



AVIATION AND TRANSIT COMMISSION MINUTES
Tuesday, May 7, 2019

The Aviation and Transit Commission met in the Administration Conference Room at the Billings Logan International Airport on Tuesday, May 7, 2019. Those in attendance included:

Aviation and Transit Commission Members

Peggie Gaghen, Chair
Ken Behling
Mark Astle
Chuck Tooley
David Hummel, Jr.

City Staff and Guests

Kevin Ploehn, Director of Aviation & Transit
Shane Ketterling, Assistant Director of Aviation & Transit
Rusty Logan, Transit Manager

PUBLIC COMMENT PERIOD

A public comment period was offered. No public comments were received.

Mr. Ploehn began by introducing Rusty Logan to the Commission as the new Transit Manager. Mr. Logan spent a few minutes providing some background on himself.

FISCAL YEAR 2020 BUDGET

Mr. Ploehn provided the Commission with the Aviation and Transit's Fiscal Year 2020 Budget presentation that he would be providing the Council with on May 20. He asked the Commission to provide feedback where appropriate to help with the delivery to the City Council. The presentation is attached to the minutes.

SUMMER CONSTRUCTION UPDATE

Mr. Ketterling discussed the following construction projects that are scheduled to take place in 2019:

- ▶ Starting in August, the Commercial Concrete Ramp Replacement project that is needed for the Airport to build the new Concourse and to replace sections of concrete that are degrading due to Alkali Silica Reaction (ASR). This project is deemed a high priority repair.
- ▶ Finish the Long Term Parking Lot Sealcoat and Asphalt Rehabilitation project that was started in 2018. This work was stopped due to Winter weather and this year's work will complete the project.
- ▶ Replacement of the Billings Clinic Hangar Door that is utilized multiple times per day for medical flights and is an emergency repair due to structural metal fatigue in the door frame.
- ▶ Replacement of a Terminal Building Steam Boiler that has a cracked housing and can no longer be re-welded due to the number of years it has been in service heating the Terminal Building.
- ▶ Begin replacing the Car Wash Doors at the Quick Turnaround Facility (QTA) due to the door insulation holding moisture and becoming so heavy they are breaking springs on a regular basis.
- ▶ Replacement of the Closed Circuit Television Camera (CCTV) System at the QTA, which is utilized to record car rental vehicle incidents and accidents.
- ▶ Complete numerous LED lighting upgrades in Airport and Transit facilities, parking lots, etc., which qualify for the Energy Rebate Program sponsored by NorthWestern Energy, ultimately saving the Department money and electricity usage.

- ▶ Start the Terminal Concourse Expansion Construction project in September. This will consist of building a new stairwell on the west end of the A Concourse in order to relocate the Cape Air operation. The Airport will close the existing Deli south of the United Gate and relocate it to the new Deli location on the B Concourse. The Airport will also close the existing Gift Shop and build a new temporary Gift Shop near the location of the old Deli. Additionally, the contractor will install new pillars to support the new roof structure and build a temporary hold room under B Concourse for passengers who will be ground loading during the construction project.

Mr. Ketterling also discussed other projects that are taking place on the Airport, but are being completed by some Airport tenants, these include:

- ▶ Edwards Jet Center is currently increasing the storage capacity of their existing fuel farm facility and installing a backup pump system in case they experience a failure of the main pumping system, ensuring that they always have the ability to pump fuel needed by the aircraft flown by the airlines.
- ▶ The BLM Fire Fighting Tanker Base is completing an asphalt replacement project where their fire fighting aircraft park. The project was started last Summer and needs to be completed prior to fire season.
- ▶ A new aircraft hangar is scheduled to be built at the west end General Aviation area.
- ▶ Billings Flying Service is building a new maintenance hangar west of the Airport that will assist with their helicopter repairs and refurbishments.

AIRPORT AND TRANSIT ADMINISTRATIVE/OPERATIONS REPORTS

- ▶ Mr. Ploehn informed the Commission that Frontier Airlines begins service on May 30. Staff was anticipating that Frontier would be here the week of May 20 to set up their operations. Mr. Ploehn anticipated that there would be some sort of media event or ribbon cutting for the first flight, but had not heard anything from Frontier as of yet.
- ▶ Mr. Ploehn noted that in order to get the Frontier space available, staff had to do some work in the old Big Sky area, including installing a bag belt. Airport staff did a great job of getting the space ready for Cape Air and they are very happy with how it turned out. Once Cape Air moves into the old Big Sky area, the Airport Building staff will start on the vacated space to ready it for Frontier, including installing a larger bag belt for their operations.
- ▶ Mr. Ploehn discussed the Aviation Fuel Tax increase that House Bill 661 provided during the State Legislature. This ended up being a \$.03 increase to the airlines and a \$.01 increase to the general aviation users. There was a lot of concern on the part of Montana's seven commercial service airports that this fuel tax increase might discourage airlines from entering the Montana markets, especially the low cost carriers. Mr. Ploehn pointed out that the State's commercial service airports work hard to bring new airlines to town and the impact of this Bill would systematically increase their operating costs to support general aviation airports and landing strips owned by the State. He was hopeful that this fuel tax does not impact the air service efforts put forth to date.
- ▶ Mr. Ploehn then advised the Commission that airline contract extensions were sent out to all airlines to extend their leases to March 31, 2020 so that staff and the airlines could work out an interim agreement to cover the three years of construction. Because all of the airlines' Terminal Concourse space will be impacted, the Airport is looking at language that puts in place the ability to bill the airlines based on passengers versus square footage used. He anticipated the interim agreement might be ready this Summer.
- ▶ Mr. Ploehn then discussed the west end land purchase that the Airport has been working on. He noted that the Airport was looking to purchase 60.78 acres just west of the Airport for runway protection. This process has been going on for two years. After three appraisals by the Airport

and one by the landowner, the Airport finally got an offer. Further negotiations will still need to take place to complete this purchase.

- ▶ Mr. Ketterling updated Commission Members on an April 25, 2019 meeting that took place with airline representatives regarding the Information Technology (IT) needs that will be required for all of the airlines to operate during construction and when the new concourse is finished. He explained that most of the airlines participated in person or on a conference call. Our IT Consultant, Paul DeWolfe, spearheaded the conversation, as a lot of questions were asked and really good information was received from the airlines on what they require or prefer.
- ▶ Mr. Ketterling explained that the Airport was notified that the Airport's FAA Inspector would be here May 15–17, 2019 to conduct the annual FAA Certification Inspection. This entails having an FAA Inspector look at the airfield to verify all FAA's safety requirements are met, as well as the thorough review of the Airport's Certification Manual, training records, inspections, and many other items.
- ▶ Mr. Ketterling announced that the Aircraft Rescue Fire Fighting (ARFF) Division is conducting live burns tonight at our training facility and the Commissioners are welcome to attend after dinner and observe, as it is very interesting to watch. In addition to this, the protective gear that the fire fighters wear and the Self Contained Breathing Apparatus (SCBA) they use have reached the end of their useful life and have to be replaced, as per National Fire Protection Standards. Fortunately, since FAA requires this equipment, the Airport can use Federal AIP dollars to pay for 90% of the cost.
- ▶ Mr. Ketterling informed Commissioners that this year the FAA required Tabletop Disaster Exercise will simulate an aircraft accident, and participants will include Airport tenants, airlines, and emergency responders. The tabletop exercise will take place on Tuesday, May 21, 2019.
- ▶ Mr. Ketterling announced that after a very long law enforcement career, Brian Neidhardt, Airport Police Supervisor, has decided to retire. His last day is May 31. Subsequently, the Airport is advertising for a replacement supervisor. He noted that there are some potential internal candidates that will be interviewed.

ITEMS FROM THE COMMISSION

None presented.

There being no further business, the meeting was adjourned.

KP:mdb

cc: Aviation and Transit Commission
Chrono
City Administrator
Mayor
City Clerk

Interior Rendering

GREAT ROOM



AVIATION & TRANSIT FY 2020 BUDGETS

Accomplishments/Successes

Record Number of Passengers

Record Pounds of Freight

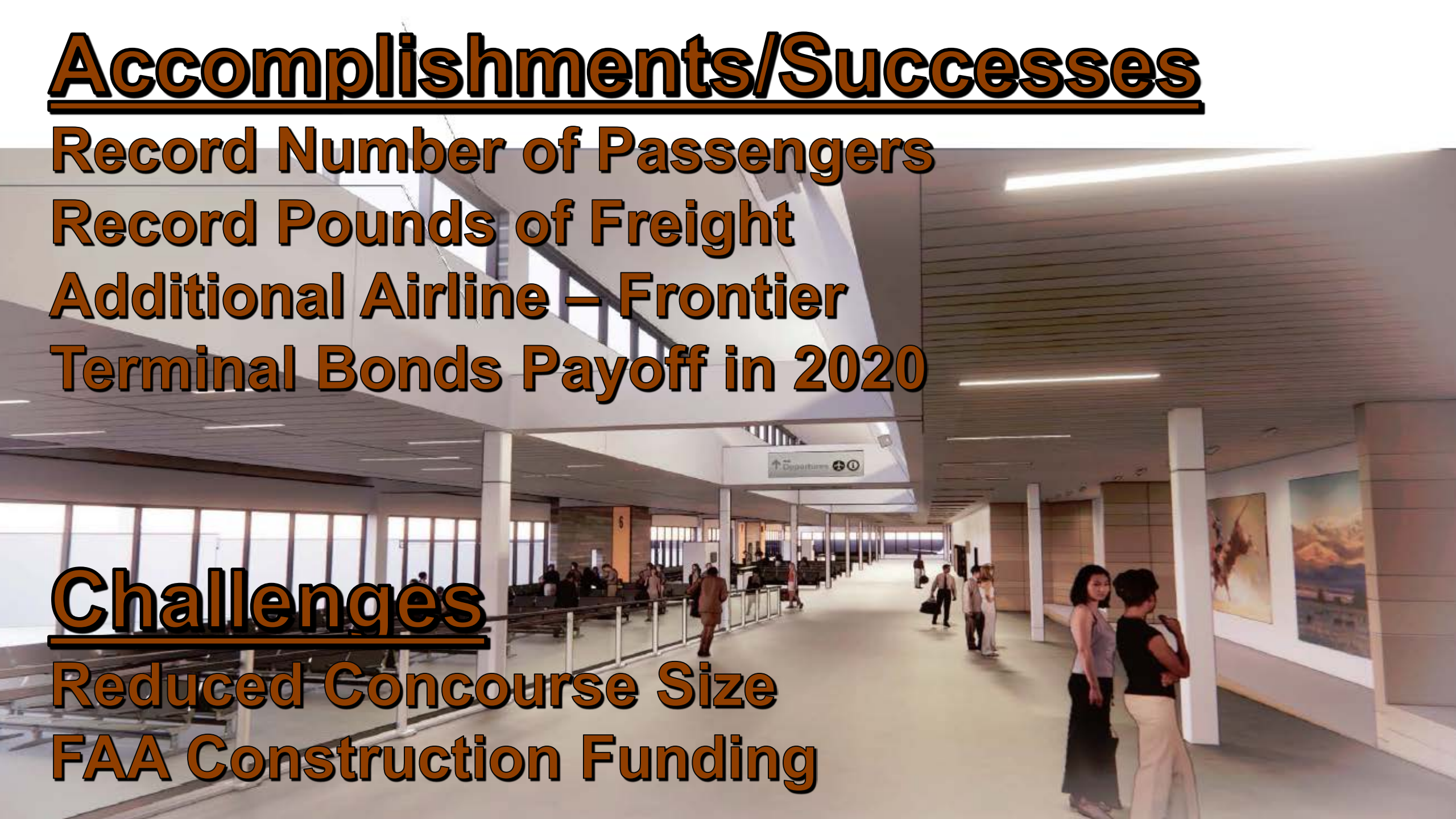
Additional Airline – Frontier

Terminal Bonds Payoff in 2020

Challenges

Reduced Concourse Size

FAA Construction Funding





AIRPORT STATISTICS

3 Runways

2,300 Acres

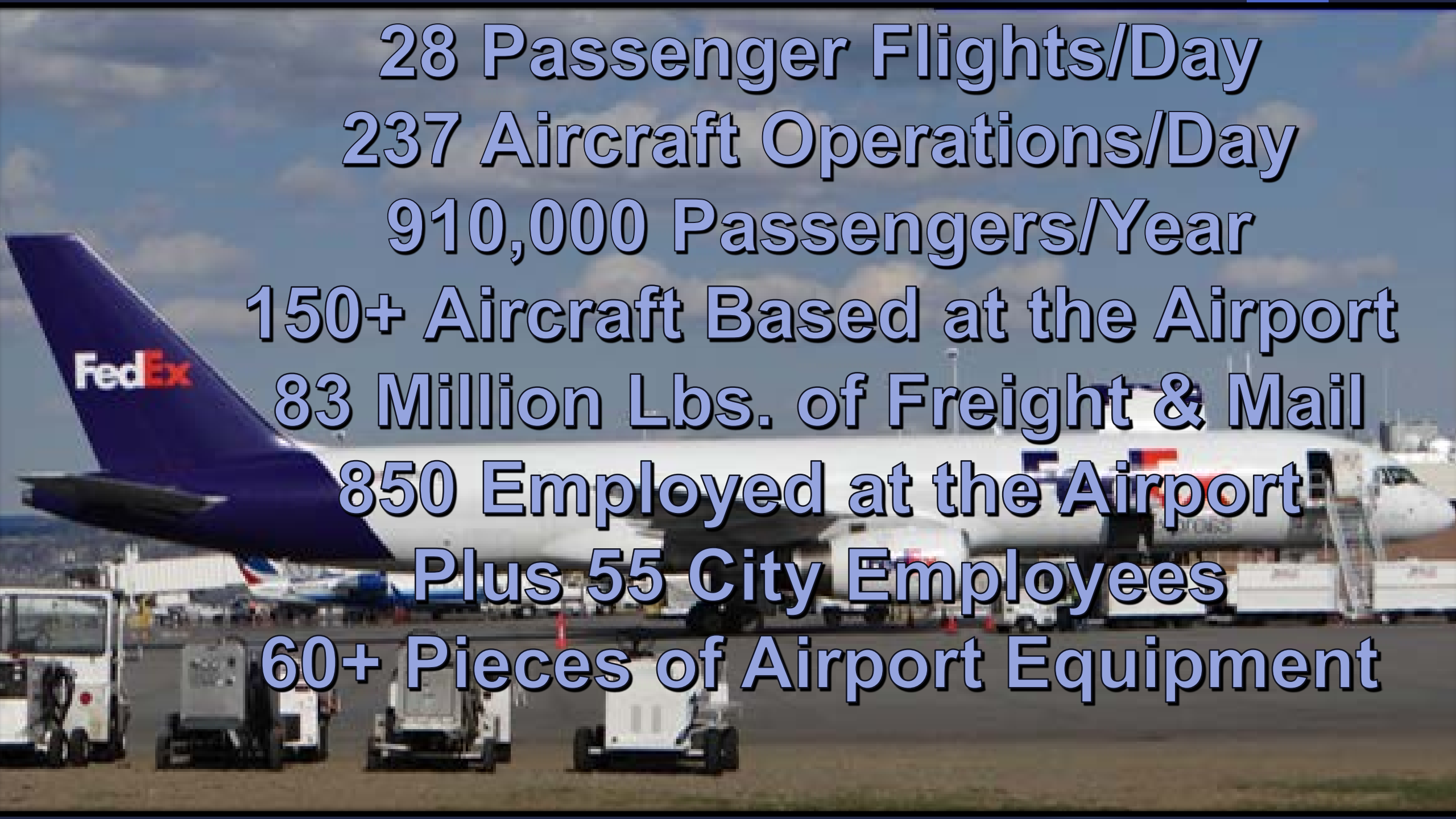
9 Miles of Security Fence

4,600,000 Sq. Ft. of Pavement

1,250 Runway and Taxiway Lights

120 Airfield Guidance Signs

350,000 Sq. Ft. of Paint Markings



28 Passenger Flights/Day

237 Aircraft Operations/Day

910,000 Passengers/Year

150+ Aircraft Based at the Airport

83 Million Lbs. of Freight & Mail

850 Employed at the Airport

Plus 55 City Employees

60+ Pieces of Airport Equipment

AIRPORT REVENUES

TYPES OF AIRPORT REVENUES

- User Fees
- Grants
- Loans / Bonds

No Local Taxes

AIRPORT CONCESSIONS

\$4,618,835

Parking
Car Rentals
Restaurant
Gift Shop



AIRLINES TERMINAL LEASES

\$2,283,546



LANDING FEES - \$1,336,769

LAND & BUILDING LEASES \$1,439,074



QTA & OTHER REVENUES

\$1,731,499



BUDGETED OPERATING REVENUE TOTALS

FY 2020 - \$11.4 Million

FY 2019 - \$11.1 Million

AIRPORT EXPENSES

Administration - \$1,785,050

Terminal Building Maint. - \$1,949,398

Airfield Maint. - \$1,436,605

ARFF - \$1,061,207

Police - \$826,556

QTA - \$649,047

Other - \$193,357

**AIRPORT
DIVISIONS
\$7,901,220**

\$- \$500,000 \$1,000,000 \$1,500,000 \$2,000,000

■ Personnel ■ O&M

AIRPORT CAPITAL

AIRPORT CAPITAL REVENUES

\$5,182,400

**Federal Airport
Improvement Grants
(AIP) 90/10 Match**

\$30,000,000

**Short-Term
Borrowing Prior to
Bond Sale**

AIRPORT PFC & CFC REVENUES

\$1,813,070

Passenger
Facility
Charges (PFC)
\$4.50 per
Passenger

\$875,000

Customer
Facility Charges
(CFC) \$3.00 per
Car per Day
Rented

AIP GRANT FUNDED PROJECTS

	FY 2020
Airline Ramp Replacement	\$3,000,000
Airfield Lighting Control System	114,000
Fire Fighting Gear & Self Contained Breathing Apparatus	172,000
Runway 7/25 Planning & Master Plan	<u>250,000</u>
Total	\$3,536,000

AIRPORT REVENUES FUNDED PROJECTS

	FY 2020
Crack & Chip Seal Business Park Road	\$200,000
Utility Vehicle Replacement for Snow Removal at Terminal	50,277
Airport Lease Software Upgrade	50,000
Hangar Door Replacement	<u>40,000</u>
Total	\$340,277

TERMINAL EXPANSION PROJECT

FUNDING

	FY 2020
AIP Grant Funds 90/10	\$ 2,222,222
PFC Funds	1,600,000
Local Airport Funds	6,177,778
Short-Term Borrowing	<u>30,000,000</u>
Total	\$40,000,000

\$55 Million Terminal Expansion Project

Design

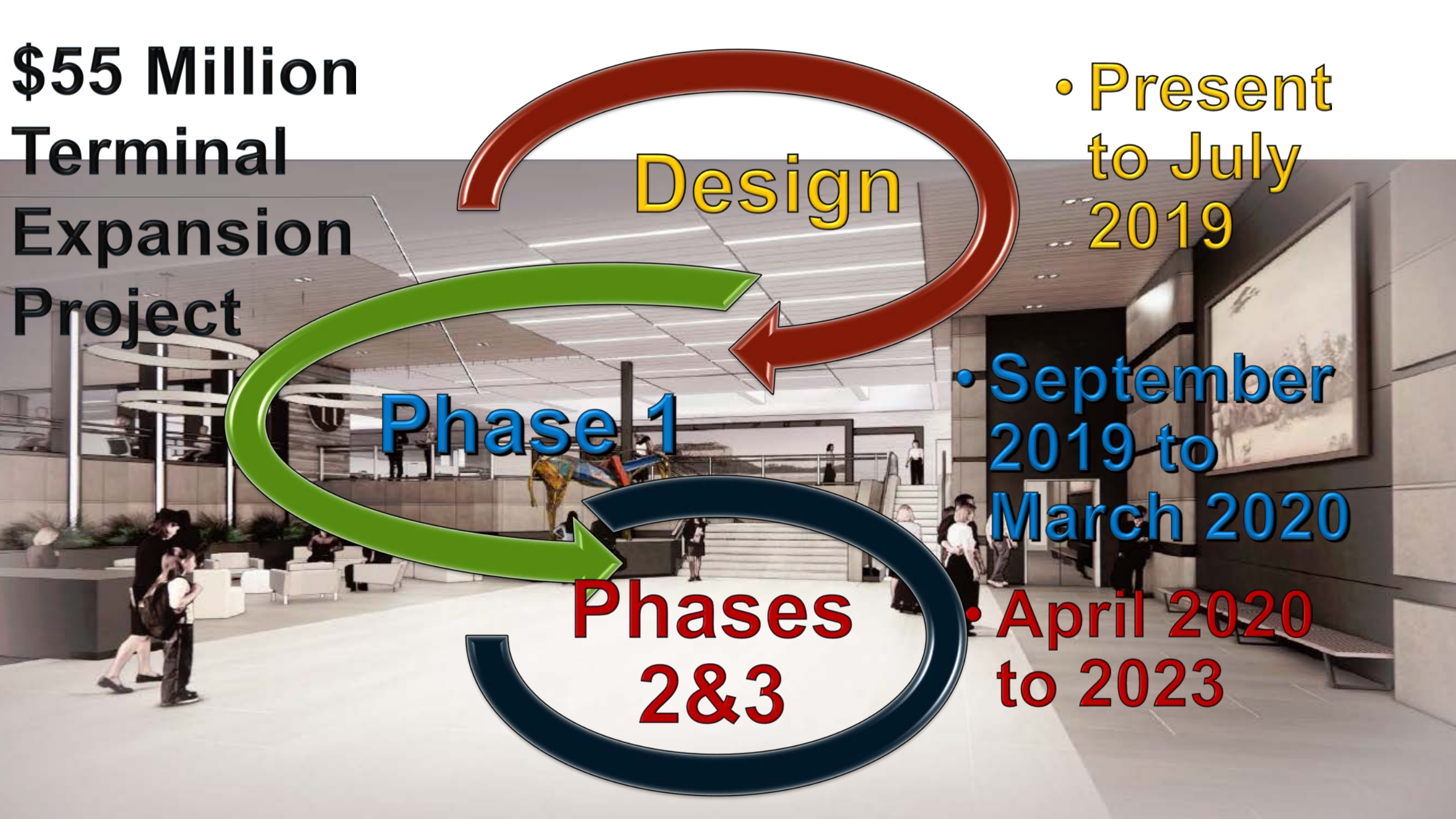
- Present
to July
2019

Phase 1

- September
2019 to
March 2020

Phases
2&3

- April 2020
to 2023



FY 2020 AIRPORT BUDGET TOTALS

▶ Total Revenues	\$49,280,193
▶ Total Expenditures	<u>53,357,281</u>
Revenues (under) Expenditures	<u><u>\$(4,077,088)</u></u>

FY 2020



Accomplishments/Successes

**Awarded \$1.3 Million Competitive 5339B Grant
Improvements to Facilities – Roof and Lighting
Pending Equipment Order
AVL Mobile APP**

Challenges

**Stagnant or Declining Ridership
Expenditures Outpacing Revenues**



MET TRANSIT STATISTICS

55 EMPLOYEES

25 Fixed Route Buses

- 455,000 Rides/Year
- 605,000 Miles/Year
- 15 Fixed Routes
- 4 Tripper Routes
- 7 Saturday Routes

15 Para Vans

- 46,500 Rides/Year
- 187,000 Miles/Year

TYPES OF TRANSIT REVENUES

- Federal & State Grants
- State Entitlements – HB-124
& SB-372
- Fares & Advertising
- 10 Mill Tax Levy

FTA SOURCE REVENUES



Section 5307

- Operating – Requires a 50% Match
- Approximately \$1.85 Million per Year



Section 5310

- Capital for Transportation Equipment
- \$150,000 or Less per Year



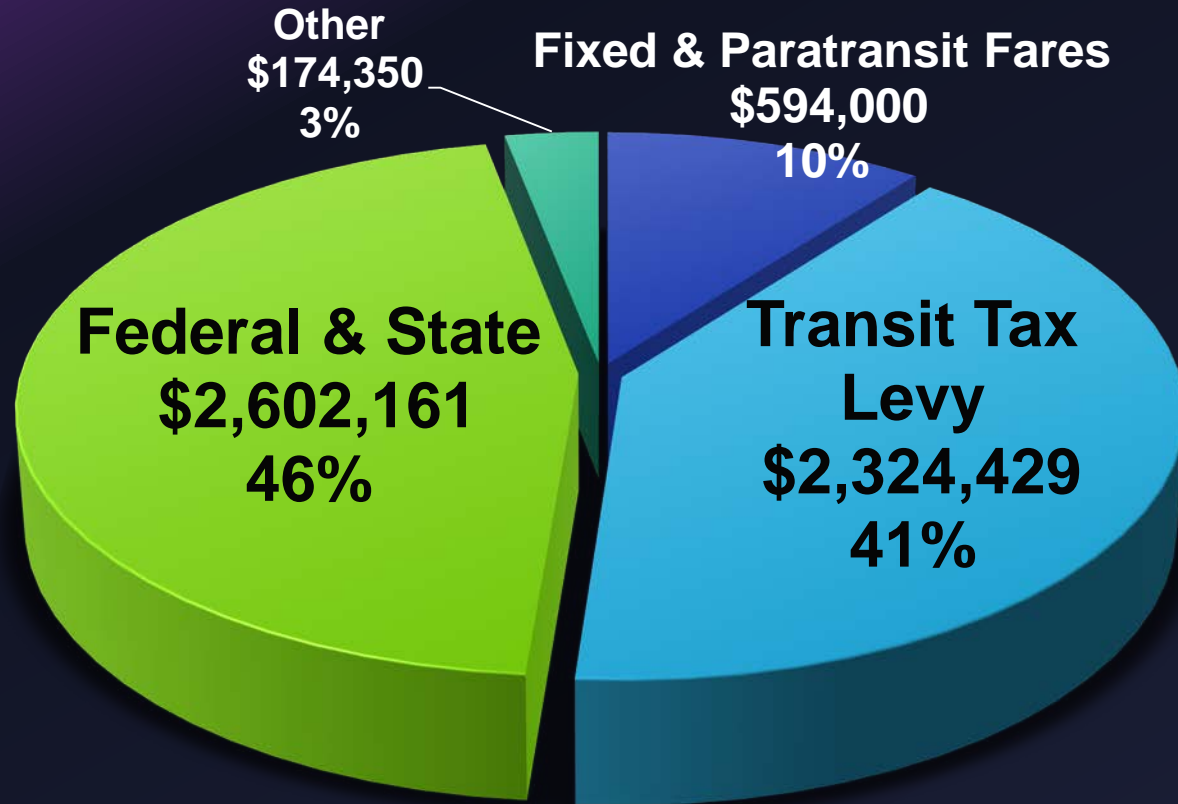
Section 5339 and 5339B

- Capital for Facilities, Buses, Technology, and etc.
- \$420,000 +/- Annually (5339) and Competitive Grants (5339B)

MET TRANSIT FY 2020 OPERATING BUDGET

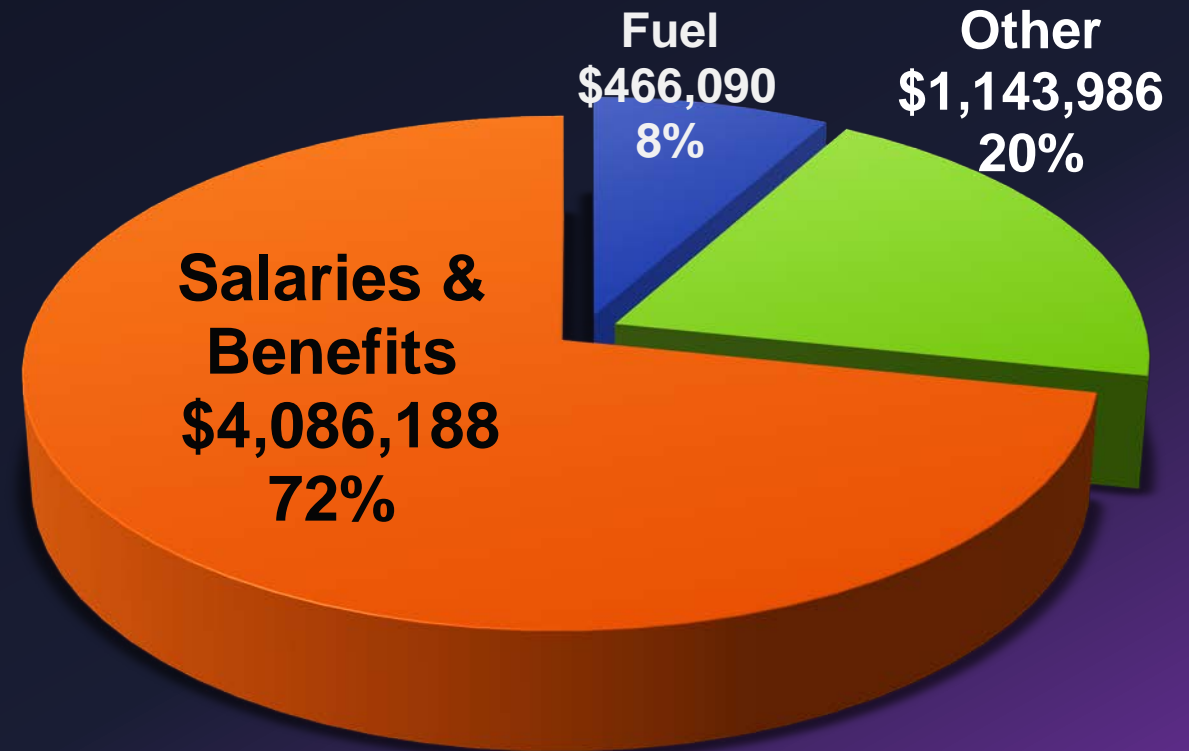
REVENUES

\$5,694,940



EXPENDITURES

\$5,696,264





FTA CAPITAL – ASSISTED PURCHASES

Seven Buses

\$2,905,000

Three Paratransit Vans

\$231,825

Security and Equipment

\$252,638

MET FY 2020 TOTALS

▶ Operating Revenues	\$ 5,694,940
▶ Operating Expenditures	<u>5,696,264</u>
Revenues Over Expenditures	(1,324)
Less: Local Capital Funding	<u>(1,093,093)</u>
Use of Reserves	<u><u>\$(1,094,417)</u></u>

Thank You!

