

The regular monthly meeting of the Gallatin Airport Authority was held April 8, 2021 at 2:00 p.m. in the Airport Conference Room. Board members present were Kendall Switzer, Karen Stelmak, Ted Mathis, and Kevin Kelleher. 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 March 11, 2021

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. Kelleher moved approval of the minutes of the meeting held March 11, 2021. Ms. Stelmak seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Presentation by Bill Merrick, former Gallatin Airport Authority Board Member

Mr. Bill Merrick said he was pleased to be invited. He was on the airport board for 28 years, 25 of which he was the Chairman. He told us to continue what we are doing. He said the master plan was always maintained and sticking to that led to success.

Mr. Merrick suggested consideration of a terminal at the airport for the passenger rail system that is being considered within the state of Montana.

Mr. Mathis asked Mr. Merrick what drove him to be on the board. Mr. Merrick said he was asked by the Mayor of Bozeman. Mr. Mathis asked Mr. Merrick when he learned to fly. Mr. Merrick said he learned to fly around 1947. He obtained his commercial pilot license and flew commercial charter flights.

Mr. Mathis asked Mr. Merrick to tell us about the Kiwanis Air Force. Mr. Merrick said when he was president of the Kiwanis Club several members owned planes. To do interclub meetings, they flew their planes to various locations.

Mr. Mathis asked Mr. Merrick how the terminal design came about. Mr. Merrick said they needed to expand and get a terminal building. What they had was rudimentary. The baggage claim area was outside under a shed. They wanted the new terminal building to be different than any other in the country. They wanted it to look like Montana. They decided to incorporate native stone, open beams, and views of the mountains. They put the terminal project out for bid. Cushing and Terrell were the architects. They talked with the architect for the Seattle airport as advisors. The basic concept was from the board. The airport reflects that still today.

Mr. Switzer thanked Mr. Merrick and his team for all they did to set the stage. Mr. Switzer said Mr. Merrick served on the airport board for a total of 28 years, from 1962-1991. We can only imagine the changes and improvements he brought about during that long tenure. If you look at the airport scrapbooks and pictures, you can hardly turn a page without a reference to Bill, or his hard work on behalf of the airport and the community. Bill was a local businessman who owned and operated KBMM radio for many years. He was active in the Bozeman Chamber and served as President of the Bozeman Kiwanis Club. He served as a

ski instructor at Bridger Bowl well into his eighties. Bill obtained his pilot's license and flew several fixed wing aircraft. He also served on a Montana Aeronautics Board. To this day, Bill continues to be a historical reference and provide sage advice for all of us.

Mr. Switzer said the board wanted to find a way to recognize all that Mr. Merrick has done in some concrete fashion. Mr. Switzer presented a letter from Gallatin County Geographic Information Systems. Mr. Switzer said a road off Airport Road will be named Merrick Lane. The location was displayed on screen and the road sign was presented. Mr. Merrick said that was wonderful.

4. Continue consideration of 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

This item was tabled for future consideration.

5. Consider request by Belgrade Aquatic Center to locate an aquatic center inside Menicucci Park, a parcel that includes an easement by the Gallatin Airport Authority

Mr. Sprenger showed the location on the map where the airport has an easement. There were concerns the DNRC might put houses there. The Belgrade Aquatic center got approvals from the City of Belgrade and the Belgrade School District. With our approval, they will go to the DNRC for approval. Staff supports this request and recommends approval.

MOTION: Mr. Mathis moved to approve the request by Belgrade Aquatic Center to locate an aquatic center inside Menicucci Park, a parcel that includes an easement by the Gallatin Airport Authority. Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

6. Consider request by Buen Aire, LLC to transfer the non-commercial land lease on hangar EV2 to EW Aircraft, LLC

Mr. Sprenger said staff recommends approval of the request with some conditions.

This assumes the existing lease.

MOTION: Ms. Stelmak moved to approve the request by Buen Aire, LLC to transfer the non-commercial land lease on hangar EV2 to EW Aircraft, LLC with the conditions recommended by staff. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

7. Consider request by BZN Hangars to enter into a new 10-year non-commercial land lease on hangars 103-112

Mr. Sprenger said the hangar is in good condition and the rent is current. They have a list of the aircraft for each of the hangars. Staff recommends approval of the request.

MOTION: Mr. Kelleher moved to approve the request by BZN Hangars to enter into a new 10-year non-commercial land lease on hangars 103-112. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

8. Consider request by Big Sky Jet to transfer the non-commercial land lease on hangars 50, 51 and 52 to JWG IV, LLC

Mr. Sprenger said the hangar is in good condition structurally and the rent is current. Staff recommends approval with the condition that the entire hangar be painted a color consistent with our standards. Mr. Graybill has agreed to this as well. He is requesting the longer-term lease for financing reasons. We have done an inspection.

MOTION: Ms. Stelmak moved to approve the request by Big Sky Jet to transfer the non-commercial land lease on hangars 50, 51 and 52 to JWG IV, LLC with the understanding the hangar will be painted to meet current airport standards. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

9. Consider request by Mr. Jake Kleimer to expand hangar 62 by 1,120 s.f.

Mr. Sprenger said they are working on aircraft restoration and need some more space. They would like to add a restroom and additional space to the south side of the hangar. To accomplish this, we would need to adjust the lease line south 8' to the adjacent lease line of hangar 11. As this land is not currently leased, this will allow us to accommodate the request. Staff recommends approval of the request.

Mr. Mathis asked about the fire walls and Mr. Maierle indicated what they will need to do to meet standards. Mr. Mathis said this hangar is currently 3 or 4 different colors. Mr. Sprenger said they can make sure that painting is a part of this project.

MOTION: Mr. Mathis moved to approve the request by Mr. Jake Kleimer to expand hangar 62 by 1,120 square feet. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

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

Mr. Humphrey noted that numbers would be compared with 2019 instead of 2020. Total operations for March were up 46.8% over 2019. Rolling 12-month operations were 107,210 which is a new record. Corporate landings were at 950 versus 831. Total revenue enplanements were 9.2%. For 12 months we are at 427,799 enplanements. Total deplanements were 92% of 2019. Airline landings were up 14.7%. Load factor was 65.8% versus 86.8%, down 21%. Fuel dispensed in February was down slightly.

If we use the first 10 days of April as an average, we will be 36% above. Big Sky Ski Resort closes April 18th. Summer traffic may surpass 2019. Fiscal year for sure will.

Air service to Burbank, California by Avelo starts April 30th on Mondays, Wednesdays, Fridays and Sundays.

11. Airport Director's Report – Brian Sprenger

Mr. Sprenger said March had great tower operations. This was the only March that we did not put out a snowplow.

Mr. Sprenger presented some charts on Bozeman's recovery compared to the nation. We are outpacing the national recovery even though national is moving upwards. For paid parking lot trends, we are awfully close to 100% of average into early April. That will probably come down some.

Concession revenues – January and February passenger numbers were at about 70% and rental car numbers were almost 100%. Food and beverage and retail are coming up. Concession revenue for March was 98% of 2019 and gift was 100%. Hertz for March was at 126%. Parking was 75%. To date in April, retail at the gift shop is 133%, food and beverage is 128% and parking at 96%.

Last year March we provided projections of the worst-case scenario. April 2020 - March 2021 numbers were 102% of what we estimated. It was an educated guess. We also made projections that were 50% and thought those were more likely.

Available seat mile ranking is a unit of production that determines the rank of an airline. For the July 2021 schedule, we are ranked as the 58th largest market in the lower 48 states because of the long-haul flights from the midwest and the east coast. We are just behind Boise and just ahead of Burbank.

We now have 30 destinations to 20 states with 10 airlines. This will probably be our peak and we may not stay at it. The new route map was displayed. We never would have expected this.

Mr. Sprenger reviewed cash flow. We expect to have \$13.5 million cash on hand by the end of this fiscal year. That includes \$6.7 million in CARES funds. We spent \$16.2 million on projects. We put off a lot of projects and we are now behind.

Mr. Sprenger reviewed several current and future projects including a ticket counter remodel, baggage service offices, passenger boarding bridge B7, and Wings Way.

Staffing additions were reviewed by Mr. Sprenger. The new positions include 2 custodial, 2 operations, 1 maintenance and 1 internship. We do not know that we can hire all of these at one time. Staff would like to post the positions and start working toward filling them. Ms. Stelmak asked if that is enough. Mr. Sprenger said they would like to include a caveat that if passenger numbers increase more than expected, staff will return to the board for approval of more staffing. The Bozeman labor market is a challenge. Everyone is having problems hiring, especially entry level positions. We may have to look closer at current pay. All agreed with the increase in staffing and said to increase as necessary.

Mr. Mathis said one thing that stands out to him is the tower staffing. Mr. Sprenger said he sent a rather scathing email to Serco as they have not responded to multiple requests. Our congressional delegation is involved. We have not given up.

Mr. Sprenger reviewed some projects included in the coming budget including the Belgrade wastewater treatment contribution, the baggage system, passenger bridge B6, the northside apron, ARFF truck, environmental analysis for the northside and road systems,

design of the eastside terminal remodel, terminal ramp and east ramp rehabilitation, additional snow removal equipment, rental car maintenance and ground equipment structures, rental car overflow lot, and additional onsite parking. Mr. Sprenger said this is all preliminary. The formal budget will be reviewed next month.

Mr. Mathis asked about the GSE maintenance structure and if we are fully utilizing the buildings we have now. Mr. Sprenger said there is not enough capacity for the number of cars they have now. Mr. Mathis asked about using buildings on the other side of the road. Mr. Sprenger said that is possible, but the challenge is the inefficiency of distance and it would probably still not be enough space. Other buildings and capacities were discussed.

Ms. Stelmak said she often hears complaints regarding the lack of electrical connectivity in certain parts of the terminal. Mr. Sprenger said that is primarily in the older part of the building that serves Allegiant, Frontier, Sun Country, etc. Mr. Sprenger said they will look into it.

Mr. Mathis referred to the potential impact Southwest may have on our parking lots. He expects people to travel from many other places to fly Southwest out of Bozeman. Mr. Sprenger said we generally only max out for parking at Christmas and spring break. We expect Southwest to create more peaks. During our last parking peak in 2019, we were able to keep everyone on asphalt for the first time. It is still a concern not only due to Southwest but also due to direct flights and competitive prices.

Mr. Kelleher asked about Customs and what is the likelihood of an international flight on a regular basis. Mr. Sprenger said much would have to be resolved including a new facility. That could be accomplished with an underground expansion. We would also have to get

Customs to staff it. Reno announced service to Germany and then cancelled because Customs would not staff it.

Mr. Mathis asked if we are comfortable that the airlines are paying their fair share. Mr. Sprenger said yes. They are working on the budget right now and there are some significant increases in revenue due to the additions.

Ms. Stelmak addressed the expansion of runway 11/29 and urged that it be a priority. Mr. Sprenger said the first stage is the environment analysis. It is a process, and we can move it up if needed.

Mr. Mathis said he noticed this winter they have been able to utilize the instrument approach into 3-0, which is excellent. Another concern is the installation of RVR and doppler weather radar. Mr. Sprenger said we have had some RVR discussions. Mr. Bell said it is almost time for us to implement RVR ourselves. We would like to transfer operation and maintenance to the FAA. Mr. Sprenger said we are optimistic about RVR but not doppler. The weather service is so far behind. Some things are changing in the airport world, but we are still required to tie into the national weather service. That continues to be an issue. Things are changing quickly and even government has changed.

Mr. Kelleher asked about expected impacts from the growth of air cargo service. Mr. Sprenger said the impact would come from the decision by one of the companies to build a distribution center here. We have facility limitations including space and access to the runway, especially for larger aircraft. There are mixed emotions if we want that since they are late night and early operations. If they came tomorrow, we would have conversations, but we have limitations. We expect to have more noise complaints this year than we have

ever had. People will be outside more and there will be more aircraft. Mr. Sprenger referred to an FAA study in which airplanes are rated as a higher annoyance than other sounds like a train or the interstate. That study is concerning. That may change some of the parameters. That is not an issue here because we have protected so well. But that does not preclude someone from being irritated. It takes time to respond and educate.

Ms. Stelmak said she is seeing stories about the airport on the news and in the newspaper. The stories are presented so positively and are so well done. Ms. Stelmak commended Mr. Sprenger and staff. Mr. Sprenger said it is thanks to everyone's efforts and it is an easy story to tell.

Mr. Mathis said he has seen little press about general aviation. Mr. Sprenger said they can definitely include that in the newsletter.

12. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

All board members voted aye. The motion carried.

13. Adjourn

The meeting was adjourned at 3:31 p.m.



Kendall Switzer, Board Chair