

The regular monthly meeting of the Gallatin Airport Authority was held April 14, 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 March 10, 2022**

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 March 10, 2022. 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 request by Signature Aviation to expand and extend their master lease 30-years based on \$36.3 million in investment at BZN including 39,000 s.f. hangar, additional parking, contribution to expansion of the east ramp, fuel farm relocation and new Ground Support Equipment facility**

Mr. Sprenger said we worked with Signature on this proposal. This is part of their fulfillment of the commitment to redevelopment. There are additional things they would like to accomplish such as the fuel farm. It would involve removal of the existing fuel farm and extension of the east ramp.

Schematics had been distributed for review. Mr. Sprenger reviewed some of the major changes being proposed.

Eric Hietala, Senior Vice President for Signature Flight Support, said they are excited to join in the development at the airport. They are planning \$36 million in development including 6 projects. The biggest piece is a 39,000 square foot hangar.

The second piece is expansion on the east side and a fuel farm with 300,000 gallons of new fuel storage capacity west of the terminal. The 50-year-old farm would be remediated and removed. They are requesting a 30-year extension to their master lease.

Mr. Switzer asked about fuel capacity. Mr. Sprenger said for Signature it would be tripling their capacity. It is equal to what Bridger Aerospace has added. This summer we will have about 460,000-gallon capacity. Once Signature completes theirs, the fuel capacity will be 660,000 gallons. If Bridger also completes theirs, we will have 960,000-gallon capacity.

Mr. Hietala said the current fuel farm has one onload and one offload. On the proposed farm there would be 2 on and 2 off. So that capability is quadrupled.

Mr. Lehrkind confirmed that all properties would be extended by 30 years. Mr. Sprenger said yes, the master lease would extend all properties with the exception of the old FBO building where Summit operates. Overall, the lease would be extended to the maximum 40-year period, or 30 years from this fall.

Mr. Lehrkind asked if we anticipate any concerns over the next 30 years. Mr. Sprenger said all of this is part of the master plan. The hangar on the GA ramp will more effectively use the space. We like the idea of spreading out some of their business to the east side. Staff does not have any concerns.

Mr. Mathis asked if there are line of sight issues for the new hangar on the GA ramp. Mr. Sprenger said it would have to go through a 7460, but they aren't to full design yet. It is a potential concern.

Mr. Mathis said part of the east ramp that would be expanded is currently used for snow storage. Mr. Sprenger said we are running out of snow storage. That would move to the northeast side of the ramp. We will have to start hauling snow eventually.

Mr. Mathis said the new fire station has set a standard for buildings along that road. He urged Signature to consider that as they design their GSE building. Mr. Hietala said he has mentioned that in more than one internal meeting. Signature has never spent this much on a GSE building so it would be setting a new bar within their organization.

Mr. Sprenger said they plan to address the colors on the planned fuel tanks.

Mr. Mathis addressed the board saying, "I'm very appreciative of Signature's continued commitment to accommodate our growing general aviation, military, and airline operations. Given the scope of their proposed improvements, I believe that their requested lease expansion and extension are warranted, and I will vote in favor of the request and urge my fellow board members to do the same. However, given the tremendous amount of land acquisition, construction, design and planning currently under way here, I would ask the good folks at Signature, our staff, engineers and architects to be especially careful not to proceed with any projects or changes to current projects or standards without the expressed, written, prior approval of this board."

**MOTION:** Mr. Switzer moved to approve the request by Signature Aviation to expand their master lease 30-years based on \$36.3 million in investment at BZN including 39,000 s.f.

hangar, additional parking, contribution to expansion of the east ramp, fuel farm relocation and new Ground Support Equipment facility. Mr. Kelleher seconded the motion. All board members voted aye. The motion carried.

**4. Consider request by Reef Parking to increase their parking management fee by \$8,289.30 per month to provide increased staff and pay for employees**

Mr. Sprenger said this letter indicates that our contribution was not enough. Parking lot usage and pay rates have increased. Staff has reviewed and recommends approval of the request. They have 1.5 years left on the current agreement.

Mr. Lehrkind referenced the 3% annual increase at the beginning of each year. Mr. Sprenger said that has been agreed.

**MOTION:** Mr. Mathis moved to approve request by Reef Parking to increase their parking management fee by \$8,289.30 per month to provide increased staff and pay for employees. Mr. Lehrkind seconded the motion. All board members voted aye. The motion carried.

**5. Consider request by Mr. Iven Rosheim to transfer the non-commercial land lease on hangar 61 to Mr. Terry Giovanini**

Mr. Sprenger said this hangar is in good condition. Staff recommends approval of the request. Mr. Giovanini would like to expand the hangar and will bring that request to the board next month.

**MOTION:** Mr. Lehrkind moved to approve request by Mr. Iven Rosheim to transfer the non-commercial land lease on hangar 61 to Mr. Terry Giovanini. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

**6. Consider rate adjustment on various airport fees effective July 1, 2022**

Mr. Sprenger said we are reviewing fees while working on the budget. The primary fees proposed to increase on advertising are display case rates, wood sign rates, and boarding bridge rates. Overall, those rate adjustments would increase advertising revenue by \$37,000 per year.

On the General and Business Aviation side, we have not adjusted our landing fees for some time. We reviewed landing fee rates other airports in the region. Staff recommends our rate at \$2 per 1,000 lbs. which would generate about \$100,000 additional annual revenue. This is based on aircraft 12,500 lbs. and above. We are also reviewing the landing fee minimum weight. Staff looked at various thresholds and what aircraft we have each month. If we lowered it to 9,000 lbs. it would be \$35,000 more in annual revenue. Staff recommends an adjustment to the landing fee minimum weight to 9,000 lbs.

Parking fees for our ramps were also reviewed. We have not reviewed in 3-4 years. Staff proposes that 12,500 lbs. and less remain the same. Staff recommends the following increases

\$25 to \$30 per day for aircraft weighing 12,500-29,999 lbs.

\$50 to \$60 per day for aircraft weighing 30,000-59,999 lbs.

\$75 to \$90 per day for aircraft weighing 60,000-99,999 lbs.

\$100 to \$120 per day for everything 100,000 lbs. and more

A lot of the reason for this is these are our ramps that we have to maintain. We are seeing a tremendous amount of business jet aircraft and there is a limited amount of space.

Staff also recommends increasing airport-owned hangar rent from \$200 to \$250 per month for rented hangars, which we have 5 of.

If all of these are approved and implemented, the overall increase is \$165,000 for general aviation.

Staff is also proposing an increase to our terminal rents from \$24 per square foot per year to \$26 per square foot per year for finished and from \$12.97 per square foot per year to \$15 per square foot per year for unfinished. The TSA increase has been agreed and implemented already. Those increases would generate \$47,600 additional revenue per year.

All increases amount to an additional \$250,000 in revenue per year. That doesn't include volume changes.

Mr. Mathis said we are moving in the right direction. Mr. Mathis said general aviation landing fees should be higher. He thinks we should charge at least \$3 per 1,000 lbs. He is in agreement with the 9,000 lbs. landing fee minimum weight. The Board reviewed the landing fee rates of eight area airports. The average landing fee at the five similar resort airports averaged \$4.49. All board members agreed with Mr. Mathis about the \$3 and 9,000 lbs. minimum.

**MOTION:** Mr. Switzer moved to approve the rate adjustments on various airport fees effective July 1, 2022, with the addendum that the General Aviation landing fee be \$3 per 1,000 lbs. instead of \$2. Mr. Mathis seconded the motion. All board members voted aye. The motion carried.

## **7. Air Traffic Control Update**

Mr. Sprenger said he spoke with Les from the tower. They are expecting an additional controller by the end of the month. They are working hard to attract other positions as well. That will put us at 5 controllers.

Mr. Mathis asked if there is anything new regarding our change to Class C airspace. Mr. Sprenger said they have done some research. One constraint is that we are a contract tower. We found one other tower that is contract and Class C in Bentonville, Arkansas. We have spoken with Les about it. Les thinks it could be a good thing but is doing some research. We haven't gone much past that point.

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

Mr. Humphrey reported 10,839 total tower operations for March which was down 5%. Rolling 12-month operations were 118,046 operations, just short of our record last month. Enplaned passengers were up 55.7% at 105,959 passengers. For 12-month enplanements we had 1,086,197. Deplaned passengers were 100,257 versus 65,672 which is up 52.7%. Airline landings were up 10.1% at 981 versus 891. The system load factor was at 80.7% versus 65.1%. Most airlines are all above 85% load factor. Total gallons dispensed for February was up 29%. We had 20 Customs clearances last month compared to 10 the same month last year.

The first 16 days of April are 53% above last April. We should end up mid to upper 40's for April.

Last week he attended an event at Big Sky with United, Delta and American. Mr. Humphrey talked with all 3 network representatives. Our seats are down this summer. They were not concerned about fuel. They don't have the crews to expand service.

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

Mr. Sprenger reported that our boardings for the month of February were approximately equal to Billings, Missoula, Kalispell and Great Falls combined.

March rental car revenue was 141% of 2021. Parking revenue was 187% of 2019 (record). Nationally, passenger traffic was 87.7% of 2019, so we are exceeding that. Food and beverage revenue was 168% of 2019 and 106% of 2021 for retail.

Yellowstone Airport Plaza – no big changes. Even Hotel construction is well under way. Another hotel area has been leased, but no announcement of which brand yet. It will be great to have more hotel rooms in the area. Available hotel rooms have been a constraint for leisure traffic. This year The AC Marriott will open.

Terminal apron overlay begins the end of this month. We will be shifting airlines by gates and close 3-4 gates at a time. That will be completed in May. This project is possible because we can move airlines to empty gates with Amadeus. There should be limited impacts.

Ramp project will go the rest of the summer and into the fall.

We should have an FAA agreement soon for the study for our navigation aid improvements. The study will establish if the desired improvements are feasible and what the cost will be. Since these improvements are not currently on the FAA list, we will need to be the contributing force. We don't want to maintain them after they are done. Maintenance will also be determined in the study. We will know a lot more after the study is accomplished. We are hoping to have the agreement within the next couple weeks. In about 3 months from now we should have the results.

#### **10. Consider bills and approve for payment**

The bills were reviewed and detailed by Mr. Sprenger.

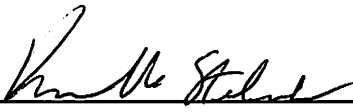
**MOTION:** Mr. Kelleher moved to pay the bills and Mr. Switzer seconded the motion.

All board members voted aye. The motion carried.



**11. Adjourn**

The meeting was adjourned at 2:52 p.m.

  
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Karen Stelmak, Board Chair