

The regular monthly meeting of the Gallatin Airport Authority was held March 11, 2021 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. Open Bids on 2021 Wings Way Relocation**

Mark Maierle assisted with the bids. There were 2 bids.

Knife River Belgrade was the first bid. Montana Contractor registration number 10089. The bid bond was attached, and the addendums were acknowledged. The bid was signed by Leo Zwemke, Vice President and General Manager. The total bid price for Schedule 1 was \$661,954.40.

Duneman Construction Incorporated in Bozeman was the next bid. Montana Contactor registration number 151842. The bid bond was attached, and the addendums were acknowledged. The bid was signed by Keith Duneman, President. The total bid price for Schedule 1 was \$674,467.80.

**MOTION:** Ms. Stelmak moved to take the bids under advisement and award a contract to the lowest qualified bidder. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

Mr. Mathis asked to confirm that Jet Aviation and Yellowstone Jet Center would participate at 1/3 each. Mr. Sprenger confirmed.

Community Design Center's previous projects. Serving government agencies provides their students the opportunity to engage in something contemporary. They try to identify the needs of the client and provide something that meets their expectations.

They would plan for the students to meet with airport staff in the fall. They would do research including looking at precedents set by other airports. They would collaborate with the architects that worked on the terminal. All architectural firms in the state understand their roll. An example of the final product was passed out. Mr. Johnson said the booklet explains the process and how they come to solutions. Rarely is there one solution. The example presented was for the MSU president. It was an interior remodel for the chapel on campus.

Mr. Johnson detailed some of his background and experience including working with two airports including Phoenix Sky Harbor.

Mr. Johnson said they would like to create a model of our airport. They would also design a VIP lounge and gallery space. The goal of the gallery space would be to provide examples of the culture of this valley to those who are moving through the airport. Then a document would be created that documents the evolution of the project. They would normally charge for this.

Ms. Stelmak said she appreciated his story about his work at the Phoenix Airport.

Mr. Lehrkind asked how often they would need access to the space. Mr. Johnson said probably not very often since it is a relatively generic space. They would do a dimensional study and take pictures. The first presentation would be the precedence for VIP lounges, what

Mr. Switzer asked about the timeline and when they need a decision. Mr. Johnson said roughly the first of August.

Mr. Sprenger suggested tabling the item for now. There are some additional concerns. Anytime we have a request for space, there are multiple other requests; more time for consideration would be appropriate.

Mr. Mathis is in favor of working with them if possible. It is hard for him to get his arms around this proposal.

Ms. Stelmak said this is extremely interesting and it is important we give them our decision in a timely manner.

Mr. Switzer said we value the partnership with MSU, but he would like to develop this idea a little more.

All agreed to table the agenda item.

##### **5. Consider Interlocal Agreement with City of Belgrade**

Mr. Sprenger said they have been working on this updated agreement for the land lease to the City of Belgrade. The agreement will also incorporate the infrastructure for the new wastewater treatment plant. They have tried to determine equitable payment within the rules with the FAA to ensure there is no diversion of funds. Various staff and engineers from both teams have worked together to reach this agreement.

Mr. Sprenger said this is a wonderful partnership. We could not operate a similar system without the collaboration. Staff recommends removing one section of the proposed whereas that says, "as pre-payment in accordance with Section 4A of this agreement." We have looked further at that section and it relates more toward the operation than the capital

cost. Our \$3 million contribution should go towards the capital cost. We want people to be aware of the airport's investment. Mr. Sprenger read the suggested revised language to the agreement including calling this an interlocal agreement instead of a lease. Ted Barkley with the City of Belgrade is agreeable to the changes. Staff recommends approval of the agreement.

Mr. Mathis commended the staff and engineering firms for this excellent piece of work. He is very much in favor of it.

Ms. Stelmak said she read every word of it. It is very well done; it is a great opportunity and she is in favor of paying our fair share.

**MOTION:** Mr. Mathis moved to approve the Interlocal Agreement with City of Belgrade with the two staff recommended edits. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

#### **6. Consider proposals for ARFF Truck Acquisition**

Mr. Sprenger said they opened the bids on February 26, 2021 for the Airport Rescue and Fire Fighting (ARFF) Truck and equipment. They received 3 bids for the truck and one bid for the equipment. The bids came in just above the engineer's estimate. This was done to establish an amount the FAA can use to determine discretionary funding. The FAA has said that this is moving forward, and they do not see any red flags at the moment. We are hoping to have a grant offer no later than May. The President signed a bill today that includes airport assistance which appears to be the Federal Government matching the current fiscal year projects at 100 percent instead of 90 percent

Staff recommends approval contingent upon the receipt of a discretionary grant from the FAA.

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

#### **7. Consider name for general aviation access road**

Mr. Sprenger said a drawing of the road access was sent out. It is both the left and right side off Airport Road. Several years ago, we looked at naming Wings Way and there were some names not chosen. In this case, we have an opportunity to consider honoring someone who has been extremely influential to the airport.

Mr. Mathis read the following statement:

This month, we are being asked to name the new road near the southeast corner of the airport. I urge you to consider naming it Merrick Lane in honor of former board member and local pilot, William A. (Bill) Merrick. Bill served on the Gallatin Field Board from October 1963 to December 1972. He then served on the Gallatin Airport Authority Board from December 1972 to July of 1991, a total of twenty-eight years. You can only imagine the changes and improvements he helped to bring about during that long tenure. Just take a while to thumb through our airport scrapbooks from that era and you will see what I mean. You can hardly turn a page without seeing

some reference to Bill and his hard work on behalf of the airport and the community.

To this day, Bill continues to serve as a historical reference and provide sage advice. He recently drove to the airport and joined us for coffee. He told us about how they chose the architects for the new terminal, making sure they had terminal building experience and could make the building look like a mountain lodge to reflect the feel of Southwest Montana.

Bill is now ninety-three years old. I'm sure that this honor would mean a great deal to him and his family. I feel that he has certainly earned it and hope that you do, too.

Ms. Stelmak said, at first, she was concerned of the risk of offending others. However, Mr. Merrick's contributions cannot be duplicated and set him apart of others.

**MOTION:** Mr. Mathis moved to name the general aviation access road Merrick Lane. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

Mr. Sprenger suggested inviting Mr. Merrick to next month's meeting to present a brief historical presentation and make the announcement then regarding the naming of the road. All were in favor of doing that.

**8. Consider request by Arlin's Aircraft Service, Inc. to enter into a new 10-year non-commercial land lease on hangars 15-19 and 23-27**

Mr. Sprenger said this hangar needs a lot of work. Staff has advised Arlin that in order to consider a new hangar lease, at minimum it would need re-roofed and re-sided. Exterior concrete and asphalt would need rehabilitated. All hangars need to be emptied and utilized only for aircraft storage. The alternative is to build a new hangar. Mr. Humphrey said they

have been dealing with Aaron per Arlin's direction. Mr. Humphrey said we are proposing a 1-year lease for them to make the improvements. Mr. Mathis asked if they have agreed to the improvements. Mr. Humphrey said they are aware, but they have not committed to anything.

Mr. Sprenger said they have one year to complete either the renovations or a rebuild. If not completed in one year, they would have to remove the building and the land comes back to the airport.

Mr. Mathis was concerned that we will be looking at the same building in one year.

**MOTION:** Ms. Stelmak moved to approve a 1-month extension for Arlin's Aircraft Service to communicate their intentions to either renovate, rebuild, or remove the existing hangar prior to consideration of a new 10-year lease. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

**9. Consider request by Christopher Boyer to enter into a new 10-year non-commercial land lease on hangar 54**

**10. Consider request by SBL Enterprises Limited partnership to enter into a new 10-year non-commercial land lease on hangar #100**

**11. Consider request by John J. McKenna, Jr., Phillip Egbert and Jeremiah Cashman to enter into a new 10-year non-commercial land lease on hangar #101**

Agenda items 9, 10 and 11 were combined. Mr. Sprenger said all hangars are in good condition and staff recommends approval.

**MOTION:**

Mr. Lehrkind moved to approve the request by Christopher Boyer to enter into a new 10-year non-commercial land lease on hangar 54.

Mr. Lehrkind moved to approve the request by SBL Enterprises Limited partnership to enter into a new 10-year non-commercial land lease on hangar #100.

Mr. Lehrkind moved to approve the request by John J. McKenna, Jr., Phillip Egbert and Jeremiah Cashman to enter into a new 10-year non-commercial land lease on hangar #101.

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

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

Mr. Humphrey said we had one less day this February than last year. Total operations for February were down 10.6%. We had 19 days of measurable precipitation and 19" of snow. A lot of the local itinerant traffic was grounded for much of the month. The 12 month rolling operations were at 103,572. Corporate landings were up 7.1%. Total revenue enplanements were 69.4% of last year's enplanements. Deplanements were 69.2% of last year's deplanements. Airline landings were above 2019's numbers. Load factor was 57.9% versus 82.4% last year and 85% in 2019. Fuel dispensed for January was down 8.2%. We had 4 Customs clearances versus 18 last year.

The first 12 days of March are 86.4% of last years' numbers. We look well above the 70<sup>th</sup> percentile and may approach 80<sup>th</sup>.

The summer schedule is shaping up to be very busy. We have been working with Southwest. We are finalizing requirements for office and ramp space. The bridge should be delivered May 4<sup>th</sup>.

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

Mr. Sprenger referred to some drawings in the board packet of the ticket counters. They provide an idea of the number of counters and back area office space.



The peak July schedule is up 41.8% over July 2019. Average departures are up 47% compared to 2019. We do not expect enplanements to be at that same level. We are accounting for a much lower load factor through the rest of the year. Airlines have more planes and are trying to find places to fly them to cover the operating cost. That will not last forever. We do expect 2021 to be at or above 2019 passenger levels by the end of the year. We expect to see a reduction in total flights as load factor increases. However, some who have moved here from elsewhere will be traveling back to visit and for business.

For March to date, Food and Beverage was 85.8% of normal and retail was 80.6% of normal. February airport revenue on rental cars will be 95-100% of last year. Overnight parking has been in the 40% range but is now edging closer to 65%.

We received the CRRSA Grant of about \$4 million that will be applied toward debt service and additional operating and maintenance costs. Entitlements for coming year are \$3.7 million. It also includes additional funding of \$3.8 million. Most are using these funds to survive; we are using them to survive but also to accommodate the growth we are seeing. We are looking at staffing in connection with red-eye flights.

We received a letter from Life Flight. Back in January we discussed the Billings Clinic helicopter operations. In the discussions there were comments made about Life Flight. They would like us to amend the minutes, but we cannot change what was said or change the approved minutes. Mr. Sprenger read the following statements:

- Life Flight Network is a not-for-profit air medical program
- Life Flight Network is an Independent FAA-certificated air carrier

- Life Flight Network delivers industry-leading quality and service, as recognized by multiple accrediting bodies
- Life Flight Network carries blood products on board its aircraft
- Life Flight Network protects patients from large bills

Mr. Mathis asked for a cost estimate for the ticket counter and office rehabilitation.

Mr. Sprenger said the ticket counter portion is all we are doing now and that is for the budgeted amount of \$150,000.

The office changes are part of the baggage handling system. When we get into that we will see additional estimates. There will only be 2 belts in the new system which will free up space for offices. We are working through the TSA portion currently.

We are not redoing the existing counters. The scales are costing less than was expected. Some of the cabling will be done internally. We have a shop in Billings through which the counters are about half the cost of the previous counters.

Ms. Stelmak said we thought we were being proactive and now we are almost being reactive. Mr. Sprenger said 1 year ago we thought we had a good plan, 9 months ago felt like we should not be doing anything, and now we are a little overwhelmed.

Mr. Mathis said he visited the ARFF building. He complemented staff on what they have done. It is spotless. The trucks are in great shape. He asked that the commendation be passed along to staff.

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

The bills were reviewed and detailed by Mr. Sprenger.

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

All board members voted aye. The motion carried.

**15. Adjourn**

The meeting was adjourned at 3:36 p.m.

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

Kendall Switzer, Board Chair