

The regular monthly meeting of the Gallatin Airport Authority was held January 13, 2022, at 2:00 p.m. in the Airport Conference Room. Board members present were Karen Stelmak, Ted Mathis, Carl Lehrkind, and Kendall Switzer. Kevin Kelleher attended via video conference. 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.

1. Review and approve minutes of regular meeting held December 9, 2021

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. Kelleher moved approval of the minutes of the meeting held December 9, 2021. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

2. Public Comment Period

There were no public comments.

3. Consider Guaranteed Maximum Price – Schedule II of the Inline Baggage System Project

Mr. Sprenger said the bids have been taken under advisement by Martel. The bid came in about \$10 million less for both schedules than what we had expected for our portion. The Guaranteed Maximum Price for Schedule II is \$17,454,777.00. Staff recommends approval contingent on approval for participation by TSA.

MOTION: Mr. Switzer moved to approve the Guaranteed Maximum Price submitted by Martel Construction on Schedule II of the Inline Baggage System Project subject to

agreement by the Transportation Security Administration. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

4. Consider request by Yellowstone Hangars, LLC to transfer the land lease on hangar SY2 to Josh Jones Construction and True North Partners, LLC as tenants in common

Mr. Sprenger said this was a speculative hangar. There are 2 different units within the same building. They plan on keeping quite a few aircraft there. Staff recommends approval of the request. Construction will begin this spring.

MOTION: Mr. Lehrkind moved to approve the request by Yellowstone Hangars, LLC to transfer the land lease on hangar SY2 to Josh Jones Construction and True North Partners, LLC as tenants in common. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

5. Consider real estate transfer agreement and subsequent short term lease agreement with Grant and Amelia K. White for the purchase of property located at 1363 Timothy Lane, Belgrade, Montana

Mr. Sprenger showed the location of the property on a map. Mr. Sprenger detailed the properties we have acquired. We should have an appraisal soon for the Stump property. The owners of another property have approached us to consider a purchase.

Staff will work on getting pictures of the property. Staff recommends approval of the purchase.

MOTION: Mr. Mathis moved to approve the real estate transfer agreement and subsequent short term lease agreement with Grant and Amelia K. White for the purchase of property located at 1363 Timothy Lane, Belgrade, Montana. Mr. Switzer seconded the motion. All board members voted aye. The motion carried.

6. Parking and Curb Project Proposal Presentation

Mr. Sprenger said over the past 2 months, all staff members have tried to manage a chaotic situation at the curb and in the parking lot. Mr. Sprenger detailed the areas that were filled with overflow parking. The curbs were incredibly busy. Mr. Sprenger showed the location of a choke point in front of the terminal. We have not had enough time to design the parking solutions we need.

The key thing is we are the 86th busiest airport in the nation. We were 100th 1 year ago and 130th 10 years ago.

Our maximum design has been considered. There is expansion capability on the west and south pay parking areas. Those should relieve the loop parking to correct curb issues. Staff is proposing that we complete the west pay parking lot this year primarily for safety reasons. From the west we have a sidewalk and access to the terminal without crossing the loop. Employee parking would be shifted. We would have a new entrance outside of the loop that will have signage.

Everything outside of the loop road needs the capability to do shuttles. On the northside, most people will take the sidewalk in. Once we get to that point, we will need to plan on shuttles for the peak periods.

The employee lot would go east and west with barriers that could be shifted with growth. The lot would be functional and adaptable.

Long term expansion areas were shown including another parking garage. The plan would also include expansion of the current credit card lot.

The west and east projects combined will take us to 3,900 spaces and we had 3,555 parked cars over peak. The total cost would be \$4.5 million. Our revenue will be in excess of \$6 million this year. So, the cost is under 1 year of parking revenue.

There is a location that could be reserved for a cell phone lot.

There is a need to separate the arrival and departure areas so you cannot switch from one to the other. Passengers currently use the lanes interchangeably. We propose 180 stalls changed to 1 hour free. To prevent people from staying too long, it could be \$2 every hour after the first hour to keep them moving.

Snow removal and entrances were reviewed. Electronic signage that shows how many stalls are remaining has been considered. We have a challenge letting people know lots are full and that can change within 24 hours.

For some areas we can issue permits w/ RFID tags. That would control access to the curb. Not everyone will obey signs so there will have to be a bypass lane. We will have a section that is open for buses that we cannot issue badges to.

There are so many ride shares, there is no way to issue permits for them. To accomplish this, the trees would have to be removed. We will attempt to gain control over people staying too long with fees.

There will be new crosswalks. There is merit to having awnings on the curbs and that is something we can consider in the future.

Overall, the parking expansion is \$4.5 million. The curbs and other things are \$1.5 million or more.

We observed Portland. They have colored curbs. We could look at doing that. Signage is a big issue. Lighting has been an issue. Trees impact that by blocking existing lighting.

We are looking at an area particularly for Turo. We must adapt to the new businesses.

Regarding rental car parking, Hertz has requested 500 stalls and the rest would have 300 stalls each. We would charge for that. \$15 per month per stall would equate to \$200,000 more revenue and pay back in 10-12 years. That could be adjusted. The lot would not be lit as much since it is designed for storage of rental cars. The cost would be \$2-\$2.5 million which the revenue component would cover.

If things continue the way they have, we could be looking at a second parking garage at the end of this 5-year period. Ramping would be along the center roadway. It would be designed to tie into a future third parking garage. The ramping system is one of the most expensive parts because parking on the ramps is not conducive to locating your vehicle.

Mr. Mathis asked if the rental car storage would be eligible for Customer Facility Charges (CFC). Mr. Sprenger said it would not be CFC, the rental companies would have to rent the space and include in their operating costs. Mr. Mathis asked a rough idea of what the cost of a parking stall is. Mark Maierle said the cost is roughly \$2,500 per stall. A parking garage stall is about 10 times that cost.

Mr. Lehrkind asked about how the parking garage would play into the plans currently. Mr. Sprenger showed on the map how it would tie in. Barriers will be used for adaptations and to keep costs down. We may decide the 1-hour free parking isn't working. We want adaptability.

Ms. Stelmak said she likes the color-coding idea. She said lighting and signage is also very important. She asked how disruptive this will be.

Mr. Sprenger said the first phase is the west parking. Some parts need resurfaced. The rental car side will be done in the summer when all the cars are rented. Ideally, we will have as much done early in the year and some may have to wait until fall.

Mr. Switzer asked if the current rental car garage is at capacity. Mr. Sprenger there are short periods of time where it is but that is usually due to inefficiency of moving cars. Most likely some issues are caused by staffing problems. They have room for improvement. There is a big swing in inventory during the various seasons. Right now, they are all parked in the dirt. It is difficult to plow. This area lets us designate it, charge them for it, and this will be it. If they need more space, it will have to be off airport.

Mr. Switzer asked if we have considered putting a parking garage where the new rental car area is. Mr. Sprenger said it has been considered but it is very far away. We are expecting people to park there to pay for the cost of the garage. Mr. Sprenger outlined view sheds and the parking garages. There may be a point where the view shed isn't something we can accommodate.

Mr. Switzer asked with the volume increase, do we envision Airway Blvd. being expanded to 4 lanes. Mr. Sprenger said there probably will come a time when we have 2 lanes outbound. The main exit may have to be moved and an intersection or roundabout created. That is a little more complicated because it is an easement with the State of Montana. There would have to be participation with other entities.

Rental car employee parking and motor home parking was discussed and addressed.

We plan to use economic incentives. We think the remote lots should be what our current long-term rate is and the parking within the loop a higher rate but not so high that it discourages use of the short-term parking. We will have to look at pricing to fill out the parking lot in the best ways. We tried some new things this peak season and learned some things. We had to make some adjustments.

Mr. Mathis said the wrecked rental cars when you arrive to the airport look bad. Mr. Sprenger said they will try to address that and designate a different area for them. Mr. Mathis recommended the gravel lot.

Mr. Kelleher asked about the carports. Mr. Sprenger said all are the existing structures plus one on the west that is under construction. Mr. Sprenger said staff thinks this should be it and Mr. Kelleher agreed.

Mr. Mathis said he thinks we will need a two-lane bypass road for all the traffic from north Belgrade. Mr. Sprenger said Belgrade has a lot of development on the westside. That may offset. We will have to watch that.

Off airport parking options were discussed. However currently the highest use of land is for residential. It doesn't pay to put a parking lot in.

Board members agreed this is moving in the right direction, especially completing the west side first.

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

Mr. Humphrey reported 7,576 total tower operations for December which is down 5.5%. A lot of that was due to General Aviation and weather. Rolling 12-month operations were 116,055 operations. Corporate landings were 886 which is up 59.1% compared to

December of 2019. We had 12 Customs clearances in December of 2021, 14 in December 2020, and 12 in December 2019. We had 79,390 enplaned passengers up 22.7% from 2019. For 12-month enplanements we had 973,699. Deplaned passengers were 85,878 which is up 20.6% from 2019. Landings were 857 versus 729 in 2019 so 17.6% up. The system load factor was at 74.9% total for December, down 6.3% from 2019. Total gallons dispensed for November were 680,658 versus 569,000 in 2019.

For the first 15 days of January, we are 40% better than January of 2020, our highest. We will see it drift down. Best guess is 25% better than last year.

It is a little too early for spring. In February we have 30% more seats. In March we have 20% more seats. April has 27% more seats. Delta is expecting a record spring after President's Day weekend.

8. Report on CY 2021 Airline Traffic Results – Brian Sprenger

Mr. Sprenger said we had an all-time record of passengers in 2021 with 1,940,191 passengers and 23% more than 2019. Over 40% of travelers traveling by air to Montana are through our airport compared to 21% 10 years ago. We had 973,699 enplanements. We added a number of markets to our airport. The aircraft size has increased. The tower handled 116,055 operations which is 11.5% over the previous record calendar year period in 2020. Business aviation operations are up 27.4%. General aviation, without business aviation, was 63% of our total operations. That is the lowest we have seen. That indicates the shift in the traffic. We are seeing bigger corporate jets and airlines. We are the 7th busiest airport in the 7-state region. We are the 86th busiest airport in the nation. That compares to 100th in the nation at the end of last year.

We are still seeing strength looking into the summer. A few experimental markets are continuing, and some aren't. We will see Ft. Lauderdale in March but probably not this summer. Washington DC is coming back. We expect record traffic through March and some stabilizing in April. The unknown is June with Jackson Hole closed.

9. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported rental revenue in December was at least 181% of the previous record in 2020. Parking revenue is 137% of 2019. Food and beverage revenue was 152% and retail revenue was 150% of December 2019. Month to date food and beverage revenue is 171% and retail 160% compared to 2020 and 197% and 217% respectively of 2021.

There will be some concepts presented next month for the empty space between gates B2 and B3. On December 26th, we had 70 people in line for food and beverage options inside security. That is a lot of people. We are looking at something that could accommodate that. Food and beverage has a bigger need than retail. That will impact our ability to consider an art gallery.

We had an aircraft recovery recently. We learned a lot. We plan to spend some money on additional recovery equipment. We expect it to be about \$50,000. If the aircraft was much larger, we would not have been able to move it.

Melissa Evans is our new office support person, and she was previously employed by Jet Blue.

10. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

Mr. Mathis said there has been quite an investment in terminal lighting and asked about lighting in the bistro area. Mr. Sprenger said there are additional things that need to be done there. We want to make sure we do it right. The design might change. We can add lighting in the short term, but the entire area may change substantially.

We are waiting for supplies impacted by supply chain issues.

Mr. Mathis said he followed the aircraft recovery and agrees we need more supplies and training.

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

11. Adjourn

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



Karen Stelmak, Board Chair