

The regular monthly meeting of the Gallatin Airport Authority was held February 9, 2023, at 2:00 p.m. in the Airport Conference Room. Board members present were Ted Mathis, Kevin Kelleher (via Zoom), Carl Lehrkind, and Kendall Switzer. Also present were Brian Sprenger, Airport Director, Scott Humphrey, Deputy Airport Director, and Troy Watling, Assistant Director – Finance.

Mr. Mathis, acting Board Chairman, welcomed everyone to the regular meeting of the Gallatin Airport Authority Board and called the meeting to order.

Mr. Mathis made the following statement:

“On January 24th we lost one of the most revered members of our aviation community. Arlin Wass, owner of Arlin’s Aircraft Service, passed away at the age of 88. Arlin started working here as an aircraft mechanic in 1957 and he was active in the business right up until the time of his death. Arlin could fix anything from a chainsaw to a 737. Whether it was 90 above or 40 below, 3 in the morning or Christmas Day, it didn’t matter. He would come out to do his best and get you back in the air. And he always paid his rent on time. He will be missed.”

1. Review and approve minutes of regular meeting held January 12, 2023

Mr. Mathis asked if everyone had received their copy of the minutes and if they had any corrections or additions. There were none.

MOTION: Mr. Switzer moved approval of the minutes of the meeting held January 12, 2022. Mr. Kelleher 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 directed attention to a map indicating the property surrounding the airport and provided updates on closings. Another party has requested an appraisal to consider a buy sell agreement. Staff recommends approval of moving forward with the appraisal.

MOTION: Mr. Lehrkind moved to the Airport Director negotiating a buy-sell on the Eric and Alyson Shaber 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 and all board members voted aye. The motion carried.

4. Consider request by Branch Aircraft Leasing, Inc. to lease Hangar EU3 to Million Air Fixed Based Operations

Mr. Sprenger said we have a request from Million Air to sublease Hangar EU3 which is one of the 5-unit hangars. Staff recommends approval of the request. Mr. Sprenger confirmed for Mr. Mathis this would create a commercial lease for this portion of the hangar.

MOTION: Mr. Switzer moved to approve the request by Branch Aircraft Leasing, Inc. to lease Hangar EU3 to Million Air Fixed Based Operations. Mr. Kelleher seconded the motion and all board members voted aye. The motion carried.

5. Consider request by Jet Aviation for consent to assign Tract EY4 and Tract EY5 to BZN Hangars 1 and 2, LLC

Mr. Sprenger said Jet Aviation had a lease on these as part of a larger lease for development. The owners of BZN Hangars 1 and 2 are looking for additional hangar space for larger aircraft and approached Jet Aviation about the possibility of assigning that to them.

There are some requirements on the property to begin construction. This area is designated on the master plan as space for large hangars such as this, and it is a commercial area. It has access to Frontage Rd which still needs some approval by Montana Department of Transportation. The hangars must also meet the commercial requirements. Because we don't have any other requests of this nature, staff recommends approval of the request.

Mr. Mathis asked Cal Thomas, Cross Harbor Capital to approach the podium. Mr. Mathis said he has noticed that some of their hangars are vacant a majority of the time and questioned the need for 2 more. Mr. Thomas advised despite the vacancies, all hangars are leased or sold out and they have considerable demand for additional space. They don't currently have the capability to accommodate Global 7500's so they would like to add larger hangars to accommodate customers with increasingly larger aircraft. Mr. Mathis asked if they can currently accommodate a Boeing Business Jet. Mr. Thomas said he wasn't sure of the tail height of that aircraft, but if it is less than 28' it would fit. Mr. Mathis asked if that was a possibility and Mr. Thomas said they would try to have a 30' door to accommodate aircraft within that range.

Mr. Lehrkind asked if this area could be re-purposed for smaller hangars considering there is such a large demand for those. Mr. Sprenger said the area wasn't designed for smaller hangars and its access to the Frontage Rd wouldn't make smaller hangars the most appropriate use of this area.

Mr. Mathis asked about infrastructure in the area. Mr. Sprenger said the infrastructure is relatively close to the site.

MOTION: Mr. Lehrkind moved to approve the request by Jet Aviation for consent to assign Tract EY4 and Tract EY5 to BZN Hangars 1 and 2, LLC. Mr. Switzer seconded the motion and all board members voted aye. The motion carried.

6. Report on East Terminal Expansion Project

Mr. Sprenger said they have been working on this project with our architectural and engineering team for the past 9 months. Due to the size and location of the project, the duration is expected to be longer than originally anticipated. There has been a great effort to reduce the impact on passengers. The number of gates needed had to be evaluated. Mr. Sprenger presented some charts with projections to determine the number of gates needed. Out of all the airports in the country, we are the 32nd largest in terms of averaged size aircraft with 150 seats per departure. This allows us to operate with fewer gates. We expect the next additions to be smaller aircrafts causing the 150 seats per departure to decrease slightly and daily departures to be about 46-59. The goal for the expansion is to reach 13 gates but an additional two are easily added.

The next slide presented the construction phases. Phase I is anticipated to last 3 years. Phase II is a 2-year project. Phase III (the portion that adds additional gates) has been suggested to create unfinished space in preparation for additional gates. From a construction standpoint, there are economies of scale to create the shell. We could also reach 13 gates significantly earlier. This could also create space for ground equipment storage. This change to the phasing could save \$1.5 million. It preserves the ability but doesn't commit us to Phase III.

Martel went through 2,000-line items to provide a cost estimate. Martel also compared pricing on other projects. The cost increases have followed our growth rate. The next slide presented phasing by cost and was reviewed by Mr. Sprenger. Another slide presented a Gate Matrix with phases and timing reviewed by Mr. Sprenger. The next slide presented the cash flow projections with the new numbers.

Mr. Sprenger said there is a design contingency of \$9.3 million and a construction contingency of \$6.2 million. The design contingency would go away once we are in the bidding process. The last 2 major projects we've had, we our contingency used was less than 2% compared to the 5% allocated. We believe we will have some savings.

Our goal is to complete the project without borrowing. If everything goes as planned, we could see a bid for Phase 1 as early as early next year.

Other local airport expansions and costs were discussed. Financial market projections were discussed in relation to aviation. The need for the east expansion was discussed.

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

Mr. Humphrey reported total tower operations for January were up 3.9% at 9,426 operations. Rolling 12-month operations were 111,418 operations. Corporate landings over 12,500 were 921 versus 886 so up 4%. Corporate landings under 9,000 were 1,110. We had 32 customs clearances. Total enplaned passengers were 91,699 versus 83,551 which is up 9.8%. Rolling 12-month enplanements were 1,143,829 which is a new record. Deplaned passengers were up 8.5% at 90,610 versus 83,492 passengers. Airline landings were down 4.1% at 860 versus 897 due to larger aircraft. The load factor for December was 78.3%. Total gallons dispensed for December was up 2.9%.

The first 13 days of February are tracking close to last February, but we are coming into President's Day weekend and the snow is good. We have 9,700 more seats in the market. We should end up in the high single digits for growth.

Mr. Lehrkind asked about Southwest and the low load factor. Mr. Humphrey said this is following the December melt down and they are still recovering.

8. Airport Director's Report – Brian Sprenger

Mr. Sprenger reported that overnight cars were 119% of January 2022. Parking revenue was 130% of January 2022. January food and beverage was 113% of January 2022. Retail was 110% of January 2022. We continue to see that tracking with our passenger numbers.

The Aviation Conference is coming up the first part of March. Mr. Switzer is the keynote speaker on the first day and Mr. Mathis will be speaking as well.

8. 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. Switzer seconded the motion.

All board members voted aye. The motion carried.

9. Adjourn

The meeting was adjourned at 3:01 p.m.



Ted Mathis, Acting Chairman