



AVIATION AND TRANSIT COMMISSION MINUTES
Tuesday, February 5, 2019

The Aviation and Transit Commission met in the Administration Conference Room at the Billings Logan International Airport on Tuesday, February 5, 2019. Those in attendance included:

Aviation and Transit Commission Members

Peggie Gaghen, Chair
Dan Farmer, Vice Chair
Ken Behling
Mark Astle
Chuck Tooley

City Staff and Guests

Kevin Ploehn, Director of Aviation & Transit
Shane Ketterling, Assistant Director of Aviation & Transit
Jack Nickels

PUBLIC COMMENT PERIOD

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

AIRPORT ART COMMITTEE – BILLINGS CULTURAL PARTNERS PROPOSAL

Mr. Jack Nickels, Chair of the Billings Cultural Partners, provided an overview of how, after a number of meetings with Airport staff and others, it was decided that a committee made up of members from the Billings Cultural Partners and one of the Airport Commissioners, David Hummel, Jr., would be pulled together to evaluate and propose art displays for the Airport during and after the Terminal Expansion project. He indicated that offers had been made to a couple of artists to participate on the committee and that they were working to finalize the committee membership. He explained that many of the museums have a significant amount of inventory that is in storage and that the Airport would provide a great place to view some of this available art on a rotating basis. The Committee's task would be to provide the Commission with ideas for displays and to let them know what is available that might work well at the Airport. He indicated he had made contact with School District 2 and discussed the possibility of the students of the school district possibly being used to provide the art to cover up some of the temporary construction walls. Mr. Ploehn pointed out that one of the committee members, Bryan Knicely, Executive Director of the Yellowstone Art Museum, had previous experience in writing grants for art projects and that a grant for a signature piece to display at the Airport could be a possibility. Mr. Nickels indicated that the next step would be to finish putting the committee together and work with the Airport to determine opportunities for displaying art during the construction process. He anticipated the Committee would report back in a few months.

NEW PASSENGER FACILITY CHARGE APPLICATION

Mr. Ploehn discussed the need for the Airport to submit another PFC application with the FAA. This application would be to fund some of the construction costs of the Terminal Expansion project and then to cover the majority of the debt service. What is different this time is the application is for 20 years of collections at a PFC of \$4.50. Currently, the PFC for Billings is set at \$3.00. He reminded the Commission that the current PFC collections were used to fund the purchase of the two new pieces of snow removal equipment. The new PFC application would begin May 1, 2019, and would be collected to cover the debt service of \$25–30 million in revenue bonding that will be needed to

help fund the new Terminal Expansion project. The PFC collections would be applied to the cost of the debt service for 20 years.

The PFC application process requires that an information meeting be held for the airlines. That meeting will be held February 28 at 9:30 a.m., and staff will explain the project to the airline representatives, and how the PFC application will go toward the Terminal Expansion construction. Additionally, staff will also take the opportunity to start the discussion on the interim leases with the airlines during the construction period, since the current leases expire on June 30, 2019.

Mr. Ploehn then showed the Commission the financial plan for the Terminal construction, which at the moment reflected the \$25 million of bond funding to be paid back with PFC funds, approximately \$22 million of Federal funding, \$1.6 million of PFC collections spent on direct construction costs, and around \$5.5 million of local funds. He also pointed out that another \$5.5 million of grant funding and local share match is being used for the design costs for the project.

AIRPORT AND TRANSIT ADMINISTRATIVE/OPERATIONS REPORTS

- ▶ Mr. Ploehn provided the Commission with an update on the negotiations regarding the second amendment to the Boingo Wi-Fi agreement. He reminded the Commission that Amendment One was approved on December 17, 2018, and included a two-year extension and a provision to get under agreement with Boingo for Wi-Fi service that was free to the public within 90 days. It appears that the Airport will have to pay \$1,000 per month for this service and circumvent any revenue participation that was currently in place that contributed approximately \$3,000 in annual revenues to the Airport. A draft document was being worked on and hopefully completed by the end of the month.
- ▶ Mr. Ploehn discussed the final passenger and freight numbers for 2018. He told the Commission that he had sent out a Media Release a couple of weeks previously that announced a new passenger record for enplanements of 451,564 and total passengers deplaning of 453,309, for a new record total of 904,873 passengers. He also told the Commission that the freight numbers broke last year's record. The amount of cargo brought through the Airport was a record at 41,578 tons. This was an 18.8% increase over last year's record numbers.
- ▶ Mr. Ploehn then provided an update on the year end concession numbers as well. He pointed out the Car Rental gross sales increased by just over \$430,000, the Parking gross revenues had increased by almost \$146,000, and the Restaurant revenues had increased by \$98,500. The only concession that slipped in revenues was the gift shop, which was down by \$33,700. Mr. Ploehn felt overall that it was a very good year for the Billings Logan International Airport.
- ▶ Mr. Ploehn told the Commission that Frontier Airlines would be in town on February 19 to look at facilities to operate out of for the new service that starts on May 30. Mr. Ploehn relayed that he was hopeful that Frontier would team up with one of the other airlines to ground handle them. He pointed out that space is very tight and may pose a challenge for staff to accommodate Frontier's needs. He noted that the Frontier representative that had come to Billings indicated in a follow up message that the initial ticket sales had been very brisk.
- ▶ Mr. Ploehn provided the Commission with a copy of the text from a recent article about the Airport in an on-line magazine called *Business View Magazine*. The actual article was brought up on the monitor to show the Commission what it looked like and who locally had advertised to help sponsor the article. Mr. Ploehn pointed out that in previous months some of the other Montana Airports had been highlighted in the magazine so he wanted to make sure that the Billings Logan International Airport was also spotlighted.
- ▶ Mr. Ploehn pointed out that at the MET they were busy getting some construction projects out to bid. Currently, they were advertising for the Phase 2 roof replacement, which would replace the roofing on the front half of the bus bays, completing the bus bay area. Additionally, the roofing over the shop area and the Paratransit parking area would also be replaced. Once completed,

all of the roofs will have been replaced except the bus wash building, which was redone 10 years ago.

- ▶ Additionally, MET will have bids for the office restoration in the next week and they were anxious to get that project started. Finally, MET was also advertising to upgrade the garage lighting to LED. This would not only brighten up the MET garage areas, it would reduce the energy needs going forward.
- ▶ Mr. Ketterling updated Commissioners on how the weather was affecting the Airport. He stated that although we have been experiencing extremely cold temperatures, fortunately, it was not causing us any unusual problems, and that snow removal operations were taking place without any major issues.
- ▶ Mr. Ketterling expressed his appreciation to the Commission members who attended the Frontier announcement of service that took place on January 22, 2019.
- ▶ Mr. Ketterling explained that Alaska/Horizon Airlines stopped using the Q-400 turboprop aircraft at the end of 2018, and they intend to operate in/out of BIL with an Embraer 175 jet aircraft throughout all of 2019.
- ▶ Mr. Ketterling acknowledged the fact that the government shutdown was over, which was very good news! He explained that all Federal employees, including the Air Traffic Control Tower (ATCT) and TSA personnel, were back to work, being paid, and that hopefully we can avoid another shutdown. TSA staff requested to display a large sign near screening, which has been approved by Airport management. This sign will show their appreciation to the public for supporting them during the shutdown. Many passengers expressed sympathy, provided positive reinforcement, and physically supplied TSA employees with food, gift cards for fuel, and many other items. Commissioners also discussed the idea of somehow showing their appreciation as well, and it was decided that Mr. Ploehn and Mr. Ketterling would pass this along to the ATCT and TSA.

ITEMS FROM THE COMMISSION

None offered.

There being no further business, the meeting was adjourned.

KP:mdb

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

THE BILLINGS LOGAN INTERNATIONAL AIRPORT – MONTANA’S TRAILHEAD TO THE BIG SKY

written by BVM January 14, 2019



The Billings Logan International Airport

Montana’s trailhead to the Big Sky

Business View Magazine interviews Kevin Ploehn, Director of Aviation & Transit at the Billings Logan International Airport – series on U.S. regional airports.

The Billings Logan International Airport (BIL) is a commercial, cargo, and general aviation airport, built on a sandstone bluff, about 500 feet above, and two miles northwest of, downtown Billings, Montana. According to local legend, the first airplane flight took place in Billings on Memorial Day weekend in 1913, when a local dentist, Dr. Frank Bell, flew his Curtiss 0-X-5 from Billings to Park City and back, a distance of 40 miles.

“Back in the 1920s, when flying was first becoming popular, there were little landing strips all over the valley and people were trying to come up with the best place to locate an airport,” explains Kevin Ploehn, Director of Aviation & Transit. “In 1927, the city purchased some land, the first 400 acres, for about \$5,200.” Using horse drawn equipment, 1,820 feet of unpaved runway and a small administrative building were constructed on top of the Rimrocks overlooking the Yellowstone Valley and the Billings area.

“Subsequently, land was donated to the Airport by a guy named Dick Logan, who ended up being the Billings Logan International Airport Manager from 1927 through 1957,” Ploehn adds. “Shortly after his death in 1958, the Billings City Council renamed the airport, the Logan Airport, and in 1971, the name was updated to the Billings Logan International Airport. The first commercial service started showing up in the early 1930s; primarily Northwest Airlines and Inland Airlines – mostly for mail, but shortly, thereafter, passenger service started. As time progressed and aircraft sizes increased, the Airport grew from 400

acres into 2,400 acres. So now, we have a 10,500-ft. runway, one small parallel runway for general aviation use, and a crosswind runway.”

The Billings Logan International Airport is owned by the City of Billings, and is the only municipally-owned, commercial-service airport in Montana. Billings Logan International Airport employs approximately 50 people and is completely self-sufficient; no City General Fund support has been received since 1975. Its commercial airlines include Alaska, with flights to Portland (OR) and Seattle/Tacoma; Allegiant, with flights to Las Vegas, Phoenix/Mesa, and seasonal Los Angeles; American Eagle, with flights to Dallas/Ft. Worth; Delta, with flights to Minneapolis/St. Paul and Salt Lake City; United, with flights to Denver and seasonal Chicago; and Cape Air, an Essential Air Service commuter airline, which operates nonstop flights with a Cessna 402 prop aircraft to Glasgow, Glendive, Havre, Sidney, and Wolf Point, all in Montana.

Billings Logan International Airport’s cargo airlines include FedEx Express, and UPS Airlines. “Our Airport is really a regional hub for eastern Montana and northern Wyoming,” says Ploehn. “So, a lot of stuff is shipped through this Airport for the region. When the North Dakota oil fields were going full bore, just about everything that needed to go there, came in air freight through Billings. Nobody in the state is close to our freight numbers; we’re bringing in about 35,000 tons of freight a year. That was last year’s numbers and this year’s numbers are up by 20 percent, so we’re serving a fairly large area.”

In addition, about 150 general aviation aircraft call Billings Logan, home. And, like many regional, GA airports, Ploehn says there is a waiting list for hangar space. “We definitely have a hangar shortage,” he admits. “We have the land available for hangar development – it’s just that the City, itself, is not in the hangar development business. If someone wanted to come in and build a row of T-hangars, I’m sure they could fill them up. The Airport has developed the hangar sites; we’d do the ground infrastructure and then we’d lease parcels to those folks and they can build their own hangar.”

The Airport is also home to several “top notch” aeronautical businesses, Ploehn states. “We have an avionics company called Aerotronics. People from all over the world get their avionics done here. We have a really good FBO, Edwards Jet Center. They’ve got a couple of large hangars that will accommodate up to a Gulfstream V. We have an aircraft upholstery business, Aero Interiors, here, as well. We’ve got a lot of things that accommodate the general aviation community.” In fact, businesses at the Airport provide approximately 700 jobs and, overall, the Airport contributes over \$409 million, annually, to the area’s economy.

Regarding any local competition, Ploehn reveals that the Airport has been in a “little tourism battle” with the airport at Bozeman, some two and a half hours away. “We’re trying to capture some of those tourists who come to Montana to see Yellowstone National Park, and your choices are Billings and Bozeman,” he explains. “Bozeman got into the game early and renamed their airport the Bozeman Yellowstone International Airport. They’re located very well for bringing people into Yellowstone Park, but, if you come into Billings, you can get to the Beartooth Highway which takes you to Cooke City, which is the north entrance to the Park. It’s a beautiful drive and we’ve been marketing the heck out of that. You can only drive it during the summer and fall, but when you’re doing it, you’re on the top of the world. There are some great turnouts; you can look around and there are spectacular views. So,

we're trying to catch up a little bit, and I think we're making a little headway. That's really the only place where we compete with the other Montana airports."

"Montana's been discovered," Ploehn adds. "We're seeing a lot more passengers come to Billings, and so is Bozeman, Missoula, Kalispell, Helena; and we're all in the process of expanding our terminals to some degree. Right now, we only have five loading bridges and, during the busy times of the year, we always have seven or eight aircraft on the ground, so we have to do a lot of shuffling of people and aircraft, which isn't in the airlines' best interests. They like to park their aircraft and bring people in and out easily. So, we're looking at expanding our concourse, so we can get up to eight loading bridges put in place. We'll start that project next summer.

"We're also in the process of purchasing a small piece of ground to help provide some more protection for our small GA runway; we recently shifted it a thousand feet to the west so we could open up some airfield for expansion and we're working with the owner for that purchase. We don't see anything long-term that's going to require us to purchase any more land for a while. Our Master Plan came out in 2010 and we have just about nicked everything off. Once we get the terminal project done, that will be almost everything on that Master Plan that we really wanted to accomplish, so we'll be starting another plan in the next few years. We have one study that we want to do on our crosswind runway to see if it's expandable for larger aircraft, and the FAA would like us to look at a couple of things with regard to the way the crosswind intersects our other two runways, for safety reasons."

Going forward, Ploehn notes that the Airport will continue to work with the local Chamber of Commerce and the Big Sky Economic Development group to try and bolster airport and local business and area tourism. "A lot of times, airports are their own little island," he remarks. "But in this community, we're working hand-in-hand on a lot of things to try and enhance both the local economy and the business at the Airport, as well."