

The regular monthly meeting of the Gallatin Airport Authority was held August 13, 2020 at 2:00 p.m. in the Airport Conference Room. Board members present were Kendall Switzer, Karen Stelmak, Ted Mathis, Kevin Kelleher, and Carl Lehrkind. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Kendall Switzer, Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

**1. Review and approve minutes of regular meeting held July 9, 2020**

Mr. Switzer 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 July 9, 2020. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

**2. Public Comment Period**

There were no public comments.

**3. Civil Air Patrol Presentation**

Mr. Sprenger said Captain Austin Troth and First Lieutenant Kenneth Oekerman from the Civil Air Patrol were present.

Mr. Oekerman said they have been a presence here at the airport and will be more of a presence going forward. COVID-19 has caused some issues with their mission. They perform search and rescue training exercises on the third Saturday of every month. They also have cadet programs and aerospace education.

A video was presented with an excerpt from a television news presentation about the squad from February 2020.

After COVID, squadron meetings went remote. The Air Force directed Montana to be one of the first to open. The Salvation Army has vacated a building they are using for meetings. They will have to find another facility by the fall. They need a permanent squadron headquarters and educational facility. COVID has helped with grants and there have been other funding sources. They will be here to support the community.

They have a 206 stationed in Missoula and a 182 in each Bozeman and Livingston and several other aircraft throughout the state.

Their search and rescue component is big. Their mission is to support the Gallatin County search and rescue. They are growing.

Mr. Mathis confirmed that The State Aeronautics Division is still in charge of air search and rescue for the state and asked if they coordinate. They do.

Mr. Kelleher asked if they were involved in the search and rescue for the recent crash near Big Sky. They were on standby but the helicopter from Kalispell located the crash.

They appreciate our continued support and use of the facilities.

#### **4. Consider Art Proposal Recommendations**

Mr. Mathis did not receive his packet until yesterday so did not have a chance to review the art proposals.

Mr. Sprenger said we can table it and move it to next month's agenda. It was agreed to move this to the next month. This is an important topic and merits time for review.

Mr. Sprenger said the mail has been very slow.

**5. Consider request by Pacific Commerce, Inc. to transfer the non-commercial land lease on hangar EV-12 to Rowley Aviation Properties, Inc.**

Mr. Sprenger said Gary Roberts of Pacific Commerce has built and sold a few hangars. This hangar is in good condition. Staff recommends approval of the request.

Mr. Mathis asked about the aircraft and Mr. Sprenger said they anticipate they will be moving their aircraft from California and registering it in Montana.

**MOTION:** Ms. Stelmak moved to approve the request by Pacific Commerce, Inc. to transfer the non-commercial land lease on hangar EV-12 to Rowley Aviation Properties, Inc. with the repairs noted being made. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

**6. Consider request by Cross Harbor Capital Partners for an option to construct a 20,000-25,000 square foot commercial hangar on taxilane "Z"**

Mr. Sprenger showed the proposed location on the map and other locations currently under construction. This hangar works well in this location. It lends itself more to a commercial hangar.

**MOTION:** Mr. Kelleher moved to approve the request by Cross Harbor Capital Partners for an option to construct a 20,000-25,000 square foot commercial hangar on taxilane "Z". Ms. Stelmak seconded the motion.

Mr. Lehrkind asked about the aircraft and Mr. Sprenger said the potential hangar owner has a collection of aircraft.

Mr. Switzer asked about the timeline. Mr. Sprenger explained this is an option, so it is one year from this point and is in keeping with our current procedures.

All board members voted aye. The motion carried.

## 7. Consider land acquisition priorities

Mr. Sprenger said Mr. Nicol approached them about acquiring his property. Mr. Sprenger presented a map of the parcels that we have already acquired. They anticipate at some time taxiway C will have to be moved to the North. They have been acquiring these properties on a voluntary basis. There was one parcel where an agreement could not be met. They may need to go back to them later.

There is a proposed road to service future development on the north side. A line was indicated on the map to represent the road. There is benefit to looking at anything south of that line.

This parcel is unique. They all own a portion of Timothy Lane to the entrance. This parcel owns a small piece back to Airport Rd.

This is beyond the master planning process.

Mr. Lehrkind confirmed the house will be a part of the appraisal and asked what happens to the houses on properties we acquire. Mr. Sprenger said a couple individuals have expressed interest in submitting a proposal to purchase and move the houses.

Another concept is creating a subdivision on a sliver of airport land that we could move the houses to. Then sell it. That could help pay for a road that would overall be beneficial for the airport and Belgrade but not something we would want to construct without participation.

Mr. Lehrkind asked if the Nicols plan to stay some time on the property. Mr. Sprenger said in this case it is his daughter who lives there. We have told them we don't allow it for more than 3 years and we do not allow a sublease.

Ms. Stelmak said it makes sense to move forward.

**MOTION:** Mr. Lehrkind moved to approve the Airport Director negotiating a buy-sell on the Nicol property and to bring to the Board for consideration, understanding the Board may or may not approve the negotiated buy-sell. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

**8. Consider proposal from American Tower Corporation to provide cellular services inside the Terminal Building**

Mr. Sprenger said with the type of structure the terminal is, cell service is not the greatest. American Tower Corporation from Richmond, Virginia has provided a proposal to boost cellular service inside the terminal to potential cellular providers. There is no cost to the airport. But there is an expectation that they would have the exclusive opportunity to sell to those carriers. Then we would receive a commission. We did confirm our tenants would not be bound by this. We spoke with the Richmond Airport. They said it was slow at first to sell to carriers, but they have done so recently. They said the company did excellent work inside their terminal and they are happy with the arrangement.

Ms. Stelmak asked about equipment. Mr. Sprenger said we would control all the exposed access points.

Mr. Mathis asked if we need to do a request for proposals (RFP). Mr. Sprenger said there are very few companies that do this. The amount of revenue is unknown. We would not be required to do an RFP, but we could do one.

Mr. Mathis said he would hate to enter into an agreement and then have another provider say they would have liked the opportunity.

Mr. Mathis asked if it would be visible to the public. Mr. Sprenger said yes, but not highly visible. You would have to look very closely.

Mr. Switzer said if this isn't something we need now, we should provide an opportunity for everyone to have a shot. It may be something we could put an RFP out for.

Mr. Lehrkind said the term is 12-15 years and much can change during that amount of time. He would like to see a shorter term or a new bid rate. It would be an added service to our customers.

Mr. Sprenger said now that we have a better understanding of the service, we can do an RFP.

Ms. Stelmak agreed an RFP would be prudent and we should continue to make this a priority.

Mr. Sprenger said they had reached out to cell phone carriers in the past and didn't receive a response. We can expedite this and go through the RFP process which will take about 3 months.

Mr. Kelleher asked about the band. Bob said cell services don't operate on the same band as Wi-Fi so it will not interfere.

**MOTION:** Mr. Mathis moved to direct staff to put out a request for proposals to improve cellular services inside the Terminal Building. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

#### **9. Consider request by Gallatin Field Garages 2, LLC to construct Car Park Condo G**

Mr. Sprenger said Mr. Delzer originally wanted to build two condos but only built one. He would now like to build the next one. We cannot verify that each one has a vehicle. One

condition could be that he provide documentation to prove all condos are being used by vehicles.

Mr. Switzer asked if there is any way that we can have them inspected to reduce our staff's time working on it. Mr. Sprenger said we could accomplish that by having him do the work and provide us with the documentation since he has a vested interest in making this work. We could have the owners contact us.

Future cases would become more difficult without the motivation of another building.

Mr. Delzer manages the condo association, but each person owns their own condo. We don't see moving vans. We don't see people loading and unloading items. That doesn't mean that it doesn't happen. We could require him to add cameras and tie them into our system. Mr. Sprenger said we cannot put them in every garage but at least outside. There will be a cost involved. These are full market value for the land.

Mr. Mathis said the cameras would provide additional security for the owners. The lease agreements read that they can be used only for the owner's vehicle and not anyone else's.

**MOTION:** Mr. Lehrkind moved to approve the request by Gallatin Field Garages 2, LLC to construct Car Park Condo G with the requirement that cameras are installed at the current and future building. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

**10. Consider request by the City of Belgrade for the Gallatin Airport Authority to contribute \$3,000,000 toward the construction of the Belgrade Water Reclamation Facility Project**

Mr. Sprenger said we have been watching this develop for several years. We budgeted \$3,000,000 for this project several years ago. Belgrade has done a lot of analysis to determine

what share of the system the airport uses. Our engineers have confirmed Belgrade's findings that the Airport utilizes 7.5% of the Belgrade water and sewer system. The project was recently bid. 7.5% of the project cost turned out to be \$3,000,000. This is more than twice the current capacity. This is a great partnership. It would be very expensive for us to do this on our own. We have our water needs covered indefinitely. We have been working with City of Belgrade for 50 years.

Mr. Mathis said money is tight and asked Mr. Sprenger if he is comfortable with budgeting that for the next fiscal year. Mr. Sprenger said yes, and it would be July of next fiscal year. We are currently cash positives in operations. The CARES Act funds provide a cushion.

Mr. Mathis asked if there is any state or federal funding available for this. Mr. Bell said he doesn't know of any for our portion. Mr. Sprenger said we are not eligible because it is not our project.

Ms. Stelmak said it sounds like it will help accommodate growth, it's our share, and we have budgeted for it.

Mr. Sprenger pointed out that until this is completed, Bridger Aerospace cannot connect to the system.

Mr. Lehrkind said we could never build this on our own and asked where they are at in the process. Mr. Bell said the money is there. A lot of their money is a very low interest loan. They are awaiting our decision today. It is voter and user approved and budgeted.

**MOTION:** Mr. Mathis moved to approve the request by the City of Belgrade for the Gallatin Airport Authority to contribute \$3,000,000 toward the construction of the Belgrade



Water Reclamation Facility Project which is equivalent to the airport's 7.5% use of the current system and approximately 7.5% of the total project cost. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

Mr. Mathis said it would be appropriate for staff to do a press release on this and all of the airport's participation in the past.

**11. Consider request by Arlin's Aircraft, LLC to transfer their commercial hangar Leases on Hangars 1 & 90, Fuel Farm and Self Fueling Island to Jet Aviation Bozeman, LLC**

Mr. Sprenger said most of the audience is here for this agenda item. Mr. Sprenger showed the locations on the map.

David Best from Jet Aviation came to the podium. Mr. Best said the company is 53 years old and has 50 locations around the world. They have been working with Arlin's for several months. They operate a fleet of 300 aircraft. They operate 27 FBO's and have a staffing business with over 600 pilots. They are owned by General Dynamics. They have approval to not only acquire the business, but to invest and expand. Their strategy is to be in major metropolitan areas and travel destinations. They have a large operation in England. The U.S. is the biggest aviation market. They have plans to initially tidy up, add more equipment, and employ more staff. It has been the most gentlemanly deal he has ever done.

Ms. Stelmak asked about maintenance and Mr. Best said Arlin's will be keeping the maintenance portion.

Mr. Lehrkind asked about future plans and the re-alignment and if there were any issues. None currently.

Ms. Stelmak asked if they would do any installation. Mr. Best said they do maintenance in Europe and Asia but not much in the U.S.

Mr. Mathis asked if they anticipate offering a charter service. Mr. Best said they are currently based out of NY and LA. They are regional. If there is a demand here, then yes.

Mr. Switzer said Arlin's is an institution here and they have done a great job, but we are excited to have you come in.

Ms. Stelmak said Arlin's has been a strong operator at our airport and commended them for their service.

**MOTION:** Mr. Mathis moved to approve the request by Arlin's Aircraft, LLC to transfer their commercial hangar Leases on Hangars 1 & 90, Fuel Farm and Self Fueling Island to Jet Aviation Bozeman, LLC. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

**12. Consider request by Jet Aviation Bozeman, LLC to enter into an Operating Agreement to operate a Fixed Base Operation**

**MOTION:** Ms. Stelmak moved to approve the request by Jet Aviation Bozeman, LLC to enter into an Operating Agreement to operate a Fixed Base Operation. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

**13. Consider construction of taxiway "SY" to serve ten 70' x 70' hangars**

Mr. Sprenger showed the location on the map. The master plan shows the ability to extend the taxiway. They are hesitant to do that now considering the current financial environment. They have 7 out of the ten requests today and have 3 more requests next month. A few of these hangars will be on the spec basis. The 4 requests following this create the commitment. Engineering cost is not included at this point. Compared to previous projects, we are asking 100% of the taxiway and 100% of the water and sewer. We are setting a precedent for future development.

Because we have the participation from the individuals, staff feels comfortable getting this work completed. This is timely as well.

Mr. Lehrkind asked to confirm we have 7 now and 3 next month. Mr. Sprenger confirmed and showed the only 2 remaining locations. A portion of this is speculative. A few are on options that will come due in the next year.

Ms. Stelmak said the growth exemplifies why we need to continue the development on the north side.

Mr. Best from Jet Aviation said generally in the U.S. the FBO's air traffic has recovered about 60% since the start of COVID. Bozeman has recovered 100%.

Mr. Lehrkind asked if we see any issues with the 10 requests. Mr. Sprenger said no. Many are parties we have worked with in the past.

**MOTION:** Mr. Lehrkind moved to approve the taxilane "SY" addition to serve ten 70' x 70' hangars contingent upon collection of at least five hangar infrastructure fees totaling \$102,500 or more. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

**14-17. Consider request by Pacific Commerce, Inc. to construct three 70' x 70' non-commercial hangars on new taxilane "SY"**

Mr. Mathis said, given the fact that agenda items 14-17 all are for the same size and location, he recommended we combine the motions. Ms. Stelmak said agenda item #14 had been given a timeframe of 180 days and asked if they would be built at the same time. Mr. Humphrey said Mr. Roberts is starting 3 at the same time. The others will probably start in the spring.

Mr. Mathis said Pacific Commerce has a Malibu Mirage jet prop registered in North Carolina and asked if it will be moving to Montana. Mr. Humphrey said we are not sure of that yet.

**MOTION:** Ms. Stelmak moved to approve the request by Pacific Commerce, Inc to construct three 70' x 70' non-commercial hangars on taxilane "SY"; Ms. Stelmak moved to approve the request by Covenant NRG, LLC to construct one 70' x 70' non-commercial hangar on taxilane "SY"; Ms. Stelmak moved to approve the request by D Madill RTF, LLC to construct one 70' x 70' non-commercial hangar on new taxilane "SY"; Ms. Stelmak moved to approve the request by Meadowlark Construction to construct two 70' x 70' non-commercial hangars on new taxilane "SY". Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

Mr. Mathis said he believes the taxilane should be called "EY" since it is on the east side. Mr. Sprenger showed the locations of some other hangars that are designated as being located on "EY". This can be reviewed again and changed if needed.

#### **18. Report on preliminary FY 2019 operating and concession statistics**

Mr. Sprenger said a report was sent out. Tower operations for the fiscal year were down .4%. Corporate landings were down 3.3%. Airline seats were down 12.4%. Passenger enplanements were down 16.1%. This was all due to COVID.

Rental car concessions were down 7.4%. Food and beverage concessions were down 16.6%. Retail sales and gift shop concessions were down 14.9%. Ground transportation was down 8.9%. Parking lot was down 17.1%.

The concession revenue per enplanement increased to \$13.27 per passenger. That indicates that the fewer passengers were more inclined to use higher priced options at the airport like a more expensive rental car or premium parking.

Customs was down 4.7%.

This was all due to COVID.

For year ending February, we're the 108<sup>th</sup> busiest airline airport in the U.S. For the year ending in May, we jumped up to 103<sup>rd</sup>. In the past, we have said when we hit the top 100, Southwest might consider us. If not for COVID, that might be true.

Mr. Switzer asked that Mr. Sprenger pass on to staff that they are doing a great job. People who continue to work with everything going on deserve a thank you.

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

Mr. Humphrey said total operations for July were up 12.4%. Rolling 12-month operations were 97,233. Corporate landings were up 51.1% at 751 versus 497. Total revenue enplanements were down 55.8%. For 12 months we are at 571,371. Total deplanements were down 53.5%. Airline landings were down 32.1% at 615 versus 906. Airline load factor was down 31.4% at 56.3% versus 87.7%. For load factor, American is at 77.3%, Allegiant is at 66.8%, and Frontier is at 72.8%.

We have 85% of our normal seats for this August. We are averaging 1,766 enplanements per day. August tends to taper off toward the end. Mr. Humphrey projects we will end up in the high 50's or low 60's. We are continuing traction upwards. We are at about 2013 numbers. September has 100% of the seats we had last September.

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

Mr. Sprenger presented a chart with last month's data added and compared our growth to that of the nation. Our peak days are higher than normal. That indicates tourism is increasing. Another chart presented a comparison of July concessions compared to passengers. There are some indications that since many schools will not be back in session, the summer vacation period will be extended. Kalispell is ahead of last year's number in seats. Mr. Lehrkind said his contacts in West Yellowstone are saying their bookings are 80% for September when they are usually at 40%.

Mr. Sprenger said November will be interesting because Montana State University will let out in November compared to December. That will leave more availability for seats in December. January will probably rebound because then we get into the ski season.

Mr. Switzer asked about tracking COVID cases. Mr. Sprenger said everyone expected tourism to be a driving factor of COVID spread, but it has been shown to be more community spread. We can't let our guard down of course. For Gallatin County, our peak active and new cases was around July 15th and a week later with the mask mandate, the number of cases dropped dramatically.

Mr. Switzer asked about the National Guard. Mr. Sprenger said they left last week. The only temperature above the threshold was on the General Aviation side. Ms. Stelmak thought it was well done. Mr. Sprenger said it helped on the public relations side.

Mr. Sprenger presented some terminal seating images. Mr. Sprenger presented the chairs staff is recommending. It is difficult to find black armrests. It could be powder coated but they don't recommend it. They could add a black arm rest pad. That adds one more piece that can become an issue. Upholstery can match others. The cost is \$385/seat. The difference

in cost was about \$10. These seats were in the middle. These have completely separated cushions which assist with keeping them clean. They will need to order soon. We are still expecting to open the concourse expansion in early November.

Ms. Stelmak asked about the material. Mr. Sprenger said they are hard vinyl. Seats of 3 work well. They should have armrests, so they don't become sleeping areas. They don't recommend power outlets since they become a maintenance issue. We have many power locations throughout the terminal.

Mr. Switzer asked about tables or cup holders. Mr. Sprenger said people tend to leave their drinks and trash behind. Ms. Stelmak said the outlets are important but not as important since we don't have connecting flights. The consensus was to move forward with the staff recommendation.

There will be an RSAT tower meeting Sept 9, 2020 at 6 pm.

There was discussion about sending out board packets. On Friday mornings they can do an electronic copy in addition to a mailed copy in case there is a delay in the mail. There are potential issues sending things electronically. All agreed that would be a good idea. Ms. Stelmak also appreciates the option to pick it up.

## **21. Consider bills and approve for payment**

The bills were reviewed and detailed by Mr. Sprenger.

The striping on Taxiway C was deteriorating the asphalt for some reason. They are grinding it off and restriping. It was the epoxy they have used before, but for some reason was not performing well.

**MOTION:** Mr. Lehrkind moved to pay the bills and Mr. Mathis seconded the motion.

All board members voted aye and the motion carried unopposed.

**22. Adjourn**

The meeting was adjourned at 3:56 p.m.

A handwritten signature in black ink, appearing to be 'K. Switzer', written over a horizontal line.

Kendall Switzer, Board Chair