

HELENA REGIONAL AIRPORT AUTHORITY
MEETING MINUTES
JULY 19, 2022

MEETING

In Attendance:

Mike Murray, Chair
Tom McGree, Vice Chair
Mike Muscarelli, Secretary
Dave Simkins, Immediate Past Chair
Debbie Havens, Commissioner
Bob Heberly, Commissioner
Jeff Wadekamper, Airport Director

Others Attending:

Nick Enblom, Morrison Maierle Engineers
Greg Gould, Jackson, Murdo & Grant, P.C.
Ross Marty, Assistant Airport Director
Connie Lundin, Financial Manager
Amber Huggett, Office Manager

In Attendance via Teams:

Bill Burkland, Commissioner

PUBLIC COMMENT PERIOD

None.

MINUTES

MOTION was made by Commissioner Havens, seconded by Secretary Muscarelli to approve the Meeting Minutes from the June 21, 2022, Authority Meeting. The motion carried unanimously.

MOTION was made by Commissioner Havens, seconded by Secretary Muscarelli to approve the Meeting Minutes from the May 24, 2022, Executive Session Authority Meeting. The motion carried unanimously.

AIRPORT IMPROVEMENT PROGRAM PROJECTS

AIP-61 (Runway Rehab) – The runway had a week of nightly closures a couple weeks ago to complete some paint and light replacement projects we couldn't fit in before snow fall last year due to supply chain challenges. The runway paint was completed. The paint looks great, and the

FAA inspector was impressed with the quality of the overall project. The new flush mount lights were installed and grooving of the small portion of pavement connecting runway 09/27 with runway 17/35 was completed to ensure there is a consistent surface treatment and to provide better traction in wet conditions. The following claims are submitted, and Jeff recommends approval.

AIP – 61 (Runway Rehab Project) – Payment Claims:

Morrison Maierle, (construction management)	\$ 28,980.69
Helena Sand & Gravel (construction)	\$649,984.10
State of MT 1% Tax	\$ 6,565.50
TOTALS	\$685,530.29

MOTION to Approve was made by Vice Chair McGree, seconded by Immediate Past Chair Simkins for Payment of AIP-61 Claims in the Amount of **\$685,530.29**. The motion carried unanimously.

AIP-64 (ARFF Equipment) – We have started receiving some of the ARFF equipment awarded last month. The supplier has requested partial payment for the portions that have arrived. Jeff recommends approval of the claims as submitted.

AIP-64 (ARFF Equipment) – Payment Claims:

Morrison Maierle (Basic Services, Bidding)	\$ 5,124.54
Municipal Emergency Services (equipment)	\$15,244.02
State of MT 1% Tax	\$ 153.98
TOTALS	\$20,522.54

Commissioner Heberly asked Nick Enblom if accepting the equipment early affects any of the warranties that come with the equipment?

Nick replied no it should not, each small tool has its own manufacturer warranty within one year or more.

Commissioner Heberly commented based on experience there is always a discussion of time frame on when the warranty actually starts, so just something to keep in mind.

MOTION was made by Commissioner Heberly, seconded by Vice Chair McGree to Approve AIP-64 Claims in the Amount of **\$20,522.54**. The motion carried unanimously.

AIP-66 Entrance Road / Driving Track Pavement) – Helena Sand & Gravel completed the road paving projects the week of July 11-15. The roads look great and should give us another 20 plus years of service. The phasing and traffic control plans were used to minimize the impacts to the airport users and area tenants with the detours and alternate route plans. The new paving that was done to the driving track is another significant improvement for the various activities and

users. Jeff recommends approval of the claims as submitted.

<u>AIP-66 (Entrance Road, Driving Track Project) – Payment Claims:</u>	
RPA (Independent Fee Estimate)	\$ 3,400.00
Helena Sand & Gravel (construction)	\$539,617.57
State of MT 1% Tax	\$ 5,450.68
TOTALS	\$548,468.25

MOTION was made by Vice Chair McGree, seconded by Secretary Muscarelli to Approve AIP – 66 Claims in the Amount of **\$548,468.25**.

The motion carried unanimously.

AIRPORT AUTHORITY ISSUES

Consider Final Draft of Restaurant Concession RFP Package – The Restaurant Committee (Dave Simkins, Tom McGree, and Mike Muscarelli), along with Greg Gould, and Jeff met and developed the Request for Proposal (RFP) and the associated Concession Lease Agreement that will be advertised in the RFP packet. Those documents are enclosed and are the recommendation of the committee. If there are any questions, concerns, or suggested changes from the Commissioners, we can discuss those at the meeting. We are seeking approval of these materials so the concession can be advertised, and the process can begin.

MOTION was made by Commissioner Havens, seconded by Vice Chair McGree to Approve Restaurant Concession RFP Packet and Set the Submittal Date for August 19, 2022.

The motion carried unanimously.

Airport Resiliency Project Update / Discussion – We have reached the stage of this endeavor where we need to develop written agreements to codify what we want from the project and what options we want included. This will be developed over the new several months. To get that process started, I have placed this item on the agenda to provide time for the Commissioners to discuss the ideas and give guidance so I can begin developing the agreement.

Project Elements

It is important to note that all the proposed ideas that came out of the Value Engineering Study may not necessarily all be included in the final product. Those items were ones that the design team and stakeholders felt were feasible after the brainstorming sessions. Depending on how we decide to handle the energy portion that will dictate the amount of funds available to put towards the security and other alternative resiliency improvements.

Next Steps of the Process

1. Submit interconnect application to Northwestern Energy – This is a very thorough

process and will take several months to complete. This process will determine if Northwestern's system can accommodate what is being proposed, in order to balance their system and provide power for the airport campus when needed during outages.

2. Power Purchase Agreement – This is the agreement that we will enter with the entity that will manage the ongoing operation and maintenance of the energy generating systems. We need to decide what electricity we want to use/buy and whatever we don't use/want will be sold to the utility company.
3. Bidding - Once the interconnect review and power purchase agreement are completed and finalized, the next step is bidding the project elements and awarding them to a contractor. Even though this is being funded by government grants and private investor funds, the work will all be bid out. It is important to note that depending on bids, we may or may not be able to do all the project elements, so I propose prioritizing them and bidding them as separate schedules so each piece can be awarded to best fit the overall available funds. An additional reminder is that the airport will not have any monetary responsibility to fund any of this, but obviously there is going to be a limit on the amount of grant and other funds available.
4. Construction – Once bids are awarded, then construction may begin. The estimated completion of construction is tentatively estimated to be sometime during 2024.

Jeff's recommendation is to begin developing the agreements and bring them back to the Board at either the August or September meeting for approval.

The LLC set up to manage the power and maintenance can sell the electricity to Northwestern, which part of the proceeds of will fund the other improvements listed above beyond the energy generation portions. If the airport wanted to use 100% of the solar and gas generated power, then we would not receive as many of the security improvements as the proceeds from the sale of a portion of the electricity generated is what is planned to fund the ongoing operation and maintenance of the LLC over the 20-year life of these improvements. The grant funds will be used for the installation of the improvements, but to operate and maintain them for the 20-year life of the agreement, the plan is for the LLC to sell excess electricity to cover those costs. We obviously won't have a final decision to approve at this meeting, however I did place a motion on the agenda in case the Commissioners have specific guidance they want to provide as we move ahead so we are covered procedurally.

Chair Murray asked if anyone had questions?

Commissioner Burkland said "yes, I am seeing a couple of items, one that Northwestern Energy agreement is a key point here, the second one is if this gas plant ends up operating for any amount of reasonable time and from what I see on their numbers they are proposing it to be operating a sizable portion of the time. I think we need to let the surrounding community know what our plans are because any kind of a big project like this, the very first thing you hear as an engineer is, "you didn't tell us, you didn't let the community know what was going on and there wasn't any advance notice." There is going to be a fairly large environmental impact study with

public involvement and that kind of thing, and I think if we are going to pursue this, I think we need to get ahead of, not behind that curve. It is kind of an odd thing to site a gas fired power plant in the middle of a city, you kind of try to move those outside the city. I think that is a fairly large obstacle for this. Jeff, I think that both you and I were thinking that this was just a backup system, but they are actually proposing to run this 6300 hours per year, which is 72% of the time, that's, when you throw out the daylight hours that the solar panels are going to be providing the majority of the electricity, its getting close to running full time. Which is not what I was thinking when we talked about a Resiliency project and a backup system, it sounds to me like that is a fully functioning, most of the time operational gas fired power plant on our airport, right in the middle of the Helena Valley."

Jeff explained "I might have confused the issue, thinking it was a back up source of energy. Their proposal is to run it quite a bit of the time and sell the power that we do not use for backup, to Northwestern Energy for their customers. This will pay for the ongoing operation of the entire system. So, you are correct, that is what they are looking to do is run it almost full time. We would only be asking for the power when we needed it as a backup. As for the public notice, yes, I agree it does need to be explained to the community. From what I understand, talking with Northwestern Energy and the Resiliency team, what they usually do is go through the interconnect study and make sure that it is even feasible, to number one even have that plant at all. Once this is determined they go into the environmental impact study portion and public notification. You do not want to notify the public until after the studies are done because they may find out after they do the interconnect that Northwestern Energy says well now that we have looked at this, we do not have enough gas capacity in the valley to power that plant so it's not feasible to do it. This will help eliminate a lot of confusion if we wait to notify the public until we know if it's even possible and if so at what level."

Secretary Muscarelli had a question about the utility table, the gas cost for February and March, why would they drop so much from the other months of the year.

Jeff replied, "you would think those months would stay steady because it is still cold, but I do not know, that is a good question. It could be because your bill is based on demand, they use some kind of formula to bill you. I will verify this with Northwestern Energy and get back to you."

Commissioner Burkland stated that it would be helpful on the table to not only have cost but to include usage.

Jeff said yes, he plans to get with Northwestern Energy and pull together the usage alongside cost for comparison.

Commissioner Heberly had a comment, he said you gave three benefits of this project, and I would like to add a fourth benefit of the marketing and promotion that the airport can get out of doing something like this because the alternative energy, the green energy is important to a lot of people and just to be able to market it is going to be a huge deal. This may be attractive to future potential airlines as well. The question I have does it make sense for some or one of us to

be at the meeting with Northwestern Energy?

Jeff said yes, an idea that he had was to form a committee here today to help work on this project. A subcommittee would be a good thing to start. I am open to any ideas or anyone who wants to volunteer to serve on the committee.

Chair Murray asked who would like to be on the committee?

Commissioner Heberly said he would be happy to be on the committee. Commissioner Havens said she would be interested in being on the committee. Commissioner Burkland volunteered as well.

MOTION was made by Immediate Past Chair Simkins, seconded by Secretary Muscarelli to Approve direction to the Airport Director to begin developing the draft project agreements.

The motion carried unanimously.

Immediate Past Chair Simkins asked Jeff if he thinks this project is going to take up more time than Jeff has to dedicate to it?

Jeff replied, "I have had that thought because believe me there is plenty of stuff that myself and the team are working on because it is going to be complicated and time consuming. The benefits outweigh the drawbacks, it's too good of an opportunity to pass up and we will just have to make the time available to make this happen and complete the study to see if it is feasible."

ASSISTANT AIRPORT DIRECTOR'S REPORT – Ross Marty

- ➔ Monthly passenger operations for June of 2021 are still down compared to June of 2019 by **-34.00%**. Due to United removing the second flight.

Secretary Muscarelli asked what do you make of the sharp increase in private jet traffic?

Ross explained that it is always great to see the additional traffic, its great for additional fuel flowage and landing fees for us. It certainly is not a constraint on airspace or parking space or airport operations, it certainly not a terrible thing.

Secretary Muscarelli said no I did think so but what does it tell you? Why now? What is going on?

Ross replied, "it is in line with the other growth that we have seen in the community like the purchasing of large parcels and high valued land, typically those purchases are made by folks with that type of expendable revenue. We are seeing maybe not what Bozeman is today but

maybe what Bozeman was seeing ten to fifteen years ago where that type of money is making its way into the Helena area. The second thing is there is a contingency of the population, since COVID, which does not like to fly commercially so a lot of the private flying is coming to do the outdoor recreation. A lot of larger groups coming off the private jets, multiple families just buying into that instead of flying commercially. Personally, that is what I think are the main contributors to the increase. “

Jeff stated, Bozeman, Kalispell, and Missoula are all getting too busy, too pricey, and too cramped that people are finding places elsewhere, like Helena. Those private jet folks are bringing their friends, which brings more people in.

Secretary Muscarelli asked if we were good on the infrastructure to support this increase and are people able to get in and out efficiently?

Ross said “yes there hasn’t been a hamper on airport operations itself and we have plenty of parking space. The one thing that I think may help even facilitate further for jet traffic growth could be a large jet hangar. Something that can store the larger Gulfstream or Global Express jets. The current hangars on the airport can only hold a challenger 300 and it is technically classified as a midsize business jet. When you have an investment like a 70-million-dollar jet sitting on the ramp, you want to get that thing covered. There has been some interest from private entities to consider construction of a large jet hangar. Typically, Airports don’t do that as it is extremely hard to recover the investment, especially in this environment of high building construction costs.”

CONSENT AGENDA

Review of Income and Expense Reports
Review of Past Due Accounts

MOTION was made by Vice Chair McGree, seconded by Immediate Past Chair Simkins to Approve the Consent Agenda.
The motion carried unanimously.

OLD BUSINESS.

None.

DIRECTOR’S COMMENTS.

- **FAA Airport Inspection** – Our annual comprehensive FAA Airport Certification Inspection was held on June 29- July 1. Kevin Yarnell was our inspector. It was one of the most comprehensive inspections I have seen in my 31 years. There are so many detailed areas that even the smallest difference in interpretation can be scrutinized. Of that, I am incredibly happy to report that we had another error free inspection with no deficiencies. This is quite an accomplishment for our entire team, and it really takes a whole team to make this happen.
- **American Airlines Update** – We just received the letter from American Airlines to support

the request to the U.S. Department of Transportation to amend our air service grant from Phoenix service to Dallas. We will submit the request to DOT right away and see if they are receptive to approving this. Hopefully, this works so we can get the new service launched soon.

- **Alaska Airlines** – I had a call with Alaska Airlines officials with respect to their conversion from the Q400 to the EMB 175 jet. They asked if we would be willing to paint the parking layout for both the EMB 175 and the 737. They realize Helena can handle the 737 however at this point they do not plan to operate a 737 here, but instead the EMB 175. Their thoughts are that it would be helpful to show that a 737 parking here is feasible in case an opportunity arises in the future, and to have Helena as a designated diversion location for the 737. They currently operate the 737 in Bozeman.
- **MDT Director Tour** – I had Montana Department of Transportation Director Mac Long out to the airport for an introduction and tour recently. We have always had a good working relationship with MDT, including the Aeronautics Division who is headquartered on our airport.
- **ARFF Truck Repairs** – A-2 which is one of our primary trucks for the airport side of the operation, did not pass a routine foam flow test that we do occasionally to ensure that the truck is meeting FAA specs for foam distribution. Our mechanics investigated it and found some inner valves and pipe corrosion. They were able to acquire a new valve through the manufacturer, but they had to fabricate a new interior pipe setup to repair the corroded piece as that was not available for 10 weeks (at a cost of \$10,000). So instead, they had Tudor Machine here in Helena cap over the original connection in the main pipe and weld in a new connection and they fabricated a new connection to get it working. This is an extremely complicated and hard to access repair, but they got it completed, so that truck is back in service. We are fortunate to have multiple trucks so we have redundancy built into our operation.
- **Military C-17 Aircraft** – We will have two groups of C-17 large transport aircraft coming through Helena on July 18, 19 and two more on the 19-20. They are delivering equipment for the military to do a multi week training here at Fort Harrison. They will unload at the Guard Heavy Ramp, but you will see them coming and going. They will be back in a few weeks to pick the equipment up once the training is complete.
- **HVAC and Roof Replacement Projects** – The HVAC and roofing replacement projects that are being funded by the ARPA and ACGRP funds are currently in the construction document/bid specification phase. We decided to separate the Fire Station 1 and Terminal roof projects into two separate bids, as we believe that makes sense due to the different schedules and sizes of the projects. The Fire Station 1 roof can be done as soon as possible, so that is being advertised starting Sunday. Hopefully that project can occur yet this year before winter.
- **U.S. Air Force Fire Fighting C-130 Assessment** – The Air Force has 8 C-130's assigned over a few Air National Guard units that have the capability to perform as Mobile Aircraft Fire Fighting Systems (MAFFS). Helena is one of the few locations they can operate from and every few years the Air Force updates their plan for locations that can support their operations. It has been a few years since we have seen a MAFFS C-130 at the Helena base. The military is typically activated after the Forest Service has exhausted or is using

all the private contract aircraft.

- **Airline Rendezvous (September 7-8)** – We continue planning for the Airline Rendezvous to be hosted by us on September 7-8. The Great Northern Best Western Premiere is the host hotel for the airline representatives. The Comfort Inn Suites is the host hotel for the airport and air service consultants. The Tourism Business Improvement District (the local hotel group) helped by facilitating a bid among the hotels to make those selections. We have a great core group working on the various details and we are seeking sponsors to help cover the event costs. Numerous entities are also providing in-kind sponsors and helping organize fun activities for the airline reps the first day they arrive. A unique aspect we are planning is a tour of the airport terminal and the campus to highlight our unique business model to help explain how we have made sure that airlines serving Helena are financially successful and well supported with modern and efficient facilities, and processes. Our program makes a difference and is the reason we are not like so many small communities, and even five state capitals that have no air service, so it is a relevant story to impress upon the airlines. It should be a momentous event and hopefully will help shine the light on Helena for future opportunities as the pilot shortage gets resolved in the coming years and Helena continues to grow.
- **Hometown Helena Airport Presentation** – I am scheduled to give an airport update on July 28 at Hometown Helena (7:00 a.m. on the 6th floor of the Montana Club).
- **911 Center Carpet** - We recently replaced the carpet in the 911 Center at the Training Center as the previous flooring was wearing out and was creating a trip hazard. Our staff worked with the 911 Center to do the work without impacting their operations as they are there 24/7. It is a nice improvement.

REPORTS PRESENTED FOR REVIEW:

Director's Report and Board Report – Jeff Wadekamper

Assistant Director's Report – Ross Marty

Fiscal YTD Financials – Connie Lundin

FAA Funded Airport Improvement Project Report – Nick Enblom

/s/ Mike Murray
Mike Murray, Chair

ATTEST:
/s/ Mike Muscarelli
Mike Muscarelli, Secretary

(SEAL)