

The regular monthly meeting of the Gallatin Airport Authority was held March 10, 2022, at 2:00 p.m. in the Airport Conference Room. Board members present were Karen Stelmak, Ted Mathis, Kevin Kelleher, Carl Lehrkind, and Kendall Switzer. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, Troy Watling, Assistant Director - Finance, and Shannon Rocha, Recorder.

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

1. Open Bids on North Apron Water and Sewer Improvements

Mr. Sprenger called for additional bids for this project and the next.

Duneman Construction Incorporated was the first bid. Montana Contractor registration number 151842. The bid bond was attached, and the addendums were acknowledged. The bid was signed by Keith Duneman, President. The total bid price for Schedule 1 was \$2,404,420.00.

Montana Civil Contractors Incorporated was the next bid. Montana Contractor registration number 155802. The bid bond was attached, and the addendums were acknowledged. The bid was signed by Robert Kotch, President. The total bid price for Schedule 1 was \$2,568,077.00.

MOTION: Mr. Switzer moved to take the bids under advisement and award a contract to the lowest qualified bidder. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

2. Open bids on Commercial Apron Expansion and Overlay Project

Knife River Belgrade was the first bid. Montana Contractor registration number 10089. The bid bond was attached, and the addendums were acknowledged. The bid was signed by Leo Zwemke, Vice President and General Manager. The total bid price for Schedule 1 was \$6,649,804.00.

Treasure State Incorporated was the next bid. Montana Contractor registration number 157069. The bid bond was attached, and the addendums were acknowledged. The bid was signed by Barrett Haugan, President. The total bid price for Schedule 1 was \$8,292,477.00.

MOTION: Mr. Lehrkind moved to take the bids under advisement and award a contract to the lowest qualified bidder. Mr. Mathis seconded the motion and all board members voted aye. The motion carried.

3. Review and approve minutes of regular meeting held February 15, 2022

Ms. Stelmak asked if everyone had received their copy of the minutes and if they had any corrections or additions.

Mr. Sprenger had one correction – to add Mr. Kelleher to attendance.

MOTION: Mr. Mathis moved approval of the minutes of the meeting held February 15, 2022, as amended. Mr. Lehrkind seconded the motion and all board members voted aye. The motion carried.

4. Public Comment Period

There were no public comments.

5. Consider approval of Schedule II of the inline baggage system

Mr. Sprenger said we had the approval of this project contingent on TSA approval. They are moving slowly. There is no indication that it will not be approved. We are concerned about the timing of bids and supply chain issues. It is also part of a Passenger Facility Charges (PFC) project, so we could be reimbursed fully if the TSA does not participate. If the work starts before the TSA approval, a small portion could be moved over to the TSA.

We expect TSA approval within the next 30 to 45 days. We plan not to have any covered by the Passenger Facility Charges (PFC), but we are covered either way.

MOTION: Mr. Switzer moved to approve Schedule II of the inline baggage system. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

6. Consider land acquisition priorities

Mr. Sprenger showed the location of the proposed property on the map. It is referred to as the Chelsea Lane property. The property is one lot with 5 houses and 1 septic. It will be a challenge to figure it out. To move forward we need to determine an appropriate price. Staff recommends moving forward.

Mr. Sprenger said it is not appropriate for the airport to have renters. We can allow the owners to stay for 3 years, as we have with others. We could not extend that to the renters. If we buy the property, it becomes ours and part of the closing process would be that the homes are vacant at the time of closing. We don't know if the renters are aware of the possible acquisition. The transfer of title could be delayed. It could be 6 to 9 months later. The houses could be relocated. This is a difficult one. We cannot move forward without an idea of the price. If we come to an agreement, we would come to the board. Mr. Kelleher asked if the sellers have a real estate representative. They do not.

MOTION: Mr. Mathis moved to approve the Airport Director negotiating a buy-sell on the Triple Creek Land & Livestock, LLC property and to bring to the Board for consideration, understanding the Board may or may not approve the negotiated buy-sell agreement. Mr. Switzer seconded the motion. Mr. Kelleher dissented. The motion carried.

7. Consider request by Doug S. Chapman to enter into a new commercial ground lease on hangar 91/113 and add Pamela C. Chapman to the new lease

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

MOTION: Mr. Switzer moved to approve the request by Doug S. Chapman to enter into a new commercial ground lease on hangar 91/113 and add Pamela C. Chapman to the new lease. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

8. Presentation of CY 2022 Airport Traffic Forecast

Mr. Sprenger said they discussed making projections based on various factors. There will be impacts on capacity and international travel. There will be competing impacts for safe haven destinations.

The current projection is 1,102,570 passengers which is 13.3% over last year's record. Starting around June we are looking at flat growth. The airlines will be trying to raise load factor.

9. Proposed staffing plan for FY 2023 and FY 2024

Mr. Humphrey said projections were sent out with the board packet. Each year was reviewed. There are 56 employees currently on staff. We would like to add 1 Human Resource (HR) position and 1 Information Technology (IT) position in fiscal year 2023. Our CPA is

doubling as HR, and it is becoming a strain. We are running our current IT person ragged. He receives calls after hours and on off days. We would like to add one IT position this year and one more for next year. We need to get some institutional knowledge and start succession planning.

When we split Maintenance and Operations it was always the intent to have each department self-sufficient. We are still backfilling between the two departments. We would like to start with 2 this year and 2 next year including a manager which will provide us with 14 individuals in Operations. The numbers for the maintenance side are identical.

The last additional position for 2023 is a maintenance trainer. That would be a full-time job.

In 2024 we would like to add a Contracts Manager. We have many requests for hangars, concessions, RFP, etc. Sometimes things fall through the cracks. We have lease agreements and lease negotiations.

Overall, we would like to add 7 positions next year and 7 more the year after that. The cost projection includes cost of living in the 2 years. It would be absorbed by increased revenue. This provides us the opportunity to put the brakes on if we see some pull back.

Ms. Stelmak appreciates how efficiently everyone has operated. We don't want to over burden staff and creating a safe environment is important.

Mr. Switzer has been worried about the staff. It is getting busy out there. Mr. Switzer asked if our operating expenses factor in inflation. Mr. Sprenger said yes, they do and there is a much higher inflationary rate for cost of living and goods and services. We have tried to maintain 50% between operating expenses and capital contribution. With such a significant

increase in revenue, we have fallen behind on the operating side. It is also important to look at these things absent that ratio to make sure they still apply and are still appropriate moving forward. That is where comparing with other airports was important. We were more on the lower side. Mr. Sprenger reviewed staffing levels at some other airports.

Operations has the ability to hire off the street. The experience level is not required. We are trying to shift less technical responsibilities to the operations staff including some of the dispatch. Every single airport does things so radically different. To bring on 14 people in 2 years is a challenge. We also have a higher turnover rate than we used to. We have one of the younger staffs compared to other airports. There are good and bad associated with that. We don't have the experience level. You overstaff to accommodate the inexperienced having to build in efficiencies.

Mr. Mathis said we purchased paint striping and lifts, yet contractors have been hired to do these things. Snow removal he understands. Mr. Mathis asked if Mr. Sprenger anticipates any functions being brought back. Mr. Sprenger said yes, and each function is reviewed. The biggest concern is finding the people for the positions. If we can get them hired, we will bring in what we can.

Mr. Lehrkind asked about how to cover the cost. Mr. Sprenger said our revenues have increased by about \$5 million in the last year based on multiple factors. We are already collecting at the higher level. We are being conservative to not over hire. We are looking at 14 additional people and don't want to surprise you. We are already there on the revenue side, but not the staffing side.

Mr. Lehrkind asked about renegotiating tenant contracts and increasing rates and charges in case of a slowdown. Mr. Sprenger said if we do slow down, we must determine if it is appropriate to maintain this level of staffing. That is why this is being phased over 2 years. We are already collecting 35% more than in 2019. Funding and capital projects were discussed. If we slow down, we don't need to build. That is gauged from operating and capital and balance downward as needed.

Mr. Mathis said historically the commercial side has subsidized the GA side and asked if rates and charges for GA are keeping up with the expense of the projects on that side. Mr. Sprenger said the short answer is no. 2023 is the timeframe for the next land rent increase. Missoula & Billings are both significantly higher. We will have to look at it. Landing fees should be adjusted. Fuel flowage was adjusted and raised to Billing's level. That contributed an additional \$150,000/year. There is a concerted effort to adjust rates as needed. The commercial and non-commercial corridor was discussed.

MOTION: Mr. Lehrkind moved to approve the proposed staffing plan for FY 2023 to be included in the proposed FY 2023 budget and to tentatively approve the FY 2024 staffing plan to be reviewed prior to next year's proposed budget. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

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

Total operations for February were up 33.3%. The 12 month rolling operations were at 118,618. Corporate landings were up 33.4%. Customs were 22 versus 4 last year. Total revenue enplanements were up 72.2% from last year. That puts the past 12 months

passengers at 1,048,271. Deplanements were up 73.2%. Airline landings were up 14.2%. Load factor was 76.2% versus 57.2% last year. Fuel dispensed for January was up 23.9%.

March so far is good. Right now is the spring break period, with more passengers than the Christmas peak. Parking will be a problem. We will probably end up in the 40-42% range over last year. We are on track with the projections. Southwest is increasing their load factor.

11. Airport Director's Report – Brian Sprenger

Mr. Sprenger said rental cars were 151% of 2020. Parking is 125% of 2020. National traffic is still 20% down. Food and beverage is 152% of 2020 and retail sales is 161% of 2020. The March numbers so far are very strong.

Mr. Sprenger went to DC last weekend. Title 6 civil rights audits is a new thing. We meet the threshold for the audit. It is a self-audit. We will be making improvements because we don't deal with that normally.

Contract tower staffing is an issue everywhere. We are down positions. There is a bill to allow retired FAA controllers to work for contract towers and keep their retirement. Washington won't return calls about it. Airport staffing is a challenge. Custodial has been a problem throughout the country. Everyone is trying to solve their problems. Based on the discussion in the room, we have performed better at finding people. Maintenance staffing has been the hardest.

The mask mandate was extended one more month. We were surprised it was only a one-month extension. We may see that go away for the April 18th deadline.

The FAA is just now returning to the office. We noticed the inefficiencies of their working from home. Getting things done requires pushing. Meanwhile the staff at every

airport has been working throughout this and handling passengers. This has been 2 years of us operating almost normally.

East Terminal Expansion Design - We reviewed the master planning and the design team. For the most part, everything is continuing along those lines. There are some refinements for building structure and code. By May we should have some drawings to look at. The structure on one side is more difficult due to the split level on the floors. Once we agree on the direction to go, we have to determine phasing.

We have completed collection of the CARES grant and now are collecting the CRRSA grant for about 6-8 more months. Then we go into the AARPA grant. Remaining funds are about \$11.2 million.

Mr. Mathis asked about our air traffic controllers. Mr. Sprenger said one controller retired and another controller was not comfortable with the vaccine mandate. We are down to 4 controllers. The position was offered to 2 people and they both refused after seeing the cost of living.

We had looked at contributing for a whole position, but we cannot even hire someone for that position. Wages need to be more appropriate for this area. Vail, Colorado has a community wide program by which the county contributes a stipend to critical infrastructure entities. We have started a conversation with Serco but haven't received a response. We don't know if it is a possibility. It could be a reason to increase rates and charges to supplement the wages in the tower.

Mr. Mathis said he imagines reduced hours unless we fix this and asked about borrowing Federal people from another airport. Put them in a hotel for a couple days. We

must move forward. Mr. Sprenger said we are looking at all options. This is a national problem for contract towers and federally employed controllers. We would love to get someone to come from Helena. One challenge is the training to become proficient at a particular airport.

Becoming a Class C airspace may be an option to consider. We reduce the burden on the local control tower because the sequencing is done by Big Sky Approach. Mr. Sprenger recently talked to Manhattan Flying Tigers and Class C was brought up and there was no verbal opposition. People know the challenges here. That would have to be reviewed and discussed.

Mr. Mathis suggested this be a monthly agenda item until it is resolved. If Class C helps, he is all for it. Mr. Sprenger said we will make it an agenda item.

Ms. Stelmak asked about the curbside issues. The plan is to advertise mid-April and open bids in May. The prices may be high.

12. Consider bills and approve for payment

The bills were reviewed and detailed by Mr. Sprenger.

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

All board members voted aye. The motion carried.

13. Adjourn

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



Karen Stelmak, Board Chair