

AVIATION AND TRANSIT COMMISSION MINUTES
Tuesday, May 5, 2020

The Aviation and Transit Commission met via virtual video conferencing on Tuesday, May 5, 2020. Those in attendance included:

Aviation and Transit Commission Members

Peggie Gaghen, Chair
Dan Farmer, Vice Chair
Ken Behling
Ron Spence
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.

COVID-19 IMPACTS TO AVIATION AND TRANSIT

Mr. Ploehn shared a presentation with the Commission on the COVID-19 Impact to the Aviation and Transit Operations over the past two months. He started with the impacts to the Airport and airline industries. He pointed out that passenger traffic had dropped as low as 5% of normal during April. While March started out great, by mid-March traffic was falling off drastically. He pointed out that during April the Airport was seeing, on average, 96 TSA screenings per day as opposed to 1,197 in April 2019. He noted that all industries related to travel were seeing decimated revenues. Mr. Ploehn pointed out that the airlines had already had voluntary layoffs and early retirement buyouts to reduce the number of employees. He speculated that come October when the requirements of any CARES Act funds the airlines accepted expire, there would be thousands of airline employee layoffs at just about every airline. Mr. Ploehn felt that things would not return to some semblance of normalcy until the Summer of 2021; but, could take longer due to the populace's fear of traveling by aircraft, the need for many to maintain social distancing or isolation, the pending impact of all the unemployment, and the chance of recession, which would reduce the number of people who could afford to fly any time soon. Mr. Ploehn noted that the airline industry is financially in trouble and would likely be much smaller in the near future, and that would also impact the number of passengers that would be able to take to the skies. Mr. Ploehn felt that the Billings Airport would probably see a revenue shortfall of \$4–5 million mostly due to concession and airline revenue shortfalls. He also discussed how in order to shed some costs to the Airport, two of the Airport Police Officers were reassigned to MET Transit to patrol the transfer centers and bus stops due to transient issues. Additionally, some custodial staff would go to MET and do deep cleaning and other tasks to enhance the cleanliness of the MET facilities. He also told the Commission that no seasonal employees would be hired, some maintenance contracts were halted, and very little capital dollars would be spent this year. Mr. Ploehn also warned the Commission that any recovery of passengers would be hampered by the public's acceptance of video teleconferencing, less airline flights, higher fares, a recession, and a possible resurgence of the COVID-19 pandemic in the next six to eight months.

Moving to the discussion of the impacts to MET, Mr. Ploehn said that the March ridership was down 31%, which was mostly students since the schools were closed; however, MET continued to have 600 to 800 passengers daily. Since the purchase of tickets from the drivers became a safety concern, fares were waived for April and May, costing around \$48,000 per month. In the interim, staff was putting together a Request for Proposals (RFP) for an Electronic Fare Collection System so that passengers could buy their tickets electronically to avoid the interaction with the driver. Fortunately, fares only account for approximately 10% of the revenue for MET. He noted that the CARES Act also changed the regular 5307 operating grant from a 50/50 Federal/Local match to 100% Federal for items related to COVID-19, which MET can use for the two Airport Police Officers working for MET and the Airport Custodial staff time to clean MET facilities. He finished by noting that it has been an interesting time to be running an essential service.

CARES ACT RELIEF

Mr. Ploehn provided a presentation on how the CARES Act funding benefited the Airport and MET Transit. First, he informed the Commission that MET received an allocation of CARES Act funds totaling \$5,358,483. The CARES Act allocated \$25 billion to transit agencies. Those funds were allocated by the Federal Transit Administration (FTA) based on the allocation of 5307 operating grants. Some of the benefits of the CARES Act funds include, no expiration, all expenses after January 20, 2020 are eligible and reimbursable at 100%, and the funds can also be used for capital procurements or projects. Mr. Ploehn felt that this additional funding would keep MET fiscally sound for a number of years.

Mr. Ploehn then discussed that the Airport received a CARES Act allocation of \$12,721,011. He noted that the allocation was difficult to calculate, but was happy with the amount. Additionally, the CARES Act included other benefits for airports such as the regular 2020 AIP funds would be 100% Federal share. Mr. Ploehn felt this could be worth \$700,000 to \$800,000 to the Airport depending on how much in AIP Discretionary funds the Airport receives this year. Overall, he thought the \$12,721,011 allocation would provide two or three years of revenue shortfall coverage. Like MET, the funds are 100% reimbursable for any legal expense of the Airport, i.e., payroll, utilities, debt service payments, maintenance costs, legal fees, etc.

Mr. Ploehn was pretty confident that the Airport and Transit would now be able to weather the impacts of the COVID-19 event.

TERMINAL CONSTRUCTION UPDATE/STATUS

Mr. Ploehn's final presentation was regarding the Terminal Construction. He started by showing the Commission pictures of Phase 1 construction progress including the west end stair tower, some pictures of the six 60-foot steel support columns that extend from above the roof to the basement and the new roof structure that they support, and pictures of the finished temporary holdroom in the basement of the B Concourse and accompanying Service Animal Relief Area (SARA). Next, he discussed the Gross Maximum Price (GMP) received from the Sletten Construction to complete Phases 2-5. The GMP of \$39,624,007 for Phases 2-5 plus the Phase 1 price of \$3,359,848 provided a total construction price of \$42,983,855. He then noted that with the addition of the soft costs for design, engineering, and construction oversight, plus data runs, security equipment, elevators, escalators, and passenger loading bridges, the total cost comes in at approximately \$60,000,000. Mr. Ploehn then showed the Commission that the anticipated funding for the project would come from AIP grants at \$29,100,000; PFCs of \$1,600,000; financing or bond funds of \$24,000,000, and \$5,300,000 of Airport local match funds for a total of \$60,000,000. Mr. Ploehn noted that a Request for Qualifications was advertised for financial institutions interested in the financing of the Terminal Expansion Project. Mr. Ploehn hoped that there would be interest and the project could be approved at the June 8, 2020 City Council meeting so that the project could get underway this Summer.

AIRPORT AND TRANSIT ADMINISTRATIVE/OPERATIONS REPORTS

- ▶ Mr. Ketterling shared a short PowerPoint presentation with Commissioners highlighting some recent operational issues that have taken place at the Airport:
 - Mr. Ketterling showed the group a few media releases advertising the Airport's response to COVID-19 (Coronavirus).
 - He explained that hand sanitizers have been added in the Terminal Building and in order to provide for the health and well-being of our passengers and tenants, staff has increased the frequency and intensity of daily cleaning procedures throughout the facility. Specifically, custodians are sanitizing common use handrails, counters, work surfaces, and focusing on eliminating bacteria and viruses in washrooms and all public areas. Additionally, the Airport is recommending all passengers comply with CDC guidelines to protect themselves and others.
- ▶ Mr. Ketterling explained that beginning on Monday, May 4, 2020, airlines operating at BIL would begin a mandatory requirement that all passengers wear a protective facemask from the check in process until they deplane. United and Delta Airlines will begin this new requirement on May 4, Frontier on May 8, and Alaska and American on May 11.
- ▶ Mr. Ketterling reminded Commission Members that National Guard personnel are positioned at the top of the escalator in Baggage Claim and screening passengers exiting the concourse by taking their temperature and asking a few travel related questions. He explained that this health screening process has been going well and overall most passengers are cooperative and appreciative of the National Guard presence and efforts.
- ▶ Mr. Ketterling identified that the Aircraft Rescue Fire Fighting (ARFF) Division will be conducting live fire training at the Airport on Thursday, May 7, 2020 during two time periods, 10:00 a.m. and again at 8:00 p.m. Under ordinary circumstances, these drills would be conducted in the evening, but due to the virus, the ARFF Supervisor is splitting crews in half in an attempt to maintain social distancing. Commissioner Spence asked if he could attend since he was unable to participate last time, and staff approved this. Commissioner Gaghen said that she attended the live fire training last Fall, it was very interesting and she was glad that she had observed this training.
- ▶ Mr. Ketterling informed Commissioners that on Wednesday, May 6, 2020 at approximately 12:50 p.m., the Montana Air National Guard would perform a flyover of Billings with a C-130. The flyover is intended to lift morale of and salute each Montanan serving on the frontlines in the fight against COVID-19. Emergency Responders are also planning a parade of fire trucks, ambulances, and police vehicles to show their support for all health care workers at the two hospitals.
- ▶ Mr. Ketterling discussed the Twin Engine PA-31 plane crash that occurred near the Rehberg Ranch Subdivision on Monday, April 20, 2020. He showed pictures of the crash site, summarized what took place, and explained that due to the intense fire, investigators may have difficulty determining what caused the crash.
- ▶ Mr. Ketterling showed Commissioners pictures of the ramp construction taking place on the East side of the Terminal where Cape Air parks. He explained that Knife River is completing the work they started last Fall prior to the Winter shut down. Two concrete pours are taking place, which will complete the east ramp construction, and then they will move over to the west side and complete that ramp work. If the weather cooperates all ramp work should be completed by the end of May.
- ▶ Mr. Logan shared information regarding the MET Transit response to the COVID-19 situation including implementation of fare free service for the months of April and May, operator buffer zones, extensive daily cleaning, deep cleaning procedures for vehicles and facilities, personal protective equipment for operators, and the implementation of a pilot program utilizing Transit Police.

- ▶ Mr. Logan discussed the effects of COVID-19 on ridership metrics for both fixed route and paratransit operations. Fixed route ridership maintained between 600 and 800 rides daily even through the shelter in place order, while paratransit ridership fell significantly to between 20 to 30 rides daily. Pre-COVID daily levels for fixed route were approximately 1,800 rides with paratransit averaging 180. Mr. Logan indicated ridership was starting to show signs of an increase after the shelter in place order was lifted, with fixed route recording over 900 riders on Monday, May 04, 2020.
- ▶ Mr. Logan indicated MET Transit is maintaining a small number of vacancies in order to realize savings during the COVID-19 crisis; these positions include two operator positions, one dispatcher position, and one mechanic position.
- ▶ Mr. Logan updated the group on ongoing projects as follows:
 - The contract for the purchase and implementation of a new paratransit dispatching software system from EcoLane is scheduled to go before council on May 11, 2020.
 - Contract for Security Camera install at the METropolex had been executed with install expected to begin in early June 2020.
 - The Public Transit Agency Safety Plan rule has been delayed by the Federal Transit Administration due to the COVID-19 situation; previous due date was July 20, 2020 and has now been delayed to December 31, 2020. MET Transit Supervisor, Lindsay Gran, has made significant progress on the development of the Plan, and will have an approved process in place prior to the December deadline.
- ▶ Mr. Logan indicated MET had presented to the Adult Resource Alliance of Yellowstone County regarding proposed changes to the annual contract agreement to provide transportation to eligible seniors. MET proposed expanding the contract and eligibility requirements for the program to provide transportation to all medical rides. The proposal was well received by the group and MET is optimistic the program will move forward with the modifications.
- ▶ Mr. Logan indicated Transit Supervisor, Dan Montoya, had returned to the MET from extended medical leave. Dan is easily reintegrating to the daily activities and demands of MET Transit. Mr. Logan also indicated the recently hired supervisors, John Bell and Josh Smith, had enthusiastically tackled projects at the MET, and have quickly picked up on operations and day-to-day activities. Overall, Mr. Logan is very pleased with the performance of his supervisor group and optimistic they will continue to grow and develop in positive ways.

ITEMS FROM THE COMMISSION

- ▶ Commissioner Spence asked how much MET was saving on fuel since prices are low. Staff did not have the ability to look that up at the moment. Mr. Ploehn said we would provide at the next meeting in June.
- ▶ Commissioner Astle wondered with the possibility of a resurgence of COVID-19 this Fall, if we had been in contact with the School District in order to preplan should this occur. Mr. Logan said that they had not; however, with the unknowns regarding the virus at this time, they would need to look in to establishing protocols and procedures that would need to be in place to ensure we are providing adequate social distancing for students.

There being no further business, the meeting was adjourned.

KP:mdb

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



AVIATION & TRANSIT DEPARTMENT

OPERATIONAL IMPACTS COVID-19

APRIL 2020

BIL

**BILLINGS LOGAN
INTERNATIONAL AIRPORT**



RECAP INDUSTRY IMPACTS

- 95% Reduction in Traffic
- Airlines and Airports, and Other Travel Industries Have Decimated Revenues

LAYOFFS

DELTA
35K

AMERICAN
17.5K

UNITED
20K &
COUNTING

**WHEN WILL THINGS RETURN
TO NORMAL?**

EARLIEST - MID 2021

PROBABLY LONGER

WHY SO LONG?

- Fear
- Social Distancing/Isolation
- Recession

FINANCIALLY, AIRLINES
ARE IN TROUBLE.

WILL BE A SMALLER INDUSTRY
WHEN IT DOES RECOVER.

FINANCIALLY, OUR AIRPORT IS
LOOKING AT AN ANNUAL
REVENUE SHORTFALL OF
4 – 5 MILLION.

CONCESSIONS AND AIRLINE
REVENUES MOSTLY.

How has Airport Shed Costs:

- Moved Two Airport Police Officers to Transit
- Have Custodial Staff Working at MET Facilities
- No Seasonal Help - All In House Staff
- Very Little Capital Unless Supported by Grant Funds

Continuing Challenges - Social Changes:

- More Video Teleconferences
- Less Flights
- Fares Could Rise
- Recession - Less Discretionary Funds for Travel
- Possible Resurgence of COVID-19 in Six to Eight Months

FEDERAL HELP FROM CARES ACT

\$12.7 MILLION



MET TRANSIT



MARCH RIDERSHIP DOWN 31%

MAJORITY STUDENTS

**STILL HAVE 600 TO 700
PASSENGERS/DAY**

TRANSIT DEPENDENTS

FARE IMPACT AT \$48,000
FOR APRIL

FREE FARES
WILL CONTINUE INTO MAY

FARES ONLY ACCOUNT
FOR
10% OF REVENUES

**BALANCE OF REVENUES
STILL IN PLACE**

GRANT AND TAX REVENUES

**EXISTING 5307 FUNDS
GO FROM
50/50 TO 80/20
FOR
COVID-19 RELATED ITEMS**

**ADDITIONALLY,
MET RECEIVED
\$5.3 MILLION
FROM CARES ACT**

- Using to Cover Two Airport Police Officers Operating at Transfer Centers, and
- Airport Custodian Staff Cleaning MET Facilities

- Can be Used 100% for Operating, or
- Can be Used for Bus Purchases
- Does Not Expire

MET
IS FINANCIALLY SOLID
FOR
NEXT FEW YEARS

QUESTIONS

CARES ACT FUNDING

MET TRANSIT ALLOCATED \$5,358,483

- Allocated Based on 5307 Operating Grant Formula
- \$25 Billion for Transit Systems
- No Expiration – All Expenses After 1/20/2020 Are Eligible
- All Operating Expenses Can Be Reimbursed at 100%
- Fare Free Operations Do Not Impact
- Can Also Be Used for Capital Expenses – New Buses – Technology
- MET Will Be Fiscally Sound for the Next Few Years

AIRPORT ALLOCATED \$12,721,011

- Allocation Was Hard to Project
- \$10 Billion Was Allocated to Airports
- \$3.7 Billion Was Based on 2018 Enplanements
- \$1.85 Billion Was Based on Debt Service % Compared to National %
- \$1.85 Billion Was Based on Ratio of Unrestricted Cash to Debt Service
- \$2 Billion Was Based on a Modified Apportionment Formula
- Resulted in a Number of Smaller Airports Getting a Windfall
- Cody Allocated \$18 Million - West Yellowstone Allocated \$17 Million

IMPACTS TO 2020 CAPITAL GRANTS

- For all Airport Improvement Program (AIP) Grants, Will Have the Local Share Component Paid for by CARES Act.
- \$500 Million in the Act to Supplement the AIP Local Share
- Would Apply to Any Discretionary Funds Airport Might Receive
- Depending on the Level of Discretionary Funding, Could Be Worth \$700,000 to \$800,000 of Normal Local Share Match.

USE OF CARES ACT FUNDS

- Will Provide 2 or 3 Years of Shortfall Coverage Due to Reduced Concession and Airline Revenues
- Grant Application Submitted to Just Cover Operating Costs
- Should Have Grant in the Next Few Days
- No Expiration of the Funds
- All Expenses After 1/20/2020 Are Eligible at 100% Reimbursement
- Expense Reimbursement Can Be for Any Purposes for Which Airport Revenues Can Be Legally Used. Payroll, Utilities, Debt Service, Maintenance Costs, Legal Fees, Etc.

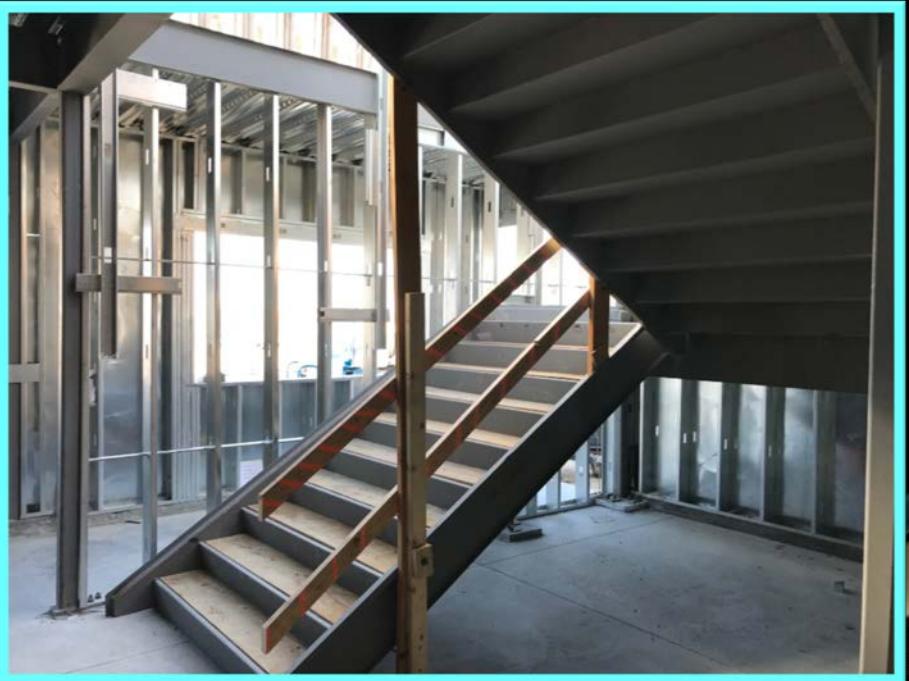
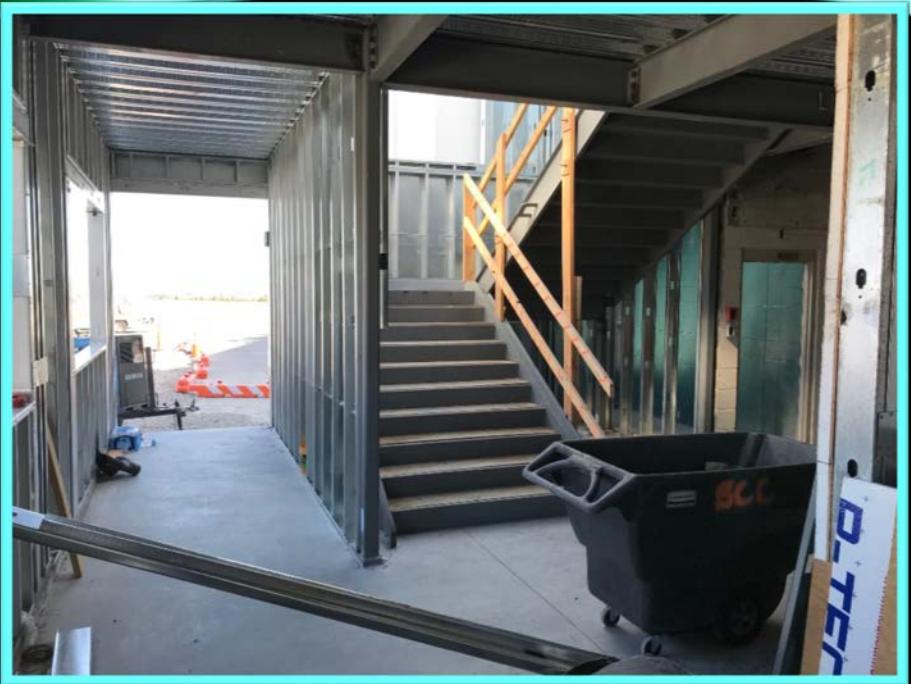
QUESTIONS

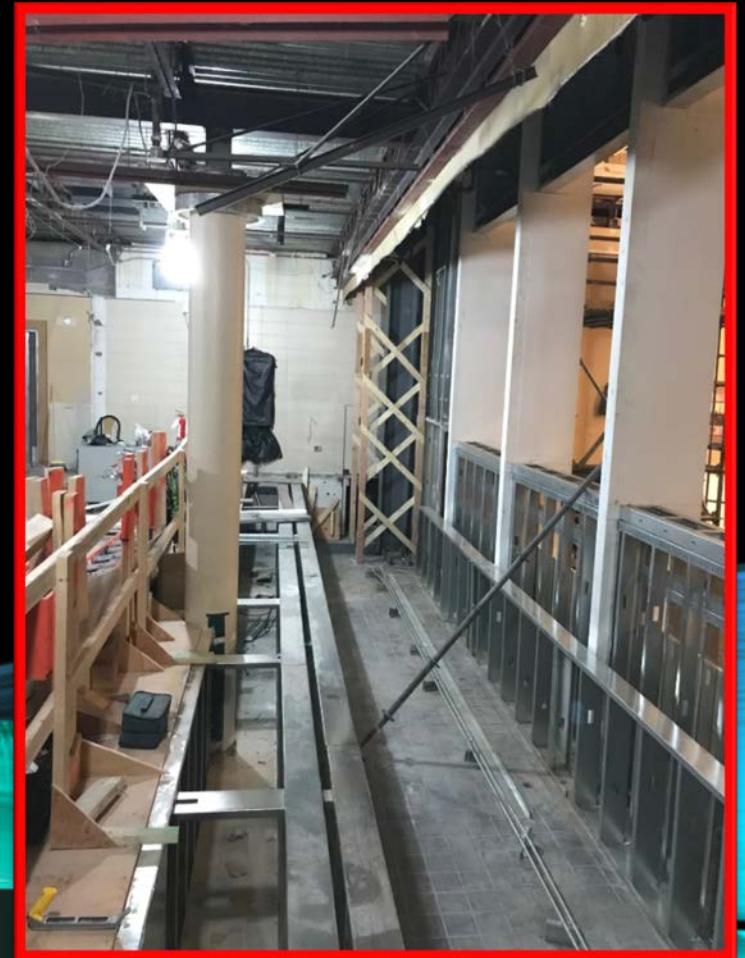
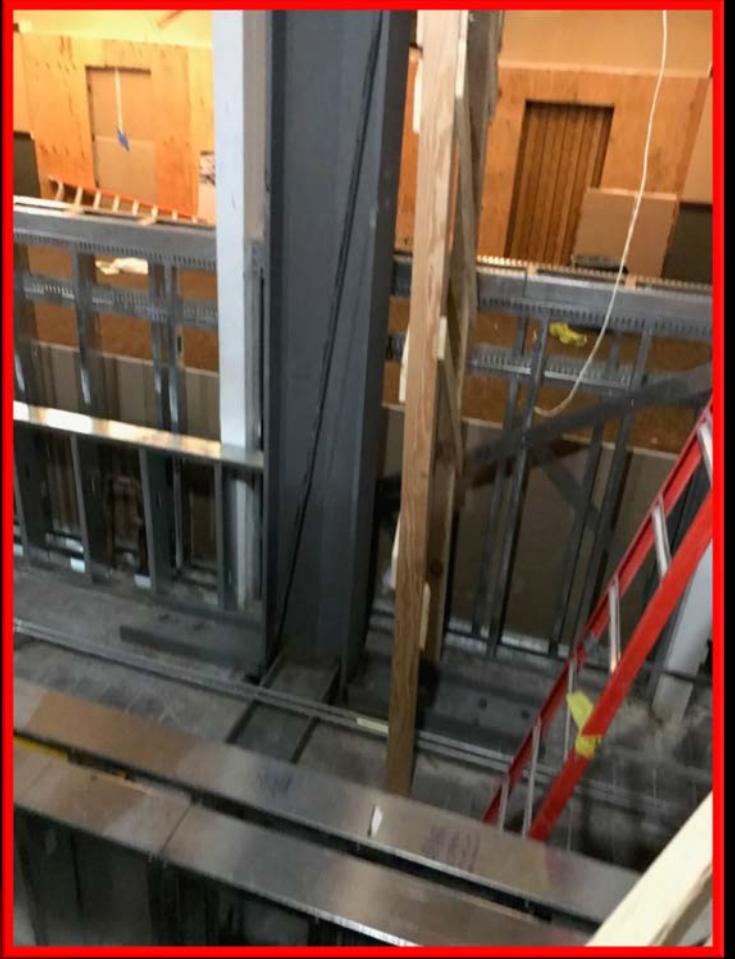
2020

TERMINAL CONSTRUCTION

PHASE 1 UPDATE

- NEW STAIRWELL FOR CAPE AIR OPERATIONS FINISHES – JUNE 12
- NEW SCREENING QUE, SKY LIGHTS AND RESTAURANT – JULY 10
- TEMPORARY GROUND LOADING HOLD ROOM & SARA – COMPLETE













PHASE 2 OF TERMINAL EXPANSION

| | |
|--|---------------------|
| ➤ GROSS MAXIMUM PRICE FOR PHASES 2-5 | \$39,624,007 |
| ➤ GROSS MAXIMUM PRICE FOR PHASE 1 | \$ 3,359,848 |
| TOTAL CONSTRUCTION PRICE | \$42,983,855 |
| | |
| ➤ DESIGN, CA, PERMITS, OTHER SOFT COSTS, DATA, SECURITY, ELEVATORS/ESCALATORS | \$ 8,000,000 |
| ➤ PASSENGER LOADING BRIDGES | \$ 9,016,145 |
| TOTAL PROJECT PRICE | \$60,000,000 |

ANTICIPATED FINANCING SOURCES

| | |
|---|---------------------|
| ➤ AIP GRANTS | \$29,100,000 |
| ➤ PFC FUNDS | \$ 1,600,000 |
| ➤ BONDING/FINANCING | \$24,000,000 |
| ➤ AIRPORT FUNDS | \$ 5,300,000 |
| TOTAL AVAILABLE FOR CONSTRUCTION | \$60,000,000 |

FINANCING SCHEDULE

- RFQ WENT OUT TO THE FINANCIAL INSTITUTIONS ON MAY 1
- RFQ DUE BACK TO CITY MAY 22
- ON JUNE 8 BOND RESOLUTION AND CONSTRUCTION PRICE APPROVED BY CITY COUNCIL
- CONSTRUCTION ON PHASE 2 BEGINS LATE JUNE

QUESTIONS