

AVIATION AND TRANSIT COMMISSION MINUTES
Tuesday, June 2, 2020

The Aviation and Transit Commission met via virtual video conferencing on Tuesday, June 2, 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

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.

FY 21 BUDGET PRESENTATION

Mr. Ploehn provided the Commission with the FY 2021 Budget Presentation that was given to the City Council a couple weeks previously. He started with the Airport accomplishments for the FY 2020 budget, which included starting the Terminal Phase 1 construction, Calendar Year 2019 Passenger and Freight Records, and prior to the impacts of COVID-19, additional flights for the Summer travel season. He then followed up with some challenges anticipated in the upcoming year, which included managing the Terminal Phase 2 construction and the many impacts that resulted from the COVID-19 pandemic. Mr. Ploehn refreshed the Commission on the benefits of the CARES Act funds that the Airport has access to and how that will supplement this budget. He pointed out that Airport revenues are projected to be \$8,345,625 down from the previous budget of \$11,067,149, while the FY 21 expenditures moved to \$8,134,430 from the previous budget of \$7,901,220. He noted that the shortfalls would be covered with the \$12.7 million of CARES Act funding the Airport has available to use. Mr. Ploehn next touched on the local capital program, which totaled \$494,380 but cautioned that some of the projects may not take place depending on how quickly passenger traffic does or does not return. Mr. Ploehn then discussed the Terminal Construction project funding sources and financing timeline, with ultimately financing available in July and Phase 2 construction starting in July. Mr. Ploehn briefly discussed the pros and cons of moving forward with the project and said he felt the key thing was the opportunity to build the new concourse with smaller passenger crowds was really important since social distancing would otherwise be challenging. He then discussed the MET Transit budget, again starting with accomplishments that included a number of technology enhancements, bus orders, and facility upgrades. He followed with challenges facing the MET, which mainly centered around the COVID-19 pandemic and the impacts to operations. Mr. Ploehn reviewed with the Commission that MET had received CARES Act funds of \$5,358,483, which would be used for both operating expenses and capital projects. MET's Fiscal Year budget for revenues was projected to be \$6,927,011 with expenses coming in at \$5,788,189. MET's Capital program of \$1,689,146 included three buses and a number of facility enhancements.

Commissioner Spence asked if the CARES Act funds could be used by the City for other City uses. Mr. Ploehn confirmed that the use of the CARES Act funds has to be used for items that are normally eligible to be purchased or used with Airport revenues. Therefore, those funds have the same Federal protections as all other Airport revenues. This is true for MET as well.

Commissioner Astle asked if passenger numbers were rebounding. Mr. Ploehn reported that in April the TSA was screening on average 96 people per day. In May, that number was an average of 255 per day with the last half of the month starting to see screening numbers over 300 per day with some days over 400.

TERMINAL CONSTRUCTION FINANCING UPDATE

Mr. Ploehn shared with the Commission the process for securing the financing for the Terminal Concourse Expansion project. He noted that it started with the Airport's Bonding Consultant, Baker Tilley of Minneapolis, Minnesota issuing a Request for Qualifications (RFQ) to determine if there was any interest in financing the Airport's project. The RFQ went out to seven institutions with three of them showing interest. The program then gave the three institutions until May 22 to provide a financing proposal. Once received, the Bonding Consultant performed a rate sensitivity on the proposals. He indicated that the finance team was meeting tomorrow to discuss the proposals and what the sensitivity analysis revealed. Mr. Ploehn hoped to make a selection later that week. He then identified the final steps to complete the financing process and logistics to get under construction, including City Council approval of the Contractor's Gross Maximum Price for the rest of the project, Council approval of the bond resolution, notice to the airline tenants for the move to the B Concourse, and doing a closing to complete the financing program. He noted that the goal was to line up \$30 million in financing but was hoping that only \$24 million would be needed, as that would work out better to pay the debt service with the Passenger Facility Charge revenues. Mr. Ploehn also discussed that the bonds that were issued in 2010 for the construction of the Car Rental Quick Turn Around/Car Wash Facilities would also be refinanced to allow for some changes in the bond resolution requirements and to save some interest costs.

AIRPORT AND TRANSIT ADMINISTRATIVE/OPERATIONS REPORTS

- ▶ Mr. Ploehn noted to the Commission that the Summer airline schedules were starting to look better with Delta reinstituting Minneapolis service, Allegiant moving forward with San Diego service, and Delta, United, and Alaska all increasing the number of flights in July and August. He also noted one other good sign that passengers were starting to feel better about flying was, that the Allegiant flights to/from Mesa, Arizona recently had over 100 passengers in the past couple weeks.
- ▶ Mr. Ploehn announced that after working for over five years on the purchase of the 60 acres west of the Airport needed for approach and runway protection for Runway 10R, it appears that the closing for this land purchase will take place in the next couple of weeks.
- ▶ Mr. Ploehn told the Commission that by August, the majority of the Phase 1 Terminal construction should be wrapped up and that staff will want to do a tour for the Commission to show the final improvements. He also commented that the Phase 2 work would probably be underway and that we could spend a few minutes looking at that.
- ▶ Mr. Logan provided operational updates on Transit in relation to the COVID-19 pandemic. Overall, through the fare free period of April and May 2020, MET Transit saw a 50-60% decrease in ridership, but MET was still maintaining a daily ridership average of around 800 passengers per day on the fixed-route system. Paratransit experienced a more significant decrease, to 40-50 rides per day from the typical 180-200. Mr. Logan indicated that the MET was continuing its Phase I response including increased cleaning, driver buffer zones, and social distancing on the buses, but would be resuming front-door loading of passengers in support of the fare collection process resuming.

- ▶ Mr. Logan updated the members on contract updates and negotiations within the paratransit system, including details on a re-negotiated agreement with the Adult Resource Alliance of Yellowstone County. Previously, MET Transit had provided medical rides to seniors with mobility issues through the agreement with Alliance; this agreement was expanded for FY 21, to include medical rides for all seniors indicated as eligible through the Alliance application and approval process. The re-negotiation to new terms resulted in an anticipated increase of approximately \$20,000 in revenue for MET Transit.
- ▶ Mr. Logan provided updates on the final policy update in response to the 2019 Federal Transit Administration Triennial review indicating MET had finalized and submitted the Division specific Equal Employment Opportunity Plan. This plan is in addition to the existing City of Billings' Affirmative Action Plan and adds additional processes to ensure compliance with FTA requirements.
- ▶ Mr. Logan provided an overview of the recently awarded Electronic Fare Management System to the group, which is to be provided by Delerrok, Inc. This system will add significant convenience features for passengers, allowing the purchase of all fare types (including single fares, monthly passes, punch passes, and other options) online via a PC or smartphone app. Further, the system allows a Transit user to carry an electronic version of their fare or pass on their smartphone; the system also allows passengers to utilize re-loadable smartcards instead of the cellphone application. Mr. Logan clarified that passengers will still be able to pay for single fares using cash, but will be required to purchase passes either online, over the phone by contacting MET Transit directly, or by visiting an authorized site (such as City Hall). An on-vehicle reader will be utilized to validate fares when the passenger boards a vehicle for both the cellphone and smartcard options. This system is anticipated to begin the implementation process in August.
- ▶ Mr. Ketterling provided Commissioners with an update on construction projects currently underway at the Airport. He explained that the commercial concrete ramp construction on the east side of the Terminal has been completed, opened, and we are just waiting for the contractor to widen and seal the joints. Knife River has one concrete pour left on the west side and then the concrete has to strengthen for a few days. Knife River will need to complete some punch list items before those ramps can be used. Mr. Ketterling also provided some additional information on the Terminal Construction and identified that the plan is to move all airlines over to the B Concourse with all passenger operations taking place on that concourse at the beginning of July.
- ▶ Mr. Ketterling explained that staff is currently working with KTVQ Communications to create some short televised promotional videos to reassure the public that it is safe to fly. They will be filming in the TSA Screening area on June 10, 2020, detailing the new screening and cleaning procedures, social distancing, recommending passengers wear facemasks, along with other important information.
- ▶ Mr. Ketterling informed the Commission that Airport Operations employees are hard at work completing all of our routine Summer maintenance projects, for example, weed spraying, mowing, painting, fence and asphalt repairs, and many, many others. Unfortunately, due to the virus, the decision was made not to hire any seasonal employees this Summer; therefore, the full time employees are completing all of those miscellaneous work items as well.
- ▶ Mr. Ketterling provided an Airport staffing update. He explained that Brian Sampson, Airport Police Officer retired on May 28, 2020, and that due to the uncertainty surrounding the virus we do not currently plan to rehire his position right away. Additionally, there are a number of other vacant positions within the Aviation and Transit Department that we are holding off on hiring until we are certain that we can sustain the positions.
- ▶ Mr. Ketterling was asked about a recent medical emergency on an aircraft that resulted in a death to a passenger. Mr. Ketterling explained that on May 17, 2020, an Alaska Airlines flight in route from New York to Seattle diverted into the Airport with an 85-year-old female who was

suffering from an unknown illness. A doctor was onboard the aircraft performing CPR for a period of time until she unfortunately died. Since the incident occurred on a Sunday there was some difficulty with contacting a coroner, but the aircraft was able to refuel and depart. Since her illness was unknown, COVID-19 was suspected, but an autopsy was performed and the coroner determined that she did not have the virus. Mr. Ketterling highlighted another aircraft incident that also took place on May 28, 2020. A U.S. Army Cessna Citation blew two tires while attempting to depart, aborted the takeoff, and declared an emergency. ARFF responded to the disabled aircraft that had minor smoke coming from the brakes, damage to the aircraft, and debris scattered along the length of the runway. Although the aircraft was damaged, fortunately, the crew was uninjured and the aircraft was relocated to Edwards Jet Center, and is currently being repaired by mechanics.

- ▶ Mr. Ploehn noted that usually the July meeting did not happen due to the proximity of the Fourth of July Holiday and he wondered if the Commission would like to skip the meeting next month. The Commission agreed to not meet in July. Mr. Ploehn told the Commission that we would plan to meet at the Airport in August.

ITEMS FROM THE COMMISSION

- ▶ Chair Gaghen asked if MET was still utilizing two Airport Police Officers downtown? Mr. Logan responded that yes, the two Airport Police Officers were still being used and have been very helpful with the vagrant problems. With the implementation of fare sales again, everyone is hopeful that the majority of these issues will start to minimize.
- ▶ Commissioner Spence asked if there was anything on the radar for MET to expand service to the west end. Mr. Logan said that MET is always looking to enhance its ridership and regularly adjust its routes. He noted that everyone realizes that with the large growth on the west end, MET is going to have to figure out a way to serve that part of the City. He suggested a possible peak service route that could run in the morning and again in the evening. He noted that staff is looking at options for the future.
- ▶ Commissioner Spence inquired if the Real ID had been postponed. Mr. Ketterling told him that it was delayed one year to October 2021.

There being no further business, the meeting was adjourned.

KP:mdb

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