in occupancy between the premium and economy lots. We added a lot of economy spaces, and the average occupancy is over 65%. The premium lot is running at 40% occupancy. We asked our parking provider, LAZ to come up with some recommendations to level out the occupancy. LAZ recommends we maintain the premium lot price but increase the economy lot price.

We looked at other airports in Montana. Each airport has different types of lots. Glacier's lowest rate is \$15/day in an overflow lot and the main parking lot is \$18/day. We still believe there are huge advantages of having premium parking closer to the terminal. Premium has a staffed parking booth. LAZ recommends we increase the economy daily rate from \$10/day to \$12/day and eliminate the 1-day free from the weekly rate. LAZ recommends we increase the premium covered lot, which has a 90% occupancy rate, from \$20/day to \$24/day.

Ms. Stelmak is in full support because it levels parking demand and increases profitability.

Mr. Lehrkind asked if there is any off-airport parking that could impact this decision. Mr. Sprenger said people have considered off-airport parking over the years. The transportation and the labor have to be sorted. Over time, there may be more interest. Hotels might let some park and use their shuttle. Holiday Inn Express has done that. They would be

competing against Uber, Lyft and taxis which are still significantly higher in cost but provide the convenience of a warm car in the winter. We have one more parking lot to do and then we start building up, which will be expensive. We will make sure the revenue side can cover the capital expenditure. We can jump to the south side of Airway and require a shuttle or build up at 10 times the cost. Some airports encourage the use of other means of transportation instead of parking.

Mr. Mathis said he concurs with the recommendations by LAZ.

MOTION: Mr. Lehrkind moved to approve proposed parking rates by LAZ Parking.

Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

8. Environmental Assessment for Extend and Widen Runway 11-29 and Construct North General Aviation Area Update – Mark Maierle

Mr. Maierle presented an aerial view of the airport showing extensions to be completed by spring of next year. The Environmental Assessment (EA) covers road improvements and relocations, runway and taxiway improvements, and the north General Aviation apron. An image of the area affected was highlighted and has been reviewed for potential impacts. Proposed improvements were reviewed including an abandonment of portions of Lagoon, Baseline, Tubb, and Airport Roads. Jetway Drive will be relocated. We are working with a landowner for that relocation.

Runways and taxiways affected were highlighted. The construction of Taxiway B, the widening and extension of Runway 11-29 and the relocation of Taxiway C were reviewed. The completion of those projects will create access to the future General Aviation (GA) space to the north. There will likely be a new perimeter road and a service road to the north apron.

An image of their best guess of how the GA would develop was presented. 2030 is the estimated completion date.

The EA process includes 4 chapters: background, purpose and need, alternatives, and affected environment. Safety is a focus. Cultural and historical impacts are considered, including an archaeological review. Fish, wildlife, and plant impacts are reviewed. Noise is a big impact to be reviewed. There is software to review the noise levels. Air quality uses software to estimate the CO2 emissions of the construction. Chapter 1-3 of the EA are in draft and have been submitted.

The schedule was reviewed. An open house is planned for August 1. That meeting is not a finding of fact but more of a heads up. It will be from 5:30-7:30 p.m. It is the start of public involvement. We are anticipating a timely review by the FAA. There is a 30-day meeting and comment period. We are hoping for a finding of no significant impact in the summer of 2025.

Mr. Mathis asked about anticipated challenges. Mr. Maierle said public comments are always a concern because they cannot be controlled.

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

Mr. Humphrey said there were 10,268 total tower operations, which is .4% up. Rolling 12-month operations were 125,454. Corporate landings over 12,500 lbs. were up 31.9% with 683 landings versus 514 landings last June. Corporate landings over 9,000 lbs. were up 23.7% with 825 landings versus 667 landings last June. There were 27 custom clearances this June versus 16 last June and up 19.8% year to date. Total revenue enplanements were up 15.8% with 138,114 passengers. That brings the total past 12-month enplanements to 1,269,749.

Total deplanements are up 14.2% at 147,708 versus 129,299. Landings were up 21.2% at 1,111 versus 917. Airline load factor dropped a little with 12% more seats at 84.2% vs 86.1%. Fuel dispensed was up 2% for May.

July is shaping up to be another record month. There are 28,000 more seats. We plan to have an 85% load factor. We are forecasting to end up 10% better than last July. Alaska Airlines is starting Boise service 5 days/week in December. We have Google weekend July 18-21. We are expecting up to 5 wide-body aircraft and 82 additional corporate jets. The YC shareholder meeting will be at the same time. We are also expecting a KC135 and maybe a C17. We are working with our engineers and FBO's. The ramp will be busy.

10. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that Boise is one of our most requested routes. It is a difficult drive, but a 1-hour flight. It will provide some connectivity to southern California.

Last weekend was our busiest weekend in terms of passenger numbers with 25,000 passengers in 2 days. June was the second busiest month in our history after July of last year. Today we had 3 non-stops flights to New York. That is relatively unheard of for a community our size in the west. That is probably close to 500 seats.

June overnight cars were 105% of last June. July month to date overnight cars are 109% of last July so we are seeing strong local traffic. Concession revenue was up 118% compared to last June and July so far is at 110%.

Mr. Sprenger presented some visual updates on projects. The concourse gate A2 work was shown. The ramp area has been removed and will be rebuilt as a seating area for the

temporary gates. The areas past that will be demolished. We are starting to get ready for temporary tunnels to the gates. The removal of stairway 2 is complete.

Signature's fuel farm and GSE building are coming along. The white tank will be painted. A view to see Fuel Farm Loop was presented. South Taxiway F is operational and connected to Runway 3-21. An adjustment to the service road to the north is being completed.

On the northside, taxiway B is being worked on including dirt work and excavation. A lot of work is being completed in the old gravel pit. It has been leveled out in anticipation of getting the VOR over there. The move is planned for 2026. A picture of the new Summit hangar was presented. The Ridgeline hangar will start next door soon. The Timothy Lane properties are getting reclaimed and will be leveled out.

People are often looking for how many spaces are available in the parking lots. We are working with LAZ on this. For now, we are considering one sign in the oval before people have committed to where they want to go and maybe do individual entry signs later. We don't have the cost yet.

Mr. Sprenger attended the Contract Tower Workshop last month and said it was productive. Mr. Sprenger talked with Serco, FAA, and AAAE regarding our staffing and the Small Hub Contract Tower language for the additional controller. We are an anomaly. Appropriations have to be done. We talked about the pilot program. Most of the airports at the workshop are primarily GA airports. You don't see a lot of commercial airports attend the workshop. Mr. Sprenger reviewed some of our differences from other airports including the mix of aircraft that we have, for example the coming weekend. Conveying the differences is

important to getting us into the pilot program. We spoke with Tester and Zinke's staff for tower staffing and airport funding.

The RSAT meeting was cancelled in June and has been rescheduled to August 7th from 10 a.m.-12 p.m. and will be held virtually.

11. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

12. Adjourn

The meeting was adjourned at 3:16 p.m.


Ted Mathis, Board Chairman