

Aviation And Transit Department FY 2023

Annual Report



Submitted by:

Jeff Roach, A.A.E.

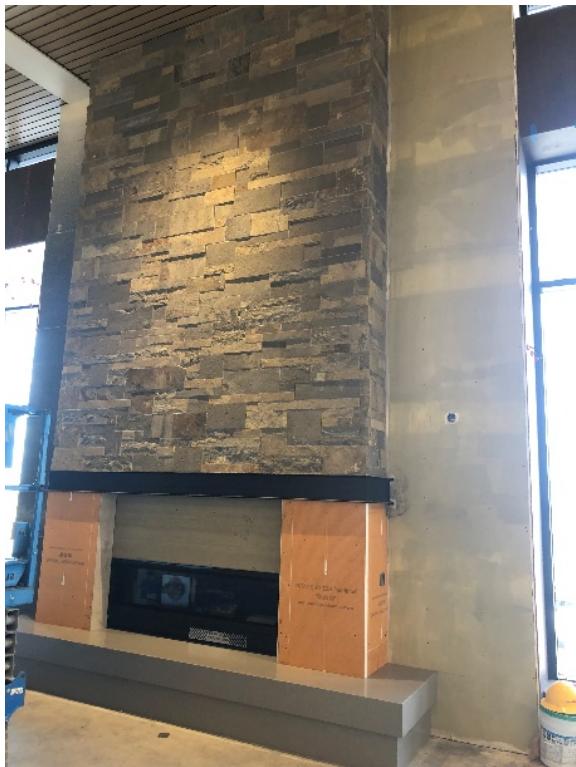
Director Aviation and Transit

Airport

The Billings Logan International Airport (BIL) had an eventful FY 2023. The retirement of Kevin Ploehn in January 2023, led to an executive search that resulted in Jeff Roach, A.A.E. beginning as the new department director on January 16, 2023. Jeff came from Nashville, TN after more than four years with the Metropolitan Nashville Airport Authority (MNAA) as the Assistant Vice President for strategic planning and the Executive Director of the John C. Tune Airport (JWN), the MNAA general aviation reliever airport. Prior to that Jeff was the airport manager at Fairbanks International Airport (FAI) when he retired from the State of Alaska DOT&PF in July 2018.

The terminal construction project continues to move forward with the opening of the new restaurant, gift shop, coffee shop, and bar in FY 2023. The grand entryway is expected to be completed in the Fall of 2023 and the final project completion is expected in the Spring of 2024 with the opening of the B Concourse, adding four new jet bridge gates for large commercial service aircraft. Due to an influx of COVID relief funding and Federal infrastructure funding the \$60 million project will be completed with virtually no debt service obligations. In addition to the terminal reconstruction project, two smaller terminal improvement projects were completed in FY 2023 (Terminal Carpeting and the Baggage Claim Restroom Renovation).





Each summer the airport undertakes airfield construction projects. The only airfield project completed during the 2022 summer construction season, was the West Taxilane Extension project and adjacent utility improvements.

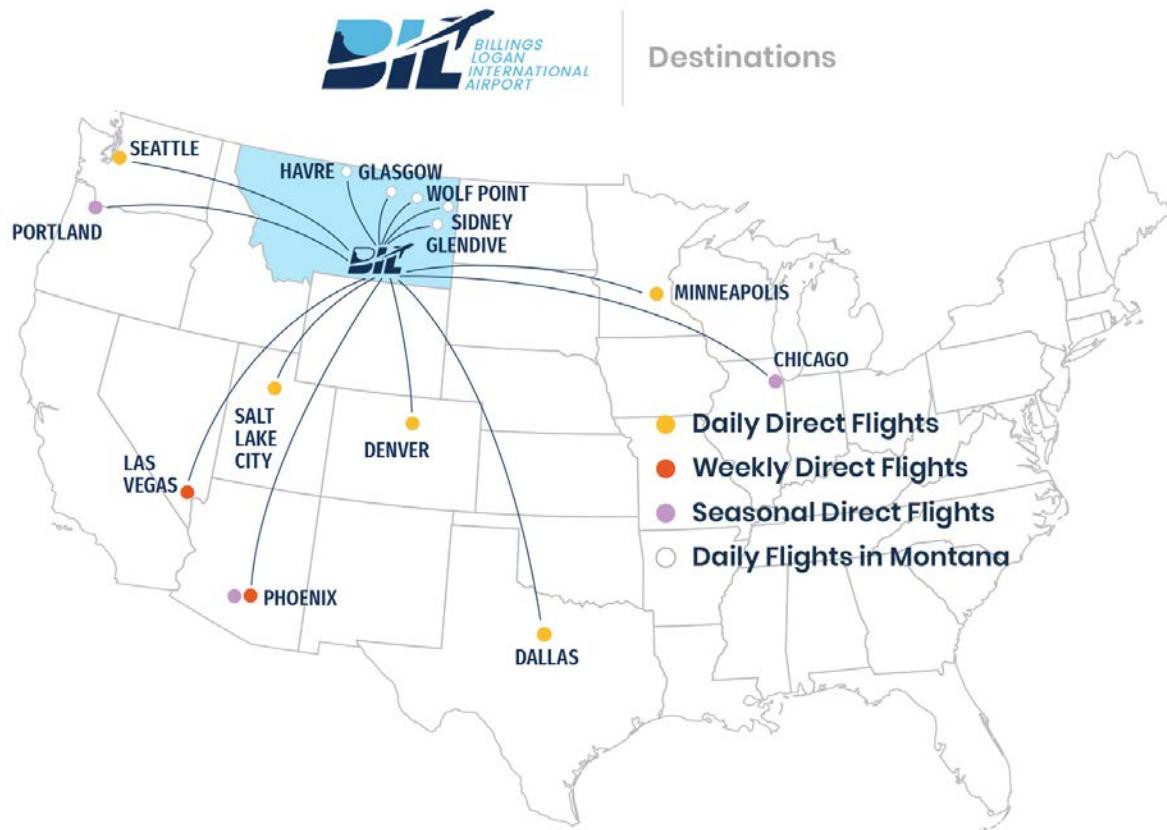
Two airfield construction projects began in FY 2023, the Terminal Apron Schedule 4 project and the Mid-Field Service Road Relocation. The terminal apron project would replace weaker strength asphalt ramp and sections of the concrete ramp that developed Alkali-Silica Reaction (ASR). ASR is a reaction that occurs over time in the concrete between the highly alkaline cement paste and the reactive non-crystalline silica found in many common aggregates and is usually triggered by excessive moisture, resulting in the spalling of the concrete and a loss of strength. Additives are now added to the concrete mixture to prevent ASR from happening in the new concrete. The new ramp sections have 12 inches of concrete poured on top of 4 inches asphalt, providing 16 inches of stable base for the heavy wheel loads of the commercial aircraft using the airport. The mid-field service road project realigns a section of service road to allow for additional aircraft ramp space and a fifth air cargo parking pad. Additionally, the new fixed base operator (FBO) Beacon Air Group began construction on their facilities in FY 2023 with expected completion in the Fall of 2023.

In addition to construction projects in FY 2023, the airport entered into new five-year contracts for air service development (Mead & Hunt), engineering services (Morrison-Maierle), and marketing (Kinetic and AD Creative). Planning and coordination for the Yellowstone International Air Show (coming to BIL August 12-13, 2023) also occurred throughout FY 2023.

Passenger numbers have begun a slow increase, post COVID-19 pandemic, to enplanement levels of 395,469 in CY 2022. While not back to pre-pandemic levels (CY 2019 enplanements were 474,762), there has been a steady growth in enplanements. Enplanements are at 416,553 at the end of FY 2023. The total number of passengers served at BIL in FY 2023 was 838,419.

Air freight levels are declining at BIL, the result of worldwide declines in air freight activity. The total air freight related revenue for FY 2023 was \$491,524, mostly from FedEx and UPS. Even at these declining levels BIL remains the busiest air freight airport in Montana.

Additional air service, passenger, and freight, is the greatest challenge for BIL. Limited destinations, limited aircraft seat capacity, and air fares that exceed the national average lead to complaints and calls for additional air travel options. To that end, BIL has begun an aggressive air service development (ASD) effort. This effort includes significantly increasing the budgeted amount for ASD in FY 2023, signing the five year contract with ASD consultant Mead & Hunt, and participating in additional ASD activities, including more airline headquarters visits and additional ASD conference participation. BIL currently has 14 destinations, served by six air carriers, with more than 800 monthly flights during the peak summer season.



An additional ASD effort was the submission of a small community air service development (SCASD) grant application to the USDOT. This was a cooperative effort between the airport and the community, with the community raising more than \$700,000 in match funding. The community requested revenue guarantee and marketing support for new air service to the top unserved market in Southern California (LAX or SFO). The USDOT announcement of successful SCASD grant recipients is expected in September 2023.



Airport revenues continue to increase slowly in line with enplanement increases. Passenger Facility Charge (PFC) revenues at BIL rose with rising enplanements. The PFC program allows commercial service airports to impose a fee against enplaning passengers for the purpose of funding approved projects at that airport. Likewise, landing fee revenue increased in FY 2023 to \$1,013,914.

Rental car customer facility charge (CFC) collections totaled \$723,705 in FY 2023, an increase of \$54,627 or 7.5%. The CFCs are user fees imposed by an airport operator on each rental car user, collected by the rental car companies, that can only be used for infrastructure improvements associated with an airport's rental car operations. The airport's CFC collections are not back to pre-pandemic levels as CFC collections exceeded \$800,000 in FY 2020. The airport's CFC reserves now exceed \$2 million.

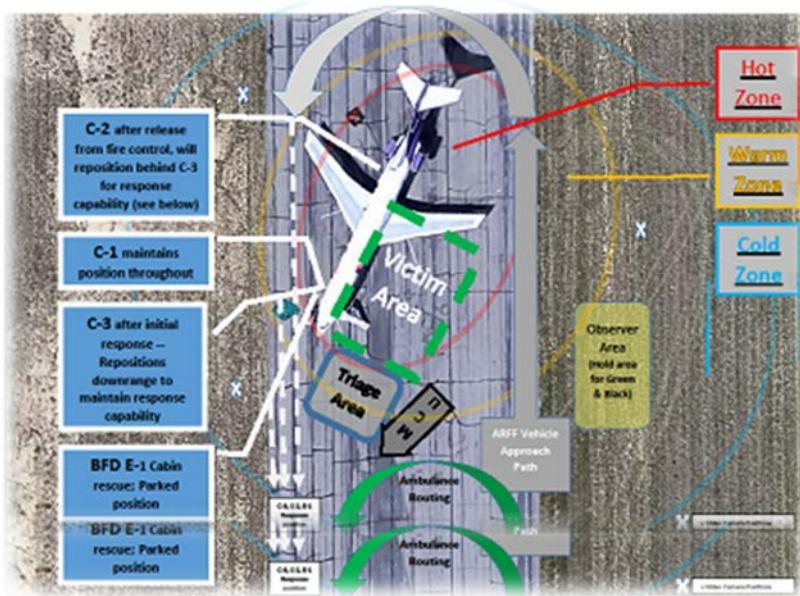
Fuel flowage revenues at the airport reached an all-time high in FY 2023 at \$180,393, which is a one percent increase over the previous fiscal year. This slow, but steady increase is expected to continue with additional aircraft operation and the opening of a new FBO at BIL.

BIL Fuel Flowage Revenue

	FY 2023	FY 2022	FY 2021	FY 2020	FY 2019
	2022	**2021**	**2020**	**2019**	**2018**
JULY	\$19,789.52	\$29,084.72	\$17,471.60	\$16,076.08	\$12,665.68
AUGUST	\$20,669.84	\$18,322.62	\$17,107.04	\$17,253.28	\$18,544.08
SEPTEMBER	\$18,339.92	\$16,007.84	\$21,288.80	\$13,163.44	\$13,733.20
OCTOBER	\$12,489.36	\$14,436.64	\$16,298.16	\$12,895.76	\$10,909.84
NOVEMBER	\$11,962.88	\$12,769.52	\$10,382.96	\$9,680.64	\$8,491.92
DECEMBER	\$16,579.84	\$13,239.28	\$9,757.92	\$10,380.24	\$14,175.68
	2023	**2022**	**2021**	**2020**	**2019**
JANUARY	\$12,164.40	\$13,186.32	\$9,763.28	\$9,927.52	\$7,389.76
FEBRUARY	\$8,249.68	\$8,646.56	\$8,109.84	\$10,348.32	\$8,094.24
MARCH	\$15,022.96	\$14,939.84	\$10,165.92	\$8,007.92	\$12,195.84
APRIL	\$12,560.32	\$12,684.08	\$12,458.40	\$6,411.76	\$10,172.40
MAY	\$15,804.24	\$10,932.80	\$8,977.84	\$4,806.24	\$12,343.04
JUNE	\$16,760.80	\$14,484.56	\$33,061.76	\$11,934.00	\$12,922.88
YTD TOTALS	\$180,393.76	\$178,674.78	\$174,843.52	\$130,885.20	\$141,638.56
Annual Totals	\$180,393.76	\$178,674.78	\$174,843.52	\$130,885.20	\$141,638.56
MONTHLY COMPARISON	\$1,718.98	\$3,831.26	\$43,958.32	(\$10,753.36)	(\$21,834.88)
% INCREASE/DECREASE	0.96%	2.19%	33.59%	-7.59%	-13.36%



Airport Rescue and Firefighting (ARFF) had 170 responses in FY 2023. On May 18, 2023, the airport also conducted the required triennial full-scale exercise.



The scenario for the 2023 full-scale exercise was based on the Air Canada DC-9, Flight 797 cabin fire emergency in Cincinnati, OH in 1983. The nature of that event represented a significant possibility for any airport. Like all Part 139 commercial service airports, BIL is required to conduct a full-scale test of the Airport's Emergency Plan at least once every three years (36 months) as a requirement of 14 CFR Part 139.325 –

Airport Emergency Plan, Sections (g) & (h) and FAA Advisory Circular 150/5200-31C, Chapter 3 - 7, Section a & b, Training, Drills and Exercises. Full scale drills are intended to test and evaluate the functional operational capability of the emergency management system in a community to mitigate hazard specific incidents in a stressful environment with actual mobilization and deployment and coordination of emergency resources and personnel. This exercise also fulfilled the requirements of the Montana State Department of Emergency Services for communities to conduct response exercises on a regular basis.



MET Transit

The Transit Division of the Aviation and Transit Department is responsible for providing Fixed Route bus and Paratransit van transportation service for the City's citizens. This service meets a significant percentage of the mobility needs for those citizens without access to private transportation (referred to as transit-dependent citizens), particularly students, seniors, low income, and individuals with disabilities. In FY 2023, ridership increased to 367,583, an 8.9% increase in ridership over FY 2022.

MET Transit prepared a new route structure that will reduce headways to 30 minutes during peak periods on most routes with off-peak times remaining at one hour between buses. The new route structure was approved by City Council in January 2023 and will go into effect in October 2023. Approval of the Transit Development Plan in FY 2023 resulted in the addition of five (5) Transit Operators to support expanded service frequency and hours. The additional drivers required for the new service rollout brings MET Transits FTE count to 64. Driver shortages and the loss of key personnel delayed the implementation.

MET Transit is in a strong fiscal position with funding carryover into the new fiscal year.

TRANSIT OPS COVID FUNDS			
	<u>Amount Awarded</u>	<u>Remaining Balance</u>	
CARES Act	\$5,358,483	\$0.00	Expended FY21-23
CARES Act	\$1,237,817	\$0.00	Expended in FY23
Transfer From State			
ARP Act	\$1,346,725	\$0.00	Expended FY23
CARRYOVER 5307 into FY24			\$377,359

The Federal Transit Administration (FTA) Triennial Review took place on June 29-30, 2023 with the exit conference being conducted on July 14, 2023. The Triennial Review is one of the FTA's tools for examining grant recipient performance and adherence to current FTA requirements and policies. These reviews give the FTA an opportunity to provide technical assistance on requirements and aid in FTA reporting. Some of the areas the review covered including Financial and Grant management, Program and Project management, Asset Management, Procurement procedures, DBE, ADA, Title VI and EEO compliance, Public Participation plans, and Drug and Alcohol testing/Drug Free Workplace programs.

Only three preliminary deficiencies, out of a potential 370 deficiencies, were noted, down from five deficiencies during the last triennial review in 2019. All three deficiencies were in maintenance (preventive maintenance, facility equipment inspections, and warranty recovery system). There were no deficiencies in the other 19 areas covered by the triennial review. MET Transit will submit a written plan to address each deficiency and report back to FTA. FTA Region 8 complimented Transit Manager Rusty Logan and the MET team for doing a great job running MET Transit and for being very helpful during the triennial review. FTA Region 8 also noted that the other transit systems they are reviewing this year throughout the region are averaging 8-9 deficiencies.

MET Transit ordered four electric buses and supporting infrastructure in FY 2023. The infrastructure includes charging stations and a driving simulator that will be installed in the MET Transit facility on Monad Road. The electric buses are expected to arrive in late FY 2024. MET Transit received a competitive federal grant for the electric buses and support infrastructure.



In FY 2023, MET Transit completed construction of the driver training lot, which supports training new hires in compliance with license requirements and supports ongoing training requirements of safety regulations.

Additional notable MET Transit achievements in FY 2023 include:

- Continued to develop and increase the Bus and Bench Advertising Program and community outreach.
- Began offering additional advertising opportunities on bus stop shelters.
- Successfully implemented new Road Supervisor positions to provide on-street support, transit operator oversight, and safety assurance.

