

The regular monthly meeting of the Gallatin Airport Authority was held July 13, 2023, at 2:00 p.m. in the Airport Conference Room. Board members present were Karen Stelmak, Ted Mathis, Kendall Switzer, Kevin Kelleher and Carl Lehrkind. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Troy Watling, Assistant Director - Finance.

Ms. Stelmak, Board Chair, 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 8, 2023**

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. Switzer moved approval of the minutes of the regular meeting held June 8, 2023. Mr. Kelleher 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**

Last year was the second of the two-year cycle so traditionally the slate would change during this election.

**MOTION:** Mr. Switzer moved to approve the following slate of officers for the coming fiscal year:

Chairperson: Ted Mathis  
Vice Chair: Kevin Kelleher  
Secretary: Carl Lehrkind

Mr. Kelleher seconded the motion and all board members voted aye. The motion carried. This slate of officers will go into effect at the next meeting.

**4. Consider request by Steve Kleimer to enter into a new 10-year non-commercial land lease on hangar 62**

Mr. Sprenger said the hangar is in good condition. Staff recommends approval of the motion.

**MOTION:** Mr. Lehrkind moved to approve the request by Steve Kleimer to enter into a new 10-year non-commercial land lease on hangar 62. Mr. Kelleher seconded the motion. Mr. Mathis asked if there was an aircraft in the hangar. Mr. Sprenger said we have a tail number. And all board members voted aye. The motion carried.

**5. Consider request by ACW, LLC to enter into a new 10-year commercial land lease on hangar 117**

Mr. Sprenger said the hangar is in good condition and staff recommends approval of the motion.

**MOTION:** Mr. Switzer moved to approve the request by ACW, LLC to enter into a new 10-year commercial land lease on hangar 117. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

**6. Consider request by RMAVIT to enter into a 30-year non-commercial land lease on hangars 155-158**

Mr. Sprenger said this request is based on a 1031 exchange. We have a policy to allow this with potential inspections and a \$1,000 fee. Staff has validated the aircraft that was not on the list and the rest of the aircrafts. Staff recommends approval of the request.

Mr. Sprenger confirmed that each hangar has an aircraft. Mr. Sprenger confirmed we have the ability to review the integrity of the hangar and complete inspections periodically.

**MOTION:** Mr. Mathis moved to approve the request by RMAVIT to enter into a 30-year non-commercial land lease on hangars 155-158. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

**7. Consider request by Anson Hangars to enter into a new 10-year non-commercial land lease on hangars 118-127**

Mr. Sprenger said the hangar is in good condition and the rent is current. However, the asphalt needs crack sealing. Staff recommends that crack sealing be a condition of the lease renewal. We have tail numbers for each of the aircraft, but we were not able to validate all of them.

Staff has started the process of drafting a hangar renewal form requiring an inspection of the interior and exterior of the hangar and aircraft verification. Staff plans to bring the policy to the board for review. This would go out in advance of the renewal and would serve as their request for renewal.

**MOTION:** Mr. Lehrkind moved to approve the request by Anson Hangars to enter into a new 10-year non-commercial land lease on hangars 118-127 with the condition that the asphalt needs to be crack sealed. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

**8. Consider request by Lone Mountain Aviation, LLC to operate an Aircraft Charter and Air Taxi Service**

With Rocky Mountain Rotors no longer operating, there is an opportunity for Sean Kelly to provide the helicopter charter service that Rocky Mountain Rotors previously provided. This is primarily for the Yellowstone Club but will be publicly available. The

Yellowstone Club has provided office space for the operation, and they meet the minimum standards. Staff recommends approval of the request.

Mr. Sprenger pointed out the location of the office and rotor operations on the map.

**MOTION:** Mr. Switzer moved to approve the request by Lone Mountain Aviation, LLC to operate an Aircraft Charter and Air Taxi Service. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

#### **9. Consider land acquisition priorities**

Mr. Sprenger said they were approached about acquiring a property on Timothy Lane. This is a property with a lot of debris and other items throughout. The daughter approached us about acquisition of the property since the parents are now both deceased. If we get an appraisal, a clean-up of the property would either reduce the proposed price or the seller would have to clear the property prior to the sale.

Mr. Switzer asked if there are secondary uses for some of the buildings. Mr. Sprenger said the staff's plan is to raze the buildings. We are starting to take over some of the properties on Timothy Lane now. We are in the process of determining the removal or demolition of the homes.

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

#### **10. Consider Parking Management Proposals**

Mr. Sprenger said we received 5 proposals for parking management. We interviewed 3 of them. They were good proposals. Staff recommends LAZ Parking. The memo lines out the considerations such as a 24-7 phone line accessible from each of the machines. They included a maintenance person in their proposal for the machines. The proposal also includes a completely new system which would include license plate recognition and the first of an ambassador style parking management rather than everything happening at the booth. They have emphasized the goal to move to all credit card payments, but they would have the ability to accept cash when needed. Part of the Request for Proposals (RFP) was to include wage levels, and they are in line with the pay rates here. They plan to have an assistant manager as well as a manager.

Don Barrett, Regional Vice President for Airport Operations for LAZ Parking came to the podium. Mr. Barrett said they are aware of how tough the labor market is. They are excited to take Julie, the current General Manager, onboard along with the rest of the staff.

Mr. Barrett said their largest challenge will be staffing since this is a labor-intensive operation. Mr. Barrett said he thinks the current staff is good but unsupported. LAZ hopes to bring regional and airport services support. LAZ is a national company and the largest private parking in the US. They have service lines and regional divisions to support Julie and staff.

The current parking management contract ends September 30, and the new agreement would start October 1.

Mr. Barrett confirmed that the current crew has the opportunity to work for LAZ.

**MOTION:** Mr. Lehrkind moved to accept the proposal by LAZ Airport Services to manage the pay parking lots for a period of five years. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

**11. Consider purchase of street sweeper through the Sourcewell Program**

Mr. Sprenger said this program allows for pre-bidding of various equipment that can be purchased by government entities. Many airports use this program. This saves us from having to do the RFP process and receive the equipment sooner, potentially this fall. This equipment was not originally in the budget but will replace an item we are not pursuing. This would be for a new piece of equipment.

**MOTION:** Mr. Mathis moved to purchase a street sweeper through the Sourcewell Program. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

**12. Consider continued participation in the Screening Partnership Program (SPP)**

Mr. Sprenger said in June 2012, the board opted into the Screening Partnership Program (SPP). There were valid reasons to go into it at the time. Since then, we have had 3 different contractors provide the service. They will be bidding again. We could have a 4<sup>th</sup> contractor next year so 4 in 12 years. That was not something we expected. This leads to uncertainty among staff. Retaining employees has been a big challenge. Due to turnover and the tight labor market here, service levels have not been maintained. TSA Pre-check at many times is not staffed, the contractor combines lanes so it is available but not dedicated. This has created a negative impact on customer service. Half of the staff are temporary assignments from other airports, and they are still staffed at a lower level than authorized

by the program. We have had passengers miss flights sometimes due to lanes not being open that could be and should be. If the TSA is going to re-bid yet again, maybe it is time to look at re-federalizing. Every contractor has had the same challenges. We thought private industry would do a better job, but the federal government is not the best at contracting. The staff's recommendation is to federalize. There are no guarantees. We may see both negative and positive changes, but staff thinks this could improve the situation.

Kc Wurtsbaugh, Federal Security Director for the state of Montana, approached the podium. Mr. Lehrkind asked Kc how long we would have to stay in the Federal program before we could switch back to the SPP. Kc said that is up to the Board. The process doesn't have a time limit. They ask that we allow it enough time to be evaluated. Kc said effective July 2, they have increased pay levels by about 30%. They have seen an uptick in retention and hiring but Bozeman is a tough market. The contractor has struggled. They think the pay rate increases should help with retention which seems to be the problem. Kc said Butte has had challenges but Billings is at max, and retention has gone up.

Mr. Mathis asked Kc if taking over the program again causes any concern. Kc said he has concerns. Staffing is the first concern. He has been with Montana since October. They have improved communications. They can meet minimum staffing levels but not optimal levels. The housing prices here are high. They can pull staff from other parts of the state or across the agency.

Mr. Lehrkind asked how the federal wage rates compare to the contractor's rates. Kc said he doesn't have the contractor's wages, but the base level is the same. They will try to

retain the wages if and when the employee moves over. Some benefits may exceed the previous benefits, and some may not.

Mr. Switzer asked about staffing levels. Kc said he doesn't have the numbers but they are looking at around 60 Full Time Equivalent employees to run properly but 90 would be optimal.

Mr. Sprenger said the board is responsible for requesting to opt out, they would also be responsible to opt in.

**MOTION:** Mr. Mathis moved to end participation in the Screening Partnership Program. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

### **13. Consider name for airline support access road**

Mr. Sprenger referred to a diagram of the service drive location. Gallatin County requires a road name, and it would be helpful to have addresses for the fuel farms. Ms. Stelmak and others said they were in favor of the name Fuel Farm Loop.

**MOTION:** Mr. Switzer moved to name the airline support access road Fuel Farm Loop. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

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

There were 10,226 total tower operations for June, which was up 12.4%. Local General Aviation (GA) was up 47.4% for the month. Rolling 12-month operations were 118,769 operations. Corporate landings over 9,000 lbs. were 667 and 518 were above 12,500 lbs. which is down 2.3% from last year. There were 16 custom clearances in June 2023 versus 6 in



June 2022 which is 166% better. For the calendar year, we are up 40.4% for customs clearances at 132 versus 94. Total revenue enplanements were up 8.7% at 119,193 versus 109,689. Rolling 12-month enplanements were 1,169,000 which is a new record. Deplaned passengers were up 11.7% at 129,299 versus 115,712 passengers. Airline landings were down 6.5% at 917 versus 981. Overall load factor was 86.1% versus 82.3% last year. Southwest is coming back up again with a 90% load factor. Everyone else is in the mid 80% range for load factor. Avelo was at a 52.4% load factor with 2 flights, but we have heard it is doing better now. Fuel dispensed for May was up 3.1% at 1.25 million gallons and up 8.9% in fuel dispensed for the year.

July 2021 was the best July on record. July 2022 had flooding. We are currently up 13.3% over July 2022 and up 4.7% above July 2021. We have 157,295 seats scheduled in July. For the first 15 days in July, we are almost at a 93% load factor. We expect to end up with 144,000-145,000 enplanements in July and our best was 138,000. We expect to see more seats in the market next summer. The industry average for a good load factor is low to mid 80%.

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

Mr. Sprenger reported on some dynamics in our market. In 2021 we had 200,000 seats for the month of July versus 157,000 this July. You can see why the airlines backed off on seats. We expected to lose some of the passengers from nearby communities as other airports recovered and fares came down. That is happening. Our parking lot was up 1% in June over last year. For July we are about 95-98% of the overnight cars that we had last year.

But we have more passengers. We are replacing lost passengers with people coming into the area and more.

Overnight cars in June were 101% of last June, but the parking revenue was 117% of last June. Food and Beverage revenue was 114% of last year. Retail revenue was 110% of last year. Rental car revenue was 98% of last year but transaction days are 115%. It was projected that as we saw more cars, we would see the rental rates come down. We earn less on the concession revenue but more on the Customer Facility Charge because we have more overnight cars. Dynamics are changing a little. Not in a bad or good way, but in a way we expected. Anytime you are in the 90% load factors, there are no seats. Any concerns about Southwest's load factor are gone.

Mr. Sprenger asked Chuck Rasnick to stand up. Mr. Rasnick is our Training Manager and has been with us for 20 years. Mr. Rasnick was applauded and thanked for all his hard work.

We received 2 grant awards from the Federal Aviation Administration (FAA) for all the projects we have going on. Overall, the 2 grants equal about \$9.1 million. We have a couple more grants in the process but none as large as the grants just received.

The GA ramp has been rehabilitated. The east ramp is being expanded. The resurfacing and rehabilitation of the east ramp will be starting soon. The tie down ramp is also being expanded. The existing tie down ramp will then be rehabilitated. After that is all accomplished, all the aircraft surfaces at the airport will be 2016 or newer. Rental car storage lots and the curb are also being worked on.

Mr. Sprenger reported that we have a trifecta. We had a perfect FAA audit. We had a perfect financial audit including being awarded the 8<sup>th</sup> consecutive Certificate of Achievement in financial reporting. Now we have received a perfect TSA audit. Mr. Sprenger thanked Scott Humphrey, Jake Simpson, Bill Dove and Troy Watling along with all of their teams who assisted in these 3 areas. Additionally, we are in final testing with the TSA for the baggage system. We plan to switch over to the new baggage system early next week. Rhett Boerger has been instrumental in all our projects.

Mr. Sprenger thanked Bob Edgar and his team. About 6 months ago Mr. Edgar indicated the need for a failover internet system and we had one installed. Recently a railroad incident took out our primary internet provider. Thanks to the foresight of Mr. Edgar and his team, we were able to maintain internet connectivity. The team is also working on cyber security initiatives.

We have filled about 10 additional positions over the last month. We have a lot of great people coming on board. They are getting into the initial training portion. It is a challenge to bring that many people on board and we appreciate the efforts of Rachel Peavyhouse and her team. Mr. Sprenger extended a big thanks to all of the team members while handling all-time record passengers and tower operations. Additionally, Mr. Sprenger thanked our engineering and architectural contractors and our tenants. Even with challenges in the labor market, everyone has stepped up and adjusted pay scales to bring service levels above last year. It is rare to have 3 audits with no discrepancies.

Mr. Switzer said the accomplishments are impressive and the hard work is appreciated. Mr. Switzer's comments were echoed by all. Mr. Switzer said it would be nice to do a picnic or something to thank everyone.

**16. Consider bills and approve for payment**

The bills were reviewed and detailed by Mr. Sprenger.

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

All board members voted aye. The motion carried.

Mr. Mathis thanked Ms. Stelmak for a great 2 years as Board Chairperson.

**17. Adjourn**

The meeting was adjourned at 3:03 p.m.

  
Ted Mathis, Board Chairperson