

The regular monthly meeting of the Gallatin Airport Authority was held August 12, 2021 at 2:00 p.m. in the Airport Conference Room. Board members present were Karen Stelmak, Ted Mathis, Carl Lehrkind, Kevin Kelleher, and Kendall Switzer. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Ms. Stelmak, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. Review and approve minutes of regular meeting held July 8, 2021

Ms. Stelmak 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 July 8, 2021. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Proposals for North Side Apron Improvements

Mr. Sprenger said we opened bids July 15th at 2pm. We received bids from Knife River, Duneman Construction, and Treasure State. The engineers' estimate was \$5,277,100. The low bid was from Knife River of Belgrade at \$4,321,932. The bid has been reviewed by our engineers. We have submitted the proposal to the FAA for discretionary funding which sounds favorable at this time. Staff recommends awarding to the lowest bidder with the contingency that we receive an adequate funding level from the FAA.

Mr. Mathis asked about the percentage of FAA participation. Mr. Sprenger said now they are saying the full amount at 100%.

MOTION: Mr. Switzer moved to take the bids under advisement and award a contract to the lowest qualified bidder contingent upon an acceptable FAA grant award for this project. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

4. Consider request by Gallatin Valley Aeronautical Society to construct a 60' x 48' non-commercial hangar replacement for hangar #20

Mr. Sprenger said the previous hangar at this location has been removed. They are intending to replace with a larger square footage hangar. Staff recommends approval of the request.

Mr. Mathis asked if this would require modifications to adjacent hangars. Mr. Sprenger said that wasn't necessary due to the hangar size. Mr. Mathis asked about fire separation. Mr. Mark Maierle said the building will be built to fire code and there is nothing the adjacent hangars need to change.

MOTION: Mr. Lehrkind moved to approve the request by Gallatin Valley Aeronautical Society to construct a 60' x 48' non-commercial hangar replacement for hangar #20. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

5. Consider request by Reef Parking to increase their parking management fee by \$4,000 per month to provide increased pay to employees

Mr. Sprenger said last year we switched the agreement to a fixed fee per month. They are experiencing struggles with personnel. They have provided a list of current wages which

we agree are low for the area. We want to support their efforts.. This coming year is the end of their contract and then we would rebid. Staff feels comfortable with the request.

Mr. Switzer asked how this impacts revenue. Mr. Sprenger said Reef collects all the parking revenue. Reef deducts their monthly amount and pays us the remainder. Last month it was over \$500,000 and their monthly amount will be \$45,000 with this increase. We estimate that the increase in parking rates will increase annual revenue by \$.5 million. This will reduce that revenue by about \$48,000.

Mr. Lehrkind asked if this is enough. Mr. Sprenger said they asked that. Reef reviewed it and said this is what they want to go with.

MOTION: Mr. Mathis moved to approve the request by Reef Parking to increase their parking management fee by \$4,000 per month to provide increased pay to employees. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

Ms. Stelmak asked Mr. Sprenger to thank the staff for doing a great job in the parking lot.

6. Consider request by Element Terminal, LLC to construct the west fuel farm

Mr. Sprenger said there was an approval of a request by Signature Flight Support to build a west fuel farm years ago. It would primarily be storage for fuel for our airlines. Many things have happened in the last couple years that have delayed that. Element is the company Bridger Aerospace is using to build the east fuel farm. Elements feels they are in a position to build the west farm. Signature supports this effort. Staff from both FBOs were present.

Tim Sheehy, CEO and owner of Bridger Aerospace and Element Terminal, came to the podium. He said the east farm is breaking ground soon and should be operational by the end

of the year. Their fire response this year is solely based on fuel availability. It is a regional issue. Hopefully this will alleviate local fuel problems. They still have to finish the design and budget for the west fuel farm. They intend to work with Signature to complete the west fuel farm as Signature has the airline contracts.

Eric Hietala, Senior Vice President of Signature Flight Support, came to the podium. He said they are excited to work with Bridger and Element on construction of the west fuel farm. They recognize the need. They have tentatively worked out a cost recovery plan. They plan to return to a future board meeting to discuss the specifics in terms of how they move forward.

Mr. Sprenger asked how much capacity this will give us. Mr. Hietala said this will more than triple our current fuel capacity. If we include the east fuel farm, overall fuel capacity will increase multiple fold. Mr. Hietala said we only have 1 to 2 days in fuel inventory which has been exacerbated by supply issues. There have been many airports from Hawaii to Ohio that have run out of fuel. Mr. Hietala feels that will be short lived. But when we have the inventory, we can better plan for the outages. There is a desire to invest in the airports. Bozeman is one of the places they want to start first.

Mr. Switzer asked if triple the capacity is enough. Mr. Sprenger said this year the Bozeman rack has been down for maintenance which is an added challenge. That is 1 million gallons. Our fuel supply issues created a difficult situation made worse by some of the airline decisions. So, there are many particulars.

Mr. Hietala said Signature is currently trucking fuel out of Los Angeles, Canada and North Dakota to supply Bozeman.

Mr. Mathis asked if this will be just airline fuel. Mr. Hietala said the intention is that the west fuel farm would solely support the airlines.

Mr. Lehrkind asked about the fuel pipeline. Landon Burgwin, General Manager at Yellowstone Jet Center and Signature Flight Support came to the podium. Mr. Burgwin said we are not on the fuel pipeline. Fuel comes in by truck. Mr. Lehrkind asked about drivers. Mr. Burgwin said there are two factors. One is the ability to stock as much fuel as possible. They expect the hazmat driver shortage to improve. The biggest issue is allocation. The refinery can't keep up. The fuel demand has been unusual. They expect the refineries to be making more product throughout the next year. Mr. Sprenger asked if the fuel pipeline goes to the Bozeman rack. Mr. Burgwin said yes, the pipeline goes through the Bozeman rack and then onto Helena.

MOTION: Mr. Kelleher moved to approve the request by Element Terminal, LLC to construct the west fuel farm. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

Ms. Stelmak said these are challenging times and thank you for your efforts.

7. Continue consideration of proposal for collaboration with MSU College of Arts & Architecture

Mr. Sprenger said they have pared back their ideas since the last time they gave a proposal. They would like to have their students look at how they could develop a 660 square foot portion in concourse B. They would then come to the airport with a book that presents their proposal. That would be the end of the project. If the airport would like to move forward with the proposal, they could. It should not take much staff time. They have been advised that they get no more than 10 minutes to make their presentation. This offers the students

real life experience. There is no cost to the airport other than our time. There is no expectation that we would go beyond their conceptual proposal.

Mr. Mathis asked if our engineers and architects will also be volunteering their time. Mark Maierle said the engineers will, he couldn't speak for the architects. Mr. Sprenger said this is important as there is a need for replacement skill.

Mr. Lehrkind asked about the timeframe. Mr. Sprenger said that it is to be completed before the December board meeting. Passenger traffic will drop off between now and then. It is a relatively good time to do that. We will act accordingly.

Mr. Switzer said this seems like a good thing and provides a chance to work in a real-world environment.

MOTION: Mr. Lehrkind moved to approve proposal for collaboration with MSU College of Arts & Architecture. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

8. Consider request by Dennis Mecklenburg to transfer the non-commercial land lease on hangar 69 to Arnie Duncan

Mr. Sprenger said Dennis Mecklenburg is moving to Arizona. We will miss him. He is selling his hangar. The hangar is in good condition and staff recommends approval of the request.

MOTION: Mr. Mathis moved to approve the request by Dennis Mecklenburg to transfer the non-commercial land lease on hangar 69 to Arnie Duncan. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

9. Report on preliminary FY 2021 operating and concession statistics

Mr. Sprenger said for the fiscal year we had 116,452 operations which is up 20.8% over fiscal year 2019. We had 7,089 corporate landings which is up 31.9% compared to fiscal year 2019. Available seats were 1,072,129 which is up 16.7% despite covid. Our average seat per aircraft increased to 118. Overall departures were 9,098 which is up 9.6%. We expect total airline operations to be over 20,000 in and out by the end of this calendar year. Total passengers were down 17% at 619,381. Passengers per aircraft were down to 68 compared to 86 the year before and 89 in 2019. This is through June and is changing quickly.

Rental car revenue was \$5.06 million, up 20.4% over fiscal year 2019. Food and Beverage revenue was down 15%. Gift Shop revenue was down 5.3%. Parking was down 35.2%. That has now recovered. Ground transportation always has a delay in reporting. It was down about 20%. Concession revenue per enplanement went up to \$13.52 which is 6.2% higher. Customs landings were down 46%. We will have a share of costs for Customs. We thank Jet Aviation for partnering with Yellowstone Jet Center and Yellowstone Club on sharing the Customs costs for this current year and future years.

Ms. Stelmak asked what revenue will look like for October and November compared to 2019. Mr. Sprenger said we are seeing a 60-70% increase in seats. Traditionally about half of that increase is what we're getting for passenger growth. Mr. Sprenger would estimate a 25-30% increase in passengers and slightly higher than that for revenue. Considering the Delta variant, when other places start to lock down, we start to look more attractive. Whether that happens in the future remains to be seen. We are watching the impact in the UK.

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

Mr. Humphrey reported that total tower operations for July were up 17.4% over 2019. Rolling 12-month operations were 116,959 operations which is a new record. Corporate landings were up 82.5% at 907 versus 497 in 2019. Total revenue enplanements were up 45.8% better than 2019. For 12 months we are at 715,786 enplanements. Total deplanements were up 44.2% over 2019. Airline landings were up 68.4% over 2019. Load factor was 68.9% so 10.4% below 2019. Fuel dispensed in June was up 34.4% over 2019 despite challenges with fuel capacity.

When Montana State University starts, we will see the loads drop down. We will still be about 40% better than August 2019. Customs is looking better. We cleared 10 Customs operations in July versus 12 in 2019.

11. Airport Director's Report – Brian Sprenger

Mr. Sprenger said combined passengers in and out for June & July totaled a half million. In 2019 there were 355,000 in those 2 months. July rental car revenue is 189% of 2019 and parking was 149% of 2019. Food and Beverage revenue was 163% of 2019 and Gift Shop revenue was 150% of 2019.

Frontier is scaling back to seasonal service starting September 30. The reduction is not unexpected with 3 airlines in the Denver to Bozeman market.

We had a call with the FAA tower people in DC. They are doing a very full evaluation. They are looking at delays. The FAA representatives had to cancel their trip here due to the amount of covid cases we have. They intend to come at a later time. That is fine as we have more diverse air traffic during September and October.

We have had positive discussions with the FAA facilities people about installing Runway Visual Range (RVR). That would decrease our minimums quite a bit. We learned there is special authorization for a Category 2 approach which would lower that minimum even more. The RVR and Category 2 could take us to 100 feet and ¼ mile visibility. We also discussed putting a Medium Approach Light System with Runway Alignment Indicator Lights (MALSR) on runway 30 which could lower the minimums there to 200 feet and ½ mile visibility. We also discussed moving the Very High Frequency Omni-Directional Range (VOR) to accommodate the eventual extension of runway 11/29.

The FAA said Bozeman is in line for an RVR, but it is a long line. They also said if Bozeman was willing to do a reimbursable agreement for the installation, they thought they could supply the equipment. The RVR installation was about \$250,000 for our portion. They would provide the equipment and the maintenance. Mr. Mathis said he would like to move that we allocate \$300,000 towards an RVR. Mr. Sprenger said this is one more example of the forward thinking of our airport to participate and not wait.

MOTION: Mr. Mathis moved to allocate \$300,000 towards an RVR. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

Mr. Sprenger said they will talk with the FAA.

The Cat 2 and the MALSR take longer so getting it started is important. The RVR could potentially happen next year.

Mr. Lehrkind asked about a stimulus package. Mr. Sprenger said John Tester called him and said if the stimulus package goes through, it would be worth about \$22 million for Bozeman through the entitlement program. Mr. Bell said there are also other pots that we

would be in competition for. Mr. Lehrkind asked how the payment would work. Mr. Bell thinks it will be directed more toward project infrastructure. They would probably grant the amount and then we submit the project. Mr. Sprenger said Passenger Facility Charge (PFC) projects that are not Airport Improvement Program (AIP) eligible are eligible under this.

Ms. Stelmak said the TSA is having a PreCheck enrollment the week of August 30th. This is the second one here this summer. We don't have to participate anymore. Mr. Sprenger and Mr. Humphrey have been working the TSA lines on the weekends. We are putting 12,000 people outbound on Saturday and Sunday. They see the difference in passengers. Generally, TSA precheck has not been utilized as much as it was previously. There are unfamiliar people traveling which creates more stress. That causes the checkpoint line to get backed up. Generally, we have done pretty good with lines less than 20 minutes, occasionally 30 minutes. There were a couple days over the summer where the lines were closer to 40-45 minutes. The line looks long but it moves quickly.

Mr. Mathis commended Mr. Humphrey and Mr. Sprenger for coming out on weekends to help with security.

Mr. Mathis brought up tower staffing and if there is anything we can do. Mr. Sprenger said we could pursue paying again. That is \$140-\$145,000/year for an additional staff person. That is the easy answer. The hard answer is getting the FAA to pay for it. We have tried every angle. The Secretary of Transportation was supposed to be flying out of here and the plan was to stop him and remind him the tower providing clearance for him to leave is understaffed. Unfortunately, his plans changed. We have tried to find every angle that we can. The next step is to utilize Tester's office to set up a meeting with the Secretary of

Transportation. The strength of the Senator's position right now might provide some opportunity in that direction. The only sure thing is us paying like we have before.

Mr. Sprenger said Vail is providing a housing allowance for the tower staff. There are some airports that do that on an hourly basis and not a full-time person. Ms. Stelmak asked Mr. Sprenger's opinion on what they should do. Mr. Sprenger said his gut feeling is to take advantage of our revenue position and pay for an additional person and extend to more hours during the day. He knows the tower appreciated it when we did it in the past. The biggest risk is having controllers hired by the FAA and not having replacements quick enough.

Mr. Sprenger said one of the challenges is it takes time. If we started today, it would probably be winter before we had someone in place. We still run the risk of them losing someone. He suggested we put something in the contract that says if they are not at full staff, we don't pay. We don't know what their reaction will be.

Mr. Lehrkind recommended we have Mr. Sprenger look into it. Ms. Stelmak agreed indicating this is a safety issue. Mr. Mathis agreed. He said we have 6 tower people while Helena has 12, Great Falls has 17 and Billings has over 20. Mr. Sprenger said there is no logic to it. We are busier than half of the federal towers. We are the 91st busiest airport in passengers. The passengers are primarily who is paying for this. Our tower crew is overworked but they are handling airplanes and making it happen. They are going to get burned out and find better opportunities. Mr. Sprenger said he will return with a proposal. We have been doing this since 2007. We got one controller after paying for the first and last hour of the tower for 13 years. Many airport directors ask how we get extra hours. Mr. Sprenger says we pay for them, and they look at him like he's crazy. If we need it for safety,

our airport has gone after it. We wouldn't have a tower without the board. It is a fight all the way.

Mr. Switzer asked about November's board meeting. It is scheduled for Veteran's Day. It was agreed to move the meeting to Tuesday, November 9.

12. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Mr. Sprenger said we had a passenger come through on Tuesday. One of our officers performed CPR. Central Valley was here in minutes. The passenger was revived in the ambulance but unfortunately, he passed away yesterday. We have had a number of disabled aircraft. Challenges we saw once a year previously we are seeing more often because of the volume.

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

13. Adjourn

The meeting was adjourned at 3:10 p.m.



Karen Stelmak, Board Chair