

The regular monthly meeting of the Gallatin Airport Authority was held May 13, 2021 at 2:00 p.m. in the Airport Conference Room. Board members present were Kendall Switzer, Carl Lehrkind, 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.

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

1. Review and approve minutes of regular meeting held April 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. Mathis moved approval of the minutes of the meeting held April 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 engineering services

Mr. Sprenger said we received one proposal from Morrison Maierle for engineering services. They have done a good job for us over the years. Staff recommends approval of their proposal for engineering services.

We also received planning proposals. We received one proposal from Mead & Hunt and one from Morrison Maierle. Staff would like to conduct interviews. That portion will be brought to the board in June.

MOTION: Mr. Lehrkind moved to award a 5-year contract for engineering services to Morrison Maierle. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

4. Consider proposal to provide cellular services inside the Terminal Building

A request for proposals (RFP) was issued for cellular services inside the terminal building. We received proposals from eight entities. Bob Edgar has reviewed the proposals, and based on service levels and financial implications, we would receive about \$50,000 per year in revenue. Mr. Edgar recommends we accept the proposal from American Tower Corporation.

Mr. Mathis asked what hardware we will see in the building. (Mr. Switzer, board chair, arrived at this point and the meeting was handed over to him). Mr. Edgar said the antennas would be mounted in the suspended ceiling, out of sight like the speakers. They would be color matched, and they are flat. American Airlines put in a small system so they can run their baggage on cellular service, and no one has noticed them.

Mr. Edgar explained it is a booster system. Equipment will be installed downstairs. Fiber is piped through and collects information from the antennas. They are contracted with all 4 carriers.

Ms. Stelmak said we have good connectivity and that makes a difference. She thanked Mr. Edgar for his work on this.

MOTION: Ms. Stelmak moved to approve the proposal by American Tower Corporation to provide cellular services inside the terminal building. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

5. Continue consideration of request by Arlin's Aircraft Service, Inc. to extend the non-commercial land lease on hangars 15-19 and 23-27 two years

Mr. Sprenger said the request is based on one year to determine whether they will refurbish or rebuild and the second year to complete the project. Mr. Sprenger said it has been suggested that this be a 2-step process.

Mr. Switzer asked Aaron Wass if he had anything to add. Mr. Wass said the hangar being discussed was one of the first hangars built south of the front line. Mr. Mathis said it was built in 1980. Mr. Wass said time has taken its toll. They plan to continue offering low rent hangar space. They have 8 aircraft in there now and room for a total of 10. If they demolish, there may be limited options for water and sewer. They are weighing their options.

Mr. Lehrkind asked if 2 years is enough. Mr. Wass said they are confident they can decide in 1 year. They may need an extension for the construction.

MOTION: Ms. Stelmak moved to approve the request by Arlin's Aircraft Service, Inc. to extend the non-commercial land lease on hangars 15-19 and 23-27 for two years. In the first year they are to come back with an acceptable plan that will be executed and completed within the second year. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

6. Consider request by Roberta Gier Estate to transfer the non-commercial land lease on hangars 47 and 48 to Jim Gier

Mr. Sprenger said Roberta passed away last fall. This transfers the lease from the estate to Jim Gier. Staff recommends approval of the request.

MOTION: Mr. Lehrkind moved to approve the request by Roberta Gier Estate to transfer the non-commercial land lease on hangars 47 and 48 to Jim Gier. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

7. Consider request by Josh O'Connor to amend the Minimum Standards for Fixed Based Operators to specifically allow owner assisted maintenance in an owned or leased hangar meeting building code that permits maintenance

Mr. Sprenger said Mr. O'Connor has been doing some business that conflicts with our minimum standards. He has pointed out some challenges in the maintenance field. The board packet included his letter.

Mr. Sprenger said we have minimum standards for a reason. It is time to update our minimum standards. They are 30 years old. It is better to take a wholistic look at them and standards at other airports and then return to the board in the future with revisions that would allow us to address changes.

Mr. O'Connor's operation would not be permitted under the current standards. Staff recommends a denial of the request and a move forward with an update to our minimum standards, as necessary.

Mr. Switzer said we have reviewed the current language. He asked Mr. O'Connor if he understands. Mr. O'Connor said he personally does not agree that he is in violation of the minimum standards. He performs owner assisted maintenance. He operates from Laurel to Deer Lodge. He has several customers that want to do annual maintenance in their hangars here at the airport. He does the inspection and supervises the owners. He is not asking to do full-service maintenance. If no maintenance outside of the current standards was allowed,

many current operations would be in violation. He is working on acquiring a maintenance hangar in Three Forks.

Mr. Lehrkind asked Mr. O'Connor how many customers would be affected if we asked him to stop while we reviewed the standards. Mr. O'Connor said he has one customer on the airport with an annual coming due soon and then more after 3 months. But if he were to have anything come up with other customers on the field, he would need to figure something else out.

Mr. Mathis said he appreciates what Mr. O'Connor is trying to do. As an aircraft owner, he likes the various options. He is aware there is a shortage of mechanic shops. However, the people we have on the field have complied with the minimum standards. They have facilities, they have made investments, and we are obligated to hold everyone to the current standards. He agrees it is time to review the standards and update them.

MOTION: Mr. Mathis moved to deny the request by Josh O'Connor to amend the Minimum Standards for Fixed Based Operators to specifically allow owner assisted maintenance in an owned or leased hangar meeting building code that permits maintenance and direct staff to update the standards with the assistance of the board and the users on the field. Ms. Stelmak seconded the motion.

Mr. Lehrkind asked about the time frame. Mr. Sprenger said they will put their best efforts into it and get it done as quickly as possible. It will take some iterations and probably a couple board meetings.

Mr. Switzer thanked Mr. O'Connor for his service but explained we have obligations to follow a process and we will remain in contact.

All board members voted aye. The motion carried.

8. Consider request by Billings Clinic to place up to three temporary buildings on their leased property until the permanent facility is completed

Mr. Sprenger said Billings Clinic is trying to move quickly on their operation. Their building is coming up, but they still have a ways to go.

Greg Titensor, Vice President of Operations for Billings Clinic, said the hangar construction is moving along quickly. Their plan is to be operational for patient flight in the beginning of July. The sleeping quarters for the crew will not be completed in time. Their helicopter will be stored by Bridger Aerospace.

Mr. Lehrkind asked for an explanation of what type of temporary buildings they would like. Mr. Titensor said portable, construction type trailers. They will maintain them and then remove them when no longer needed.

Mitch Goplen, Vice President of Facility Services for Billings Clinic, said they would work within our guidelines. They need sleeping quarters, kitchen, shower, and bathrooms. Based on the schedule, they hope the project to be completed by the middle of July. So, the temporary structures would be 30 days max.

Ms. Stelmak asked if we put in requirements for approval of the temporary units, would they be open to that. Mr. Goplen said yes, there are a variety of options and they will meet our guidelines.

Mr. Mathis said he is in favor of assisting with getting the operation up and going. He wanted to confirm that these are crew quarters as opposed to a residential type of situation. Family housing is never allowed. Construction office type facilities are fine but anything

resembling a residential type of trailer would not be. Mr. Titensor said it really is just for the crew and for them to be able to respond and they will work within our guidelines.

Mr. Switzer asked what the crew shifts are. Rich Mickelson, Director of Emergency Services for Billings Clinic, said the shifts will be similar to EMS. The shifts will be 24 hours. There will not be family at the quarters. The staff has housing elsewhere with their families. Each shift will include a pilot, paramedic, and registered nurse. There may be some rotation mid shift. The mechanic would not be staying at the quarters.

Mr. Switzer said it is exactly what they did with their F16's after 9-11. It looked unique because it was mobile. Central Valley had to vacate their facility and go temporary during construction. They will be providing a service that is essential.

MOTION: Ms. Stelmak moved to approve the request by Billings Clinic to place up to three approved by staff temporary buildings for crew housing on their leased property until the permanent facility is completed. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

9. Consider preliminary budget for fiscal year 2022

Mr. Sprenger said what a difference a year makes. Last year things looked very uncertain. This year we are discussing a \$50 million budget. The budget is based on a conservative number of passengers which would be 898,000 enplanements for the fiscal year. That compares to 744,000 fiscal year of 2019. For the 3rd quarter we are looking at 85% more seats than our previous busiest 3rd quarter in 2019. These numbers remain high into the fall. The budget is also based on a 61% load factor which is very conservative. We were at 62% last week and 76% the week before that.

The overall net operating income is projected to be \$8 million. \$37 million in capital improvements is budgeted. If we did every project and spent and received every dollar, we would contribute \$1.7 million to the capital improvement fund. It is fairly balanced.

We have had discussions on some of the capital projects, especially the paving. These are projects we have worked with the FAA onto leverage discretionary funding. Some projects have been moved up. This coming fiscal year is the most likely year to get discretionary funding because we do not have any reimbursement for our terminal project. We could use this funding for the northside. It is not eligible to be used on the baggage system. The baggage system can be reimbursed through PFC or TSA grants.

We have had our engineering staff review the status of all the pavement. One small section is ranked as poor, and the majority is fair or good. We do have an expansion on the terminal project that would add space to the west. With the level of operations that we have, when we built the addition of the ramp to accommodate new gates, we utilized all the access to the ramp for aircraft storage while waiting for a gate. We are concerned about that for the summer. The average departures per gate in July is over 5. We do not have a lot of leeway.

We also need to look at the General Aviation ramp. That project was moved up one year. There are some challenges with drainage. The project is an overlay only which provides additional pavement strength. The east ramp is in the best condition. That would be easier to push back. The decisions would occur this fall on which projects to prioritize. We have time to evaluate and shift the funding and timing of the projects. We have our hand out for as much discretionary funding as we can. Right now, there is more discretionary funding available than in previous years. We know asphalt deteriorates over time and the ramps are

17-20 years old. Nothing is set in stone. It is fluid. We have almost never achieved all of our projects.

Mr. Bell said we are maximizing the probability of discretionary funding. The FAA is trying to find ways to provide discretionary funding to Bozeman. Mr. Sprenger said we are concerned that dollars may be reduced in the future so we would like to position ourselves for that.

Ms. Stelmak said she appreciates the time and effort it takes to make the budget. It is well thought through, prudent, and responsible. Mr. Lehrkind agreed the budget is very well put together. Mr. Lehrkind asked if any of the funding has been confirmed.

Mr. Sprenger said the AIP entitlement is mostly confirmed. AIP discretionary is contingent on the FAA's discretion. The projects based on that funding are contingent. The AIP CARES and CRRSA are grants we have already received. We are reimbursing operating expenses which will take time. Those funds will be exhausted in the next fiscal year. We chose the simple one to offset operational costs. TSA grant income is two-fold. We got the design grant which is the small one. The larger one would be this fall. We would not start the baggage system until that is lined up. Once you get the design grant, it is most likely confirmed. The PFC and CFC are passenger based.

Mr. Lehrkind asked about excess cash flow and suggested a mid-year discussion regarding accelerating debt payments. Mr. Sprenger confirmed we can look at that at any time. Last year we were glad to have the cash but yes, the value of the dollar is diminishing.

Mr. Mathis asked about the proposed overlay thickness and material. Mr. Maierle said it is a standard 3" overlay with asphalt. The FAA is not allowing paving fabric any longer. There

is some milling to tie in concrete and joints. Mr. Maierle showed the locations on the map. Mr. Mathis pointed out there are some locations that need to be done and some that look very good, and he does not agree it needs an overlay. There was some discussion on various locations, options, supply, and material pricing.

Mr. Mathis said he has spent a lot of time reviewing the budget with Mr. Sprenger. He is very much in favor of it. Mr. Sprenger met with Mr. Kelleher and he is also in favor of it.

Ms. Stelmak thanked Mr. Sprenger for looking at staffing versus contracting work out.

Mr. Mathis said he is tired of seeing that the runway 30 end identifier lights are out. He knows the FAA has a project in mind to fix it. They have been out of service for more than a year. It is essential. The other project he would like to see movement on is the runway visual range (RVR). If it is possible for us to fund that and have the FAA come back and maintain it, we should do it. When we have fog, we could avoid flights being grounded.

MOTION: Mr. Lehrkind moved to approve the FY 2022 Gallatin Airport Authority Budget as proposed by staff. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

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

Mr. Humphrey reported that total tower operations for April were up 39.2% over 2019. Rolling 12-month operations were 113,507 operations which is a new record. Corporate landings were at 455 versus 367 so 24% up. Total revenue enplanements were 50,622 which is up 9.8%. For 12 months we are at 470,004 enplanements. Total deplanements were up 9% over 2019 at 47,812 versus 43,878. Airline landings were up 5.3%. Load factor was 68.3% so 10.3% below 2019. The national average load factor is probably

below 50%. Fuel dispensed in March was up. There were 4 Customs operations versus 8 in 2019.

May is looking 3% better than 2019. We should have another record May. Southwest starts May 27th. Staff has gone above and beyond with IT assistance to Southwest and Avelo.

11. Airport Director's Report – Brian Sprenger

Mr. Sprenger said we started Avelo service to Burbank on April 30. San Diego starts May 20th. Southwest on May 27th. Austin on May 27th. Oakland on May 28th. Philadelphia on May 29th. Phoenix Sky Harbor on June 3rd. Midway Airport on June 6th. Dallas on June 6th. Washington Dulles on July 1st.

For the year ending February 2021, we were the 88th busiest airport in the US. That is higher than Little Rock Arkansas. Providence Rhode Island is just ahead of us.

There are 6,696 seats per day in July. There is an average of 51 departures per day which is 75% over 2019. In April 2021 we saw food and beverage revenue to the airport up 20% over 2019. Gift revenue was up 25%. Rental car revenue was up 83% over 2019.

The ticket counter and baggage service offices are complete. Those will be reimbursed through passenger facility charges and airline rates and charges. We will get the money back quickly through the CARES Act. The ticket counter project did come in over budget. Mostly because we had to contract out. It came out at \$175,000 and we expected it to be \$141,000. The baggage service offices and other modifications came out at \$110,000.

We have never seen this level of new airline service. Southwest has brought it to a whole new level with their staff and 6 flights per day by June 6. It has been surprising how involved Southwest is in starting a new station. They have had joint meetings with the tower

and approach control and several coordination meetings. They are a class act, but it has taken a lot more time and effort than we are used to. Mr. Mathis asked how much Southwest has invested in this plan compared to how much we have invested. Mr. Sprenger said based on a relatively small analysis, if you do not count the boarding bridge, it is fairly equal.

We had a job fair. There were 11 entities. We got 60 people here. It was successful for many companies.

Real ID has been pushed back to May 3 of 2023.

Yellowstone Airport Plaza's website says they have 2 hotel spots leased.

On Saturday morning May 22nd we have a FAA required disaster drill.

We have the Southwest Inaugural flight on May 27th at 11am. We will have a Vice President here along with other Southwest team members. There will be a ribbon cutting.

May 25-28 is our airport certification inspection.

Ms. Stelmak said she has heard from many they cannot get rental cars and if they do, they are extremely expensive. Mr. Sprenger said there is a nationwide shortage of automobiles. Many rental car companies sold off their fleets. Then reordered and manufacturers cannot provide enough vehicles. We have been working with our rental car companies for a while to get as many cars here as they can. Some passengers are shifting to Uber and Lyft. 8-day rentals are available and 7-day rentals are much harder to find. Individual airlines have contracts with rental car companies who have a different inventory. So, it may help some to book a rental car through the airline they are traveling with.

Mr. Mathis asked for an update on Wings Way. Mr. Maierle said it is going well. Excavation is done. Crushed gravel should be done next week and then paving in week 3.

Light poles will be in the end of June timeframe. They meet every Tuesday. The road will be open by the end of June.

12. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

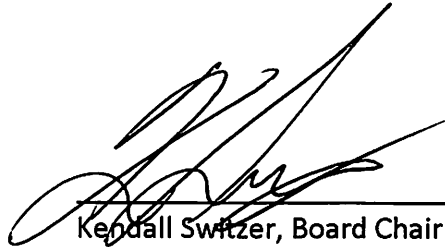
MOTION: Mr. Lehrkind moved to pay the bills and Ms. Stelmak seconded the motion.

All board members voted aye. The motion carried.

Mr. Switzer asked the staff to be commended for how clean they are keeping the terminal. He knows it is a challenge.

13. Adjourn

The meeting was adjourned at 3:19 p.m.



Kendall Switzer, Board Chair