

The regular monthly meeting of the Gallatin Airport Authority was held September 10, 2020 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. Review and approve minutes of regular meeting held August 13, 2020

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. Mathis moved approval of the minutes of the meeting held August 13, 2020. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Accept proposals for Snow Removal Services

Mr. Sprenger said we did not receive any proposals. He asked all in attendance for proposals. There were none. That means we will have to do a short term more hourly agreement.

4. Consider Art Proposal Recommendations

Mr. Sprenger said he has had discussions with all board members regarding the art. 32 artists participated in total and 15 were selected as potentials by the art committee.

Several locations were determined. We are reluctant to have the same artist in multiple locations but that is an option. There is one location that has multiple artists in the same location. All of the art is well done. We don't have to fill all locations at this time.

Ms. Stelmak said as part of the subcommittee she didn't pay too close attention to the artist but the art, art that exemplified Montana and our community and worked best in the space.

Mr. Switzer recognized all the artists for their input. There is a lot of talent in this valley. The art that is going up is not set in stone. It may change and we may receive responses from the public or from staff.

Ms. Stelmak confirmed that the art committee spent close to 4 hours working on this. Mr. Lehrkind said it is a beautiful terminal and he is excited for the public to see it. The last thing we want to do is overdo the art since the terminal is so beautiful. He detailed some locations and placements that he would prefer be changed.

Ms. Stelmak explained the reasoning behind some of the art pairings.

It was agreed that Mr. Sprenger would call out each location for a vote:

Location 1 – all board members voted aye

Location 2 – three ayes one no

Location 3 - three ayes one no

Location 4 – N/A no art

Location 5 – two ayes, two board members liked the large piece but not the two smaller pieces

Location 6 – two ayes, two board members like the color piece but not the black and white piece, it was agreed the black and white would be removed

Location 7 – three ayes one no

Location 8 - all board members voted aye

Location 9 - all board members voted aye

Location 10 – two ayes, two board members liked the two color pieces but not the black and white, it was agreed only the two color pieces would be chosen

Location 11 - N/A no art

Location 12 - N/A no art

Location 13 - all board members voted aye

Location 14 - all board members voted aye

Location 15 - all board members voted aye

Location 16 - all board members voted aye

Location 17 - two ayes, two board members were in favor of removing one or the other. It was agreed the art on the right of the rivers and headwaters would be chosen.

Location 18 - all board members voted aye

Location 19 - all board members voted aye

Location 20 - all board members voted aye

Mr. Sprenger reviewed the items discussed and agreed upon. There was continued discussion of various pieces, including their history and opinions on depictions and placement.

MOTION: Mr. Lehrkind moved to accept the art as presented and agreed upon with the exception that locations 2, 3 and 7 will be displayed for one year at which time they will be re-evaluated. Mr. Kelleher seconded the motion. Ms. Stelmak thanked all the artists. All board members voted aye. The motion carried.

5. Consider request by Jon and Berkley Hudson to enter into a new 10-year non-commercial land lease on hangar #97

Mr. Sprenger said the hangar is in good condition and the rent is current. Staff recommends approval of the request.

Ms. Stelmak said Jon stated in his letter of request that his is the prettiest 180 on the field and she agrees.

MOTION: Ms. Stelmak moved to approve the request by Jon and Berkley Hudson to enter into a new 10-year non-commercial land lease on hangar #97. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

6. Consider request by Black Wolf Den Aviation, LLC to enter into a new 10-year non-commercial land lease on hangars #98 and 99

Mr. Sprenger said the hangars are in good condition and the rent is current. Staff recommends approval of the request.

MOTION: Mr. Mathis moved to approve the request by Black Wolf Den Aviation, LLC to enter into a new 10-year non-commercial land lease on hangars #98 and 99. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

7. Consider request by Jet Aviation Bozeman, LLC for an option to construct two hangars of 40,000 square feet located on taxilane "Y"

Mr. Sprenger said with the recent purchase of Arlin's by Jet Aviation, they are in need of additional hangar and FBO space.

Daniel Larsen said they see a demand for these hangars. Mr. Mathis asked about their intention to sublet the space. Danny said they would be open to subletting, with the original purpose as a community hangar as needed.

Ms. Stelmak asked about their timeframe. Danny said since they are new to the field, they are seeking the option first.

Kent Foster said it was his understanding that there was a requirement to start construction within a certain amount of time. Mr. Sprenger said historically that was the case. They now offer a one-year option for planning of larger hangars with rent paid for during that time. If they have not committed to a full lease at the end of that year, then the location is open.

MOTION: Mr. Lehrkind moved to approve the request by Jet Aviation Bozeman, LLC for an option to construct two hangars of 40,000 square feet located on taxilane "Y". Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

8. Consider request by Joshua David Jones to construct a 70' x 70' non-commercial hangar on new taxilane "SY"

Mr. Sprenger said we approved the development of that area last month. This is 2 of the remaining 3 locations. Mr. Jones does have an aircraft on the field, but would prefer to sell this hangar if he finds a buyer.

Mr. Sprenger said the requestor on the next agenda item has an aircraft and intends to construct the hangar for his own use. Staff recommends approval of both requests.

Mr. Sprenger confirmed there is a construction and completion date in the lease. Mr. Jones said he listed his hangar for sale so he intends to keep this one. He said he knows of someone who is interested in that third location.

MOTION: Ms. Stelmak moved to approve the request by Joshua David Jones to construct a 70' x 70' non-commercial hangar on new taxilane "SY". Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

9. Consider request by Wayne G. Meyer to construct a 70' x 70' non-commercial hangar on new taxilane "SY"

MOTION: Mr. Lehrkind moved to approve the request by Wayne G. Meyer to construct a 70' x 70' non-commercial hangar on new taxilane "SY". Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

10. Consider request by Ridgeline Aviation to construct a 70' x 100' addition to hangar EU9

Mr. Sprenger said Ridgeline Aviation would like to expand. Grayson Sperry with Ridgeline Aviation came to the podium. Their current hangar fits 6 small airplanes. They currently operate/lease/train with 13 aircraft on the field. Even with the addition, they may not all fit. They are considering a curved steel roof. The longest lead time they have is NorthWestern Energy to move a transformer.

Mr. Mathis said this is the same taxiway that Bridger Aerospace uses and asked if they can work together to allow movement. Mr. Sperry said yes and explained how they plan to make that happen.

MOTION: Mr. Mathis moved to approve the request by Ridgeline Aviation to construct a 70' x 100' addition to hangar EU9. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

11. Consider request by Pacific Commerce, Inc. to revise constructing two 70' x 70' non-commercial hangars into one 160' x 70' non-commercial hangar on taxilane "SY"

Mr. Sprenger said Mr. Roberts was approved for the 2 hangars last month. The potential buyer has several aircraft and would prefer one hangar. This fits in the existing lease lines of the 2 parcels.

Mr. Switzer asked if there are any unusual issues with combining the parcels. Mr. Sprenger said no, staff would have recommended approval for this either way.

Mr. Mathis listed the aircraft types and said it sounds like a charter operation. Mr. Sprenger said there is no indication this is anything but private use.

MOTION: Mr. Kelleher moved to approve the request by Pacific Commerce, Inc. to revise constructing two 70' x 70' non-commercial hangars into one 160' x 70' non-commercial hangar on taxilane "SY". Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

12. Consider request by Bridger Aerospace to construct a fuel farm northeast of the FedEx building

Mr. Sprenger said the location is listed on the master plan as a proposed location for a fuel farm to serve the eastside. It can also potentially serve the north side. Mr. Sprenger showed the location on the map. Fuel delivery can be from the roadside and acceptance on the airside. This area can be expanded if another entity is interested. This will have to be approved by the FAA. We don't foresee any issues.

Ms. Stelmak asked if this conflicts with any fuel agreements we have. Mr. Sprenger said this is specifically for Bridger Aerospace. If they later decide to begin selling or work with someone else to sell, they have to meet the minimum standards of a Fixed Base Operator (FBO) and they are aware of that.

Mr. Mathis asked if a portion of the road would be relocated. Mr. Sprenger said the road will be redesigned as part of our future north side apron project. Mr. Mathis said it looks good.

Mr. Lehrkind asked about liability. Mr. Sprenger said they have to meet state and federal standards. Mr. Lehrkind asked if we have to do anything. Mr. Sprenger said anytime fuel is dispensed, it becomes part of our airport certification program, so it will be inspected by airport personnel.

MOTION: Ms. Stelmak moved to approve the request by Bridger Aerospace to construct a fuel farm northeast of the FedEx building. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

13. Consider infrastructure payback for the Bridger Aerospace/AVT building east of Airport Road

Mr. Sprenger said we had previously advised Bridger Aerospace and AVT we were not in a position to provide infrastructure at this location. They have gone through all the approvals with the various agencies and are close to having everything approved. This would benefit the airport. We are in discussions regarding infrastructure. We either buy the infrastructure out or we require future participants to pay that back to the original purchaser. It gets complicated with inflation. We are requiring the full fair market value of this land as we have for other non-aviation use. This would generate about \$85,000 per year. They have estimated \$250,000 for infrastructure. We think it will be less than that. We would want to pay that back over the term of the lease. They have proposed payback over 10 years, which is approximately an annual amount of \$22,000 off of the \$85,000 in rent.

Staff recommends approval of the request. This was our best effort to work out a payback agreement.

Mr. Sheehy said they are open to a 20-year lease as well. The cost of \$250,000 is a ballpark. The engineering is done. They are waiting on the city. The building will look identical to their other buildings. They will get a firm cost as soon as they can.

Mr. Mathis asked about the tankers. Mr. Sheehy said they have one down for maintenance. They have been flying hard and have put out well over 2 million gallons this year. They wanted to participate more in the local Bridger fire response but were unable to due to fighting a 70,000 acre fire in Washington.

MOTION: Mr. Lehrkind moved to approve infrastructure payback for the Bridger Aerospace/AVT building east of Airport Road. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

Mr. Mathis said he spoke with someone who just built a hangar here. He has built at other airports. He had great things to say about our team.

14. Consider proposed name of new restaurant and bar

Mr. Sprenger said they worked with The Copper Horse to reach some name proposals. Mr. Bob Edgar mentioned that Ross Peak is visible from the restaurant and bar area. The name is relatively unique. There was some vetting of the person the peak was named after. Staff recommends "Ross Peak Grill" for the restaurant name. A secondary recommendation is that the airport controls the brand instead of the concessionaire so it can remain for the foreseeable future.

Ms. Stelmak asked if we could get some kind of brass plaque that explains the history.

Mr. Sprenger said they would work on that.

Mr. Lehrkind said it is a great idea and a great name.

MOTION: Mr. Mathis moved to name the new restaurant and bar “Ross Peak Grill”.

Ms. Stelmak seconded the motion. All board members voted aye. The motion carried.

Mr. Sprenger will research an appropriate sign.

15. Master Plan Update – Financial Plan – Scott Bell

Mr. Bell said Chapter 7 is the financial section.

The plan starts in 2021. This year’s projects are finishing the terminal expansion, south side hangar area, and baggage system design.

The plan for 2022 includes starting environmental documentation for north side and constructing some of the north side apron. Mr. Sprenger said the environmental analysis allows for more than the north side development but for the phasing of other projects as well.

Mr. Sprenger said the expansion of taxiway C will allow for larger aircraft and better flow. Ms. Stelmak said the extension of taxiway C is very important.

The plan for 2023 also includes development of the fuel farm area.

2025 is when they expect to start relocating Airport Road. Tubb Road will also be relocated.

The plan for 2026 includes taxiway C to be constructed to the west and starting the environmental document for extending 11/29 to the west and widening it for use by larger aircraft as necessary.

There is also equipment purchases sprinkled throughout the plan. There are also terminal expansions, baggage system upgrades, and improvements to existing gates and inbound baggage during the ten year plan.

The VOR will be relocated. There are various location options. The ten year plan also includes expanding surface area parking lots. Eastside aircraft parking expansion is set for 2024.

The plan for 2031 includes rehabilitating taxiway A and expanding the shoulders.

The plan for 2032 includes extensions of A, A1 and 12/30 to the east which sets up for the rehabilitation of the main runway in 2033.

Also included in the plan are expanding the terminal further to the east, adding more apron areas, and the final gates and jetways.

The end of the planning period includes construction of high speed taxiways.

Mr. Sprenger said the cash flow analysis does not have an inflationary adjustment because it is difficult to project and it will happen on the revenue and expense side. It is based on 2021 dollars. For passenger projections, we are not anticipating being back to calendar year 2019 numbers until the end of fiscal year 2023. So we have accounted for an extended Covid-19 impact. It could be worse or better. Mr. Sprenger detailed some of the funding mechanisms.

Mr. Sprenger said that any project can be pushed back and some will have to be accelerated. This is a good plan. It is not what will happen. We hope to be as close as possible. We never would have anticipated what happened this year.

Ms. Stelmak thanked staff for their work on the plan. The 2021 dollars provide consistency. She thinks some projects will be done sooner than later.

Mr. Lehrkind said it is well written and a joy to read.

MOTION: Mr. Lehrkind moved to accept the 2020 Bozeman Yellowstone Int'l Airport Master Plan Update as presented by staff. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

16. Consider FY 2021 Airport Capital Improvement Plan (AIP)

Mr. Sprenger said this is sent to the FAA. There are a couple minor changes. In an effort to get discretionary funding, we moved the north side projects up to this fiscal year. In FY 2022 we are hoping to be in a position to get good bids for asphalt rehabilitation. It isn't in the budget but may be a good time since oil prices have come down. It would be reimbursed the following year. We will have to see where we are with income. We would like to move forward with bids. Depending on the results we may want to wait a while.

MOTION: Ms. Stelmak moved to approve FY 2021 Airport Capital Improvement Plan (AIP) as presented by staff. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

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

Mr. Humphrey said tower operations for August were up 17.6%. Rolling 12-month operations were 98,950. Corporate landings were at 761 landings. Total revenue enplanements were 49,940 which is 56% of August of 2019 numbers. For 12 months we are at 532,148 enplanements. Total deplanements were 52.9% of last year. Airline landings were

down 17% at 722 versus 870. Airline load factor was 53.8% versus 87.7% last year. We don't have fuel numbers yet.

We are anticipating 55-60% of last September. Big Sky Chamber issued a survey that showed 87% of the people who have flown post Covid-19 felt safe and would fly again. JetBlue will start Ft. Lauderdale to Bozeman over the Christmas holiday. We are performing at twice the national average for enplanements compared to 2019. We are not seeing a reduction now for the ski season. Mr. Sprenger said we had 4 Customs operations.

Mr. Lehrkind asked if we have heard anything from the airlines. Mr. Humphrey said we have heard from United, American and Sun Country and they are all happy here.

Mr. Switzer said we got a letter from the FAA regarding our TSA inspection and they thanked us for all our hard work.

18. Airport Director's Report – Brian Sprenger

Mr. Sprenger said Southwest's CEO, Gary Kelly, said adding cities and routes is a relatively low cost incremental opportunity...as long as they can cover the cost of operating the trip, that trip is contributing cash to the company. Mr. Sprenger said that comment shows how important cash is to the airlines. Mr. Kelly said he doesn't see traffic improving. They expected to be down 30% at this point and they are down twice that and that distancing on planes will have to stop at some point. Mr. Sprenger said some airlines are not distancing passengers, probably to survive.

Mr. Sprenger presented some charts. We were close to our August projections. A chart compared national recovery versus our recovery which shows both have stabilized. Another chart showed parking lot trends. We have climbed back up to almost 50% in parking.

We are starting to hear of more business travelers but that is expected to be a much slower recovery. Another chart showed Bozeman parking percentages compared to national TSA levels. We tracked relatively close until July 4th, and then had an upward trend and a bigger jump the beginning of September. Rental car concessions were 74% of last year's numbers. The average daily rate for one rental car company went from \$80/day to \$105/day. Food and beverage was roughly 35% of normal last July and we are now at 44% of normal for August. Retail continues to exceed passenger numbers.

A 57% load factor is being used as a projection. 83% is usually what we would anticipate. We are basically at the same number of seats. We are not filling them all due to artificial caps and less travelers during the week. Airlines are putting seats out there and seeing how they perform.

American Airlines is adding a second flight to Dallas starting November 21. They will move up the start of Chicago service to November 21. Delta added 30% more seats in January compared to last. That doesn't mean they are selling them. Schedules are not sure until about a month out.

We will lose United Los Angeles service for the month of October but they are increasing the seats to San Francisco. Alaska is starting Los Angeles service in November.

6 of our 8 airlines now serve 3 or more destinations from Bozeman.

The RSAT tower meeting yesterday went well. Tower staffing was discussed. If September comes in as expected, there will be a lot of operations. From our perspective we made the right decision regarding staffing.

Yellowstone Forever and Montana Gift Corral are working on an agreement in which Montana Gift Corral will operate the Yellowstone Forever store.

Mr. Sprenger presented an image of a chair proposed for the new restaurant. It matches the wood and metal finishes of the terminal. There were no objections to it.

Ms. Stelmak thanked Arlin Wass for all his years of service at the airport.

Mr. Wass said they have been in that building close to 40 years. This is a big change. They are hoping to be out by Tuesday or Wednesday next week. They will continue maintenance and emergency services. They will probably have a big garage sale.

Mr. Switzer thanked Mr. Wass for all he's done and continues to do.

19. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Staff would like to do a dedication of the new terminal after the next meeting and then open it in November.

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

All board members voted aye. The motion carried.

20. Adjourn

The meeting was adjourned at 3:50 p.m.



Kendall Switzer, Board Chair

