

The regular monthly meeting of the Gallatin Airport Authority was held March 9, 2023, at 2:00 p.m. in the Airport Conference Room. Board members present were Karen Stelmak, Ted Mathis, Kevin Kelleher, Carl Lehrkind via video conference, and Kendall Switzer. 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 February 9, 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 meeting held February 9, 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. Presentation of CY 2023 Airport Traffic Forecast**

Mr. Sprenger said we are one of the few airports that forecasts for the calendar year this early. Mr. Sprenger and Mr. Humphrey make independent projections and then compare. This year the two projections were within .1% of each other.

The forecast is 1,188,050 enplanements which is 4.7% over 2022 which is a more moderate growth rate than we have seen in the past couple years. We don't expect much of a change in air service this year. We recovered more quickly than other Montana airports

with the exception of Kalispell. Other Montana airports will see growth this year such as Billings and Missoula. Our growth is now more based on the organic growth of our market and inbound and outbound tourism. We expect summer travel to be flatter compared to last year, but expect to see a stronger growth rate in the fall. We use these numbers to project revenue for budgeting.

Ms. Stelmak mentioned the growth in Missoula and asked if we expect an impact from that. Mr. Sprenger said it is not a huge number of their passengers that fly out of BZN, although a reduction of 2-3,000 of our passengers was included in the projection.

Mr. Lehrkind mentioned the current changes in the economy and asked if there are any indications of a reduction in travel to more expensive destinations but a possible increase in domestic travel. Mr. Sprenger said there are indications that the types of spending have changed. There seems to be a pent-up demand for international travel because of COVID. It could go either way. We have tried to incorporate some of the thoughts into our projections. The majority of our projections were based on what airlines are giving us for seats.

#### **4. Consider land acquisition priorities**

Mr. Sprenger said staff was approached by Mr. Jerry Lagarde about possibly acquiring his property on Timothy Lane. Staff recommends moving forward with the appraisal and determining an agreeable solution between the two parties.

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

**5. Proposed staffing plan for FY 2024 – Scott Humphrey**

Mr. Humphrey indicated a memo went out prior to the meeting. The baggage system is an evolving project. We are using operations and maintenance staff to cover the ongoing demands of the baggage system. We are not getting the base of knowledge we need. We need staff whose focus will be the baggage system. We want to dedicate 6 positions primarily to maintain the baggage system. This would include an assistant manager and 5 maintenance technicians. These 5 additional positions, the manager position is in our existing count, would be added to rates and charges for the airlines.

Ms. Stelmak asked what about the system requires this additional staff. Mr. Humphrey said the baggage system is big and electronically controlled. The system should get better as it is built out, but these positions will still be required. Staff had to allocate 6-7 people to the baggage system last weekend. It will be important to have a good base of knowledge in the core group. Baggage operations are critical during certain time frames where we cannot have the system down or get backed up.

Mr. Sprenger said this is the start of a critical systems group for systems such as jet bridges, baggage system, air handling, fire suppression, and access control. It is a different environment than our typical maintenance. People in some existing positions may transition to this focus as well. We currently have 14 IT rooms and 15 years ago, everything that was computerized was on 2 racks.

Mr. Mathis asked if this type of staffing level is common for airports our size and with this type of baggage system. Mr. Humphrey said this would be on the lighter size for staffing of the system compared to others.

Mr. Switzer asked how long it takes to train someone for the baggage system. Mr. Humphrey estimates training to take a few months.

Ms. Stelmak said it is important to have backup and redundancy. Mr. Humphrey expressed appreciation to the airlines and TSA staff who have helped with the baggage system. We want to be ready for the growth in the fall. Mr. Sprenger mentioned that the Missoula airport was here, and they were in awe of our system. Missoula just installed a new baggage system that is one-third of our size. They were surprised at the difference. We are handling almost 3 times as many passengers as them. Our estimate for skis is much higher than what we had anticipated. Ironically, the Salt Lake City airport, maxed out their system last week due to skis. They had several ski events. We think our system is performing better on skis. It is interesting to note the differences. Our system is a sophisticated system and when running well, it can move baggage very quickly.

Mr. Lehrkind asked how soon we anticipate being able to fill these positions. Mr. Humphrey said we have 3 in the pipeline, and we are looking for 2 more. Mr. Sprenger said that in the last meeting, we had asked to start moving in this direction for staffing.

Mr. Mathis asked how the installation of the baggage system is going and when it will be complete. Mr. Humphrey said the system that includes TSA screening still needs to be certified. Testing takes place beginning in May. Mr. Sprenger said we will start using the first line for Delta the first of July. It will take 2 months to phase over the rest.

Mr. Humphrey introduced Julia Kraimer. Julia's background is in accounting, and she will be working with Troy Watling. Lisa Burgwin has been working with Rachel Peavyhouse as

she builds up the HR department. So, we are asking for an additional 2 administrative positions. That is a total of 5 additional staffing positions over what we talked about last year.

**MOTION:** Mr. Switzer moved to approve the proposed staffing plan for FY 2024 to be included in the proposed FY 2024 budget. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

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

Mr. Humphrey said we had to approximate JetBlue's numbers. There were 10,541 total tower operations for February, which was up 14% for the month and 9% for the year. Rolling 12-month operations were 112,714 operations. Corporate landings over 12,500 lbs. were 1,064 and over 9,000 lbs. were 1,262. There were 30 Custom clearances in February 2022 versus 22 in February 2021. Still no update on a new customs agent. Total enplaned passengers were 93,190 which is 9.7% above last year. Rolling 12-month enplanements were 1,152,042 which is a new record. Deplaned passengers were up 10.1% at 94,850 passengers. Airline landings were down 3.3% at 825 versus 853. American's load factor was 83.9%. Delta's load factor was 80.4%. Alaska's load factor was 73.7%. Overall load factor for the month was approximately 76.2% versus 76.1% last year. Total gallons dispensed for January were up 27.9%.

We do not have more seats in the market than last year for March. Mr. Humphrey expects that we will end up in the 7-9% range for March.

Mr. Mathis asked about fuel availability and equipment to dispense fuel. Mr. Humphrey said we are doing well with that. With the additional tanks on the east side, we

have not had any issues. The fuel is from Great Falls, Billings, Wyoming and the rack here in Bozeman.

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

Mr. Sprenger reported that with 10,500 operations, it is not uncommon to have a peak day with 500 operations, yet we had one day in February with close to 600 operations. We are still seeing peaks, especially on the corporate side. The peak days are higher than we have seen in the past.

We will be bidding our 2023 AIP project at 2pm Thursday, March 30th here in the Bridger Room. Proposals will be provided at the April board meeting. FAA requires that it be bid prior to the end of March.

Overnight cars were up 25% but parking revenue was up 44%. That is based on a shift towards the premium lot. We don't think we will overflow for spring break, but we do expect to be over 3,000 cars.

We have a few surplus baggage belts from the old system. We are looking at where we can use them for the expansion. Even then, there are some that are surplus. We have a request from Great Falls to use them in their system. They had a bid project for which the bids came in exceedingly high. They will move forward with the project, but they are cash constrained because their passenger levels are still in the 2013 range. They have asked for the belts to be donated or sold at a reduced cost. The Board agreed they would be happy to consider this at the next meeting including the value of the equipment.

Summit's facility on the Northside is expected to break ground this month. The goal is for them to be in there before the end of the year. We are working with them toward that goal.

Mr. Bob Edgar has been involved in the TSA cyber security directive. All businesses are trying to make sure their IT infrastructure is protected to the highest degree. There is an FAA security directive that is trickling down to smaller airports. Additionally, the FAA has released the requirements for the Safety Management System which hasn't been mandated before for airports. That will be changing and will create a lot of work. Mr. Humphrey has been involved in some of this before in his previous career.

We are seeing some movement on the TSA for employee screening. That is challenging. There are some legal challenges within the state. We expect the Montana Constitution to have some impact on this as well.

Mr. Sprenger will be attending the legislative conference in Washington DC on the 21<sup>st</sup> and 22<sup>nd</sup>. Staff has had conversations with Senator Tester's staff regarding the contract tower program and maybe getting some things from appropriations. We are working with Missoula and Kalispell since they are considered small hub airports with contract towers.

We received the Feasibility Study from the FAA regarding the Medium Intensity Approach Light System with Runway Alignment Indicator Lights (MALSR) on 3-0, Runway Visual Range (RVR), relocation of the Very High Frequency Omni-Directional Range (VOR), and the possibility of a Special Authorization Category II Approach. We are just starting to look at the numbers. On first look, it doesn't seem to exceed \$10 million. Some things may not be necessary, and we want to have some negotiation with the FAA on that. The Special

Authorization Category II Approach sounds great, but if no one can use it, it doesn't make sense to have it. That is about \$1.4 million of the approximately \$10 million in the estimate. We would like to negotiate on the fiber backbone for Navigational Aids that would be ideal to have along the runway for the equipment including the Instrument Landing System (ILS) and MALSR. There may be an element of participating with them if they are willing. If not, that would be another \$2 million. We will start the negotiations. We really want the MALSR, RVR and we have to relocate the VOR. The MALSR funding by AIP is questionable as it would then have to be maintained by the airport. If we pay up front, we turn it over to the FAA and they maintain. Then it would not be AIP fundable. It would ultimately provide some of the best navigational aids available to help with low visibility operations. We may not get the Special Authorization Category II approach.

Mr. Mathis mentioned reading that the VOR system nationwide is being downsized and some are being kept for redundancy and asked if ours is really needed. Mr. Sprenger said our VOR is considered a high altitude VOR. Most of the VOR'S being decommissioned are in the flat lands. VOR's in mountain areas seem to be the ones that are kept and maintained. Indications are that our VOR is expected to be around for some time. Mr. Mathis asked the cost of the VOR relocation and Mr. Sprenger thinks it is estimated at \$2.5 million. The FAA would continue to maintain the VOR even if we used AIP because it is being caused by an AIP project (extending the runway). The MALSR is different because we don't have one already.

Mr. Bell said we had put in for some maintenance on our tower. We should know who received the discretionary grants by the end of the month.



Mr. Switzer asked if the relocation of the VOR will enable us to have parallel approaches and Mr. Sprenger said it will not. Due to the proximity of the two runways, we cannot have simultaneous instrument flight rule (IFR) approaches. Mr. Bell clarified the IFR and VFR approach capabilities.

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

The bills were reviewed and detailed by Mr. Sprenger. A Holland Concrete bill was for purchasing the temporary lights used during parking lot construction. We had the option to buy the lights and we did because the cost was reduced by half compared to new lights.

The Marketplace construction upstairs has started, and we hope for a July opening depending on supply issues.

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

Mr. Switzer asked to pass onto staff a thank you. There is a lot of moving parts, and the Board appreciates it. Mr. Sprenger said we have a great team. The 2-day initial training has helped along with the additional onboarding process. Mr. Sprenger thanked the Board for allowing us to bring on a great team.

Mr. Mathis mentioned attending the state aviation conference in Billings. Mr. Mathis met with several airport tenants and the only complaint was that we closed Runway 3-21 to park corporate jets over the President's Day holiday weekend. Other than that, everyone was complimentary and pleased with the overall operations.

Part of our projects this summer include adding more ramp space. Staff did some research into the use of 3-21 and it is used an average of 2-3 times per day on a year-round

basis but substantially less than that in the winter. Ms. Stelmak said it may not be used a lot, but she thinks it is critical we have a runway for life saving issues. Mr. Mathis said he disagrees. Mr. Mathis said it is seldom that we have strong south winds and Three Forks has a north-south runway that can be used. We had at least 3 corporate aircraft that had to go elsewhere because we could not accommodate them. Ms. Stelmak said she disagrees and reiterated that we should keep our runways available for landings. Mr. Sprenger said with our efforts on expanding ramps this summer, we will be minimizing if not eliminating the need to make this tough decision.

All wished Kevin Kelleher a happy 70<sup>th</sup> birthday.

#### **9. Adjourn**

The meeting was adjourned at 2:53 p.m.



Karen Stelmak, Board Chair