

The regular monthly meeting of the Gallatin Airport Authority was held July 8, 2021, at 2:00 p.m. in the Airport Conference Room. Board members present were Karen Stelmak, Ted Mathis, Carl Lehrkind and Kevin Kelleher. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

Ms. Stelmak, acting Board Chair, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board.

1. Review and approve minutes of regular meeting held June 10, 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. Mathis moved approval of the minutes of the meeting held June 10, 2021. 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

Mr. Sprenger said the officers have traditionally served for a 2-year term. That 2-year time is up. The recommendation is that everyone rotates but there is the ability to change the roster.

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

Chair: Ms. Stelmak

Vice Chair: Mr. Kelleher

Secretary: Mr. Mathis

Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

4. Report of Audit Review Process – Matt Cope

Mr. Sprenger said another audit will be starting. Mr. Cope, the Audit Shareholder at Holmes and Turner said they are on track for the same timeline as last year. The bulk of the field work will be done in September. They will be doing more of a remote audit with the advances in technology, but he looks forward to being here in person as well. If there are any concerns, please give him a call. They can adjust throughout the engagement.

5. Report on Airport Concessions – Bert Hopeman

Mr. Hopeman thanked Mr. Sprenger and his crew for their help and support during the last 18 months. He also thanked his staff including Les & Doug who took command while he self-isolated. They restructured, refinanced, and met all the covid regulations. 2020 started strong. They had just committed to a 40% expansion of their warehouse. They had 165 employees and 11 locations. They closed everything in March but one venue at the airport and their website. At the lowest point they had only 12 people actively working. They maintained a nucleus of their management. They cancelled and reduced inventory orders. They gradually reopened over the summer. In May 2020, they predicted hiring would be a problem. In the fall they started hiring for Ross Peak. To attract applicants, they advertised in newspapers, 7 different social media sites, their own blog, radio, Spotify, TV, and 5 job sites.

They produced results slowly. Then they started a bonus program. They were able to add 30 employees. They are still short 30 employees who they hope to hire in the next 6 weeks.

They have maintained needed services to on and off airport customers. They would normally spend \$30,000 per year in hiring. This year they plan to spend over \$250,000 in seeking employees.

Their downtown sales last July & August were 27% higher than 2019. They sense a huge demand for shopping and getting out of the house. They are glad they purchased more inventory and are glad to have a larger warehouse. They have enough product to get through summer and fall and will order more for the winter.

Just over 1 year ago, they had 20% of the employees they would eventually need. Hiring and training in this labor market has been almost impossible. He gave credit to his team.

Mr. Hopeman said the information shows they provide one of the best returns on investment at the airport. The higher sales ratio results from better gift and food quality and friendly service. Most locals look forward to dining and shopping at the airport.

Ms. Stelmak thanked Mr. Hopeman and said we are very fortunate to have you.

Mr. Mathis asked for a brief update on the bistro. Mr. Hopeman said that is one of the few projects he took on himself to relieve staff. They hired Martel to design the booths. They got help from a cabinet shop in Billings. They still have rubber molding to install on the floor. As soon as that is done, they will clean up and the booths will be available to sit in. Tables and chairs are on order. The next phase is the other side of the bistro. He is looking at completely

redesigning it. They will be working with an architect. The design process just started. The idea is to turn it into a restaurant. They are working toward that goal in the fall.

6. Consider request by Norman Fox to enter into a new 10-year non-commercial land lease on hangar 55

Mr. Sprenger said the hangar is in good condition. The pedestrian door needs painted, and the door strip replaced. Staff recommends approval of the request.

MOTION: Mr. Lehrkind moved to approve the request by Norman Fox to enter into a new 10-year non-commercial land lease on hangar 55 subject to minor repairs being completed. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

7. Consider request by Creston Stewart to enter into a new 10-year non-commercial land lease on hangar 96

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

MOTION: Mr. Mathis moved to approve the request by Creston Stewart to enter into a new 10-year non-commercial land lease on hangar 96. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

8. Consider request by EW Aircraft, LLC and Michael A. Phillips to transfer the non-commercial land lease on hangar EV2 to Darrin Strosnider

Mr. Sprenger said repairs have been made to the hangar. They planned to expand the hangar, but the cost was way more than expected. They found a buyer. Staff recommends approval of the request.

MOTION: Mr. Kelleher moved to approve the request by EW Aircraft, LLC and Michael A. Phillips to transfer the non-commercial land lease on hangar EV2 to Darrin Strosnider. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

9. Consider request by Bridger II, LLC to transfer the non-commercial land lease on hangar SY3 to SP Aviation, LLC

Mr. Sprenger said Gary Roberts was building three hangars in that area. He will be keeping one at this time. He has arranged for buyers on the other 2. There is still some reclamation to be done. The reclamation deposit will be retained until that is completed. Staff recommends approval of the request.

Mr. Mathis said the trusses on the hangar doors are primed not painted. Mr. Sprenger said that work still needs to be completed.

MOTION: Mr. Mathis moved to approve the request by Bridger II, LLC to transfer the non-commercial land lease on hangar SY3 to SP Aviation, LLC. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

10. Consider request by Bridger II, LLC to transfer the non-commercial land lease on hangar SY5 to Cedarview Airport investments, LLC

Mr. Sprenger said staff recommends approval of the request.

MOTION: Mr. Lehrkind moved to approve the request by Bridger II, LLC to transfer the non-commercial land lease on hangar SY5 to Cedarview Airport investments, LLC. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

11. Consider request by Big Sky Hangars, LLC to transfer the non-commercial land leases on SY2 and SY4 to Yellowstone Hangars, LLC to construct one 160' x 74' non-commercial hangar on taxilane "SY"

Mr. Sprenger said we had a similar request previously and that hangar is under construction. This makes good use of the land. It increases the space. It requires substantial completion by April 2022. Staff recommends approval of the request.

MOTION: Mr. Kelleher moved to approve the request by Big Sky Hangars, LLC to assign lease agreements on SY2 and SY4 to Yellowstone Hangars, LLC to construct one 160' x 74' non-commercial hangar on taxilane "SY". Mr. Lehrkind seconded the motion. Mr. Mathis asked if there would just be one door. Mr. Sprenger said he thinks it is one hangar area with multiple doors. All board members voted aye. The motion carried.

12. Consider request by Ridgeline Aviation to construct a facility on the proposed north ramp for their flight school operation and associated support

Mr. Sprenger said the Northside ramp project that is AIP fundable is out for bid currently. We will accept bids next Thursday at 2 pm. We are waiting for potential discretionary funds from the FAA. This request, along with the following request, is subject to adequate and sufficient funding.

Mr. Lehrkind asked what the timeframe would be. Mr. Sprenger said scenario 1 is funding confirmation will be late July or early August. Then we would move forward in the fall. If we do not receive confirmation, we would work with the FAA to determine alternatives to use discretionary funding for other projects that would release entitlement funding for this fall. The third scenario is neither of those happen and we have to put the project off until we arrange other funding.

Mr. Grayson Sperry said as the airport continues to grow, they have a continued commitment to that growth. Their operation continues to expand. Their new hangar is full.

They want to keep up. To best utilize the potential lease space, they propose two large hangars separated by office space and a parking area between the ramp and the road.

Mr. Mathis asked if they are similar in size to the Yellowstone Club hangars. Mr. Sperry said no, they are similar to the Rocky Mountain Rotors hangar, staying under 12,000 square feet.

Ms. Stelmak asked what gate the entry for the Northside would be. Mr. Sprenger said there would be a new roadway that will connect at Jetway drive. The locations were indicated on the map.

Mr. Sperry said one of their stipulations is that the sewer plant comes online. That infrastructure needs to be in place.

Mr. Sprenger said staff recommends approval of the request.

Mr. Mathis said flight training is historically cyclical and asked if they have made projections on that. Mr. Sperry said yes. Their projections and current operations for growth look like the airport's growth projections. They anticipate leveling off at some point, but they do not want to fall behind. They feel it is a safe spot and a good investment.

Mr. Lehrkind asked besides the money, what is the airport's liability. Mr. Sprenger said if we get discretionary funding, it is 100% fundable at this time. The infrastructure portion would be on our dime like other areas and provides for future development as well. Our portion was projected at \$1.2 million for utilities.

Mr. Sperry said if there is any critical piece that the airport needs, they would like to help. He volunteered a room for internet and data control for the airport.

Mr. Mathis asked if we approve today, how long is it good for. Mr. Sprenger said generally it is 90 days. We have the ability to extend this. Staff recommends amending for 1 year. This area is restricted to flight schools.

Mr. Mathis asked Mr. Sperry what their next endeavor is such as an FBO or fuel. Mr. Sperry said they plan to grow as much as the airport allows them to and as much as the market demands. They are trying to be as self-sufficient as possible. If there is a service that would help the airport, they will consider all options.

MOTION: Mr. Mathis moved to approve the request by Ridgeline Aviation to construct a facility on the proposed north ramp for their flight school operation and associated support contingent upon board approval to award a contract for construction of the North Side Infrastructure Ramp and to make this approval valid for one year. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

13. Consider request by Summit Aviation to construct a facility on the proposed north ramp for their flight school operation and associated support

Mr. Sprenger introduced Ben Walton and said we are fortunate to have 2 very reputable flight schools on the field.

Mr. Walton said the growth has been intense. This project makes sense for them at the same time. They plan to work on the same timeframe and timeline as Ridgeline. He showed the proposed 16,000 square foot hangar. 8,000 square feet will be office space including classrooms and flight simulators.

Mr. Lehrkind asked if they foresee people coming from outside the state to go to a facility like these. Mr. Sperry and Mr. Walton both said yes. Mr. Walton said people come

from all over to fly both flight schools. Now having an area separate and set aside and more efficient will be better.

Mr. Mathis said the hangar looks tall for trainers and asked if it would accommodate corporate jets as well. Mr. Walton said it could, but it will be filled with trainers.

MOTION: Mr. Kelleher moved to approve the request by Summit Aviation to construct a facility on the proposed north ramp for their flight school operation and associated support contingent upon board approval to award a contract for construction of the North Side Infrastructure. Mr. Lehrkind seconded the motion. Mr. Mathis amended the motion to extend the approval for 1 year. All board members voted aye. The motion carried.

Mr. Sprenger said Summit Aviation would be hosting an event next week. Mr. Walton said yes this is the 7th year of their cancer survivor flight camp. They will be providing a weeklong camp for 4 young adult cancer survivors or patients with medical clearance. It is all covered by donations from the aviation community. They work with Eagle Mount. Mr. Walton's mom and sister-in-law battled cancer. This is a beautiful place to fly. The instructors volunteer their time. Eagle Mount, Cancer Support Community, and Reach and other groups collaborate. They start at 7am Monday morning. Each student gets their own plane and instructor for the week. It is an adventure. They fly together every morning and communicate on their own frequency. They do adventures in Montana. They come back for a themed lunch. There will be a Bridger Aerospace tour. They tour the airport and fire station behind the scenes. By the end they have taken off and landed on their own. On their last day they fly over Yellowstone Park and the Tetons. They land in Driggs and see the Warbird's Museum

and eat at a restaurant there. 3 or 4 past participants have continued on to become professional pilots. It is a big community effort.

14. Consider request by Gallatin Field Garages 2, LLC to construct Car Park Condo G

Mr. Sprenger said last July we had a request. They did not follow through. We have been provided a check for \$6,000 for the cameras assuming there is an approval. Staff recommends only a 2-week approval. Mr. Delzer assures us that is fine, and he is ready to start. This is the last position on that row for car condos. If we have requests on the second row, we may have to reevaluate.

MOTION: Mr. Lehrkind moved to approve the request by Gallatin Field Garages 2, LLC to construct Car Park Condo G subject to the lease being signed within two weeks of approval and the camera cost has been paid. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

Mr. Mathis said he hopes most of the hangar owners know they have a great deal here. This one car condo will generate \$5,112 per year. The five hangars we just previously approved will generate \$5,298 per year so a \$185 difference. We are about to replace one electric gate that last year would have cost \$30,000 and this year is \$50,000. It is something to consider for our rates and charges.

15. Consider establishing lease transfer fee

Mr. Sprenger said staff spends a lot of time on these lease transfers. Traditionally there has not been a charge. There is a fee for a new lease, not on a renewal or transfer. Sometimes we deal with realtors, title companies, lawyers, and other parties. It is prudent for

the airport to charge for our time. We have two rate proposals. One is low and one is high. Staff feels a charge is recommended.

Mr. Mathis said this is long overdue.

MOTION: Mr. Mathis moved to establish a lease transfer fee of \$300 per transaction. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

16. Consider Parking Rate Adjustment effective September 1, 2021

Mr. Sprenger said it has been 4 years since our last parking rate adjustment. Our parking lot is generally full. The arrival of Southwest is increasing parking as expected. Month to date for July we are up 58% in overnight parking. We are proposing to add onto our existing contract with Knife River to pave some areas that would add 180 paved stalls. That will fill out the loop area of the parking lot. That will cost about \$600,000 with engineering. We would like to consider paying that with the rate increases.

We also hope the rate increases will motivate people to consider other options like having someone bring them to the airport or using ride shares. Missoula and Billings' long-term rate is the same as ours. Staff recommends raising that rate to \$10 per day instead of \$9. We would retain the one day free with 1 week of parking, so a weekly maximum is rate is \$60. Both Missoula and Billings are at \$15 per day for short term. We recommend matching those rates for short term parking. We recommend increasing the parking garage rate to \$20 per day.

Mr. Lehrkind asked if he foresees these rates for 4 more years. Mr. Sprenger said we will continually reevaluate. Mr. Lehrkind suggested considering inflation we should revisit in 2 years.

Mr. Mathis asked, considering the walking distance, are we to a point where we have to look at hauling snow. Mr. Sprenger said yes. The general population over the peak periods is willing to park a long way away for the right price. We have some alternatives we can utilize like some of the employee parking lot. We will need to move snow for some areas. We are looking at adding surface parking. We will continue to watch this.

MOTION: Mr. Kelleher moved to approve the following rate schedule:

Long Term \$10.00/max per day/\$60.00/week

Short Term \$15.00/max per day

Covered \$20.00/max per day

Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

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

Mr. Humphrey reported that total tower operations for June were up 28.2% over 2019. Rolling 12-month operations were 116,452 operations which is a new record. Corporate landings were up 15.1% at 504 versus 438 in 2019. Total revenue enplanements were up 40% better than 2019. For 12 months we are at 618,826 enplanements. Total deplanements were up 32.7% over 2019 at 114,976 versus 86,639. Airline landings were 66% more than 2019 at 1,361 versus 820. Load factor was 62.4% so 10.4% below 2019 on 172,000 seats available for sale. Fuel dispensed in May was up 5.2% over 2019 despite challenges with fuel capacity.

We expect to be in the 35-40% increased range for July. Avelo has announced their Sept 15th and beyond schedule. We were not part of it for the wintertime. They know this

market well. The enplanements are not meeting their expectations. They think it is because of the rental car problem and the price of hotels. They plan to pause and reevaluate next summer. This station was their best performing station as far as on time performance.

18. Airport Director's Report – Brian Sprenger

Mr. Sprenger said we do not have all the June numbers yet. Hertz was 207% of 2019 revenue in June. They have had to bring down prices for July and August. Parking was 133% of 2019 in June. Boardings were 140% of June 2019. We have recovered locally. The load factors for our main line carriers are performing well and we are seeing them come up. Southwest is new and a little low which is not uncommon. They are trying to figure out what the new norm is. The Los Angeles basin area has so much service. We could see a decrease in flights but still carry the same amount of people.

Mr. Kelleher asked about the Denver boardings. Mr. Sprenger said they may adjust capacity. There will be more adjustments with competition for the airplanes and what is happening in the market. Alaska is adding San Francisco and San Diego.

The Northside bid opening is next Thursday at 2pm.

They have had calls with the FAA about tower staffing. The FAA is reevaluating. They should be getting back to us in a couple weeks. We expressed to them the challenges in a predominately VFR environment. They are aware of the challenge. The words she used were that Bozeman is not a sleepy airport anymore. Salt Lake City asked what our arrival rate is. We do not have one. We told them what our environment analysis says. The airport has no problem handling it. The air traffic control is the limiting factor. There are now multiple layers of the FAA starting to understand we are not the same airport we were 5 years ago.

The AAAE conference in Las Vegas is this coming week. Mr. Sprenger leaves tonight and returns Wednesday. Mr. Mathis leaves Sunday and returns Wednesday. This will be the first major conference since COVID.

The annual conference for the NW chapter of AAAE is in Salt Lake City October 5th-8th. If anyone is interested in attending, we have the registration information.

Mr. Lehrkind asked about TSA staffing. Mr. Sprenger said they have periods such as 10:15-10:30am for about an hour to an hour and a half, that there is a half hour wait time. We have not seen much longer than that. We are performing better than the rest of the country. That is based on staffing. We think they need to bring in staff earlier to ensure all 5 lanes are open. Most people who heard it was a 30-to-35-minute wait were fine with the wait. We still have people showing up late. The recommendation is to arrive 2 hours before your flight and 90 minutes ahead of your flight without luggage. Some choose to get here early for the food and beverage options.

19. 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. Kelleher seconded the motion.

All board members voted aye. The motion carried.

20. Adjourn

The meeting was adjourned at 3:29 p.m.



Karen Stelmak, Board Chair