

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

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 August 12, 2021**

Ms. Stelmak asked if everyone had received their copy of the minutes and if they had any corrections or additions. Mr. Sprenger said page 12 has some ambiguity. We could provide more clarification as part of the Director's Report.

**MOTION:** Mr. Lehrkind moved approval of the minutes of the meeting held August 12, 2021. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

**2. Public Comment Period**

There were no public comments.

**3. Consider land acquisition priorities**

Mr. Sprenger said the owner of a property at the end of Timothy Lane contacted us and is interested in selling. We believe the property is of interest and we should go through the appraisal process and possible negotiation.

Mr. Lehrkind referred to a value in the paperwork. Mr. Sprenger said that was the taxable value.

**MOTION:** Mr. Switzer moved to approve the Airport Director to negotiate a buy sell with the Stackhouse property and to bring to the board for consideration understanding the board may or may not approve the negotiated buy sell. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

**3. Consider the request by Jet Aviation to enter into a 40-year Master Lease to include FBO/Hangar 1, Hangar 90, Self-Service Fuel Island, EY4, EY5 and future fuel farm parcel**

Mr. Sprenger showed the locations on the map for reference. This includes a 1/3 commitment for the relocation of Wings Way. Staff thinks this is a good thing for the airport and recommends approval of the request.

Mr. Switzer asked if a 40-year lease is normal. Mr. Sprenger said that is the maximum lease we can offer. With the amount of square footage involved, this is the normal lease offering.

Danny Larson with Jet Aviation addressed the board. They are seeking 160,000 square feet over the next 3 to 4 years. They are happy with the market and the community here. They have invested close to \$500,000 in the existing FBO so far. They would like to add more parking this year, approximately 60 more spots. Then they would like to break ground on the first 40,000 square foot hangar in the fall of 2022. Upon approval, they would like to add hangars to the other parcels as well, hopefully by 2023 or sooner.

Mr. Sprenger said for EY4 and EY5 there is a clause that if they are unable to develop that by a certain date, that would revert to the airport.

**MOTION:** Mr. Kelleher moved to approve the request by Jet Aviation to enter into a 40-year Master Lease to include FBO/Hangar 1, Hangar 90, Self-Service Fuel Island, EY4, EY5

and future fuel farm parcel. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

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

Mr. Humphrey reported that due to the timing of the meeting we don't have all the information. Total tower operations for August were 11,163 operations which is just under 2020 at 11,499 but 14% better than 2019. One of the reasons was all the smoke we had in August. Rolling 12-month operations were 116,623 operations. Corporate landings were up 21.7% over 2020 and up 31% over 2019. Total revenue enplanements were estimated to be 48% better than 2019. For 12-month enplanements we are just about where we were pre-pandemic. Fuel dispensed in July was up 25% over 2019.

We only have preliminary numbers for September. Mr. Humphrey estimates we will be 33-36% better than 2019 in enplanements.

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

Mr. Sprenger presented a graph of daily passenger numbers. We have been very busy. We have faced a number of challenges such as with fuel and TSA but for the most part the comment cards from passengers have been positive. We have doubled our concessions, but people still want more choices. TSA lines were generally not too bad. We were maxed out on our gates a few times.

The national recovery started closing the gap in February and did well until July when the Delta variant impact started. We are also seeing a natural reduction due to seasonality.

Mr. Sprenger presented a chart of parking lot trends. We were hitting 160% of normal in the parking lot. There was some drop in numbers the week before Labor Day. We will have a better idea next week. The rental car companies are expecting a busy Labor Day weekend.

Mr. Sprenger showed cash on hand over the last year. We were down to \$6 million in December 2020, but we have built that up to over \$12 million in July 2021. Currently we have about \$15 million cash on hand and a \$4 million reimbursement soon.

Net operating income over the last 3 years was presented. It dipped down in April through June of last year due to COVID. We have positive cash flows for now.

Parking lot development will be starting soon. There will be about 17% more stalls in the long-term lot. We never completely filled our lots, but we had a hard time moving people to the overflow credit card economy lot. Going into the winter and Christmas we will be expanding the capabilities of the employee lot.

Mr. Switzer asked about a drop in operating income in June 2019. Mr. Watling said that's due to the year-end accruals. Adjustments are made in June and then reversed in July.

Mr. Sprenger presented a visual of our most recent noise contours. Averages were compared to our current peak day. That is what the FAA will use to determine noise mitigation. The airport owns all the land east to Mountain View Subdivision. We have tried to provide protection. People are being impacted by noise but not to the extent that would require noise mitigation.

Mr. Switzer asked if the HOA has noise issues. Mr. Sprenger said the HOAs are getting comments and complaints about the noise. We will be meeting with representatives from the Mountain View Subdivision. We don't have good news for them as the data indicates the

area would not be eligible for mitigation as the eligible contours are all within airport owned land. We have good data such as the altitude of specific aircraft at certain times and locations.

Mr. Switzer asked about people who own homes in the influence area. Mr. Sprenger said the influence area ends at the start of the subdivision. All the newly developed homes have aviation easements. People aren't always aware of them.

Mr. Sprenger presented some images of the baggage system. We are proposing to put the first schedule out to bid. There has been a lot of refinement and phasing. TSA approved 70% design. That is complete. The TSA will review next week. Then we should be able to move to 100% design which is primarily for their portions. Then we are in line for funding of their portion of the project. We hope to have that out for bid in December. This is a critical project. We have multiple airlines sharing belts.

We are proposing a Schedule 1 which would build the delivery portion of the bag belts. That allows us to then focus on the next sections and gives us a usable unit in case the TSA says no. We don't anticipate that, but we would like to make sure we are covered. This is a \$28 million project overall. \$2.4 million is design. \$25.9 million is the construction cost. It includes a 15% contingency. The TSA share is \$14.6 million, making our share \$13.7 million. The overall system is 3,100 linear feet of baggage belt. 1,670 feet of the system is for the TSA and 1,630 feet is for us.

Schedule 1 is \$7 million. It provides the outbound delivery portion to the airlines. If the bids came in exceedingly high, we could develop a separate schedule to drop the last delivery point. That is what we would bid and bring for approval next month. This is an all-in remodel of terminal areas, office rooms, IT rooms, etc.

Mr. Sprenger presented the next phases. With approval from the TSA, we would start on the next section so it can be TSA fundable. If the TSA says no, we will build connections up to their existing system.

The goal is to have the primary part of the baggage system complete by the winter of 2022-2023. We have enough contingencies that we won't lose anything completely. All the portions of the bag belts that are ours are fundable by Passenger Facility Charges (PFC). The airlines have agreed to it. This system is planned for the growth levels of the next 20 years as indicated on the master plan.

Mr. Lehrkind asked our cost if the TSA doesn't participate. Mr. Sprenger said to tie in the existing system is about \$1 million. That doesn't include office remodels. The second schedule for us is roughly \$5 million so it would be a \$4 million savings. If we did the office space it would be a \$3 million savings.

Mr. Lehrkind asked what are the chances of the TSA participating. Mr. Sprenger said they have participated at comparable airports in the past. Mark Maierle said he senses a lot of support from his communications with the TSA.

Mr. Mathis asked if the airlines will contribute to the capital cost. Mr. Sprenger said no, only through PFC. Mr. Sprenger said that is generally how things are done for capital projects. The airlines will contribute to the operation of the system and it will have an impact on rates and charges. The airlines are responsible for Radio Frequency Identification (RFID).

Mr. Lehrkind asked if the system without TSA participation can handle the growth. Mr. Sprenger said there are a number of benefits. This new system keeps bags moving so the belt never stops which is one of our biggest impacts. TSA has increased their efficiency by

algorithm, but the problem with alarm bags would not be solved without the new system. About 50% of our slowdown would be reduced, but the full system improves in all facet.

Mr. Mathis commended the staff and engineers for their magnificent work on this system.

Mr. Sprenger said they anticipate a bid opening October 12 at Martell Construction.

Mr. Sprenger said Yellowstone Plaza has signed with a development partner. They have signed agreements for 2 hotels and a 900-bed workforce housing project. Hotel construction should start this fall. The workforce housing phase 1 should also begin soon.

We don't have rental car number for August yet, but they said they were high. We are working on an agreement with Turo.

Parking was 141% overnight in August compared to 2019 and parking revenue was 155%. Food and beverage and retail was about 160% compared to 2019.

There are indications from the FAA that they are interested in working out a reimbursable agreement on the RVR, the Special Authorization Cat-2 approach, the MALSR, and relocating the VOR. There may be multiple agreements.

We have an opportunity to purchase a water hauler. Mr. Sprenger showed an image of the equipment. The cost is \$59,000. It will provide the ability to do our E36 runway deicer in minutes that would otherwise take 30 minutes. It could reasonably be operated at 30 mph. It has a 2,500-gallon tank. It supports weed spraying, sewer system maintenance, tree watering, dust control at the gravel pit and so on.

The vehicle is from Arizona. Rhett Boerger said this is a newly refurbished unit with 100,000 miles on a 2004 engine. It is easy to work on and maintain. The tank is freshly lined.

It has an automatic transmission. We have a place airside to put it. We feel good about this being a long-term investment with low maintenance needs. It is a 4-wheel drive. Mr. Sprenger said it is within our budget. All board members agreed to the purchase.

Mr. Sprenger said discretionary funding for the northside apron looks favorable. They will need to have it in place before the end of September. They have requested details for a potential press release so it is looking good.

Mr. Mathis asked about the runway end identifier lights on Runway 3-0. Mr. Boerger said they cancelled the test flight and have said the earliest they can reschedule is September 13. Otherwise, the project is complete.

**7. Consider bills and approve for payment**

The bills were reviewed and detailed by Mr. Sprenger.

**MOTION:** Mr. Mathis moved to pay the bills and Mr. Kelleher seconded the motion.

All board members voted aye. The motion carried.

**8. Adjourn**

The meeting was adjourned at 3:09 p.m.

  
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Karen Stelmak, Board Chair