

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
January 28, 2020
1:30 pm, Airport Board Conference Room

THOSE PRESENT: Chair Matt Doucette
Secretary/Treasurer Larry Anderson
Commissioner Shane Stack
Commissioner Dori Brownlow
Alternate Commissioner Pat Boyle
Alternate Commissioner Winton Kemmis

STAFF
Director Cris Jensen
Deputy Director Brian Ellestad
Finance Manager Teri Norcross
Administrative Manager Lynn Fagan
Accounting Clerk Rita Harris-Powers
Manager of Projects Tim Damrow

OTHERS:
Steve Jarvis, Martel Construction
Travis Frey, Martel Construction
Gary Matson
Martin Kidston, Missoula Current
Brian Flaig, First Security Bank

Chair Matt Doucette called the meeting to order and advised everyone that the meeting was being recorded.

Motion: Commissioner Shane Stack moved to seat Alternate Commissioner Winton Kemmis.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

Motion: Secretary/Treasurer Larry Anderson moved to seat Alternate Commissioner Pat Boyle.

Second: Commissioner Shane Stack

Vote: Motion Passed Unanimously

AGENDA

Motion: Commissioner Shane Stack moved to approve the agenda as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

PUBLIC COMMENT PERIOD:

None.

MINUTES

Motion: Secretary/Treasurer Larry Anderson moved to approve the minutes of the Regular Board Meeting dated December 31, 2019 and the minutes of the Special Board Meeting January 10, 2020 as presented.

Second: Commissioner Dori Brownlow

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Finance Manager Teri Norcross stated that snow removal chemicals presented a larger expense this month, but the line item is still under budget for the fiscal year. She stated that other larger items have been noted on the first page of the Claims for payment and she offered to answer any questions. Secretary/Treasurer Larry Anderson asked if the “PP” notation next to some checks signify prepaid checks, and Teri confirmed that is correct, adding that most of the pre-paid checks are for utility bills. Alternate Commissioner Winton Kemmis asked what fog seeding expenses are for, and Director Cris Jensen explained that MCAA purchases canned carbon dioxide from Norco for fog seeding events. Commissioner Shane Stack asked how much is usually spent on fog seeding, and Cris responded that approximately \$6,000 is budgeted annually.

Motion: Commissioner Dori Brownlow moved to approve the Claims for Payment as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

FINANCIAL REPORT

Finance Manager Teri Norcross began by reminding the Board that she was looking into why the Passenger Facility Charges (PFCs) and Customer Facility Charges (CFCs) did not appear to be performing as staff had expected based on the growth in passenger enplanements. She explained that PFCs are collected on a cash basis and that they are accrued for two months at the end of the fiscal year since payments are received up to two months in arrears; this fact made the fiscal year-to-date appear to be underperforming compared to last fiscal year. She then explained that the lower CFCs were a result of those charges being based on contract days and that the car rental companies had fewer cars available to rent. While CFCs decreased as a result of this change, rental car concessions revenue did increase since higher rental rates were charged per vehicle.

Teri went on to state that staff expects to receive an entitlement grant of \$460,000 in the near future for the West General Aviation (GA) area development project. While MCAA fronted that amount, grant funds should be available in the next few weeks. Teri stated that MCAA will also

receive the remainder of the \$20 million discretionary grant funds limit, and Director Cris Jensen added that roughly \$6.7 million is expected to be received. Cris then stated that Shaun Shea of Morrison-Maierle is currently finishing the grant application to be submitted to the Federal Aviation Administration (FAA). Alternate Commissioner Pat Boyle asked if the East Paw of the new terminal building will be considered a completely separate project for purposes of applying for more discretionary funding, and Cris responded that MCAA staff have a meeting scheduled with the FAA Area District Office (ADO) on February 13, 2020, and that he plans to ask that question at that meeting.

Commissioner Shane Stack noted that federal contributions were up 2.2%, and approximately \$2.5 million year-over-year in net income which seems like a good place to be. He then asked if all federal contributions come from grant funds, and Teri confirmed that is correct. She added that federal contributions are not budgeted for because they are difficult to predict. Chair Matt Doucette then asked if anyone had additional questions for Teri; there were none.

Motion: Commissioner Dori Brownlow moved to accept the financial report as presented.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Director Cris Jensen began by stating that roughly twenty U.S. international airports have implemented a screening process to detect coronavirus among passengers, adding that he will continue to monitor the situation and update the Board.

Deputy Director Brian Ellestad presented a brief air service update, beginning with the press release announcing the addition of Alaska Airline's mainline service to begin May 21, 2020. He stated that numbers are trending up in available seats for the 2020 calendar year, adding that enplanements are also up 7% year-over-year. Brian then stated that the Department of Transportation's quarterly report showed that Missoula had the lowest airline ticket prices in the state again. He attributed this to the idea that airline competition drives fares down. Director Cris Jensen added that the addition of American Airlines to Glacier Park International Airport resulted in an immediate drop in ticket prices from other airlines at that airport, and Brian mentioned similar findings for the Bozeman Yellowstone International Airport.

Manager of Projects Tim Damrow delivered a terminal construction project update, beginning with the new terminal access road still being seasonally suspended, though work could resume earlier in the spring than anticipated depending on weather trends. He stated that the demolition and foundation portion of the project are nearing completion, adding that vertical construction of the South Concourse is now in progress. Tim then stated that Guaranteed Maximum Pricing (GMP) follow-up will include rebidding a few items and that value engineering will continue. He added that upcoming items include a financial analysis for the East Concourse, and that Phase I completion of the South Concourse is still set for early 2022.

Accounting Clerk Rita Harris-Powers then presented the Sustainability Action Plan (SAP) she developed for the airport as her capstone project to finish out her graduate studies at Harvard University. She began by thanking Cris for being the executive sponsor for the project, adding that he was very engaged and supportive throughout the entire process. She then presented findings based on research conducted on MCAA's water consumption, energy consumption, solid

waste management, employee well-being, and terminal building construction practices. She then presented recommended initiatives to achieve water conservation, energy conservation, solid waste reduction, increased employee well-being, and documentable sustainable building practices, as well as ways to implement them. Gary Matson asked if there were plans to partner with the City of Missoula in their goal to transition to 100% clean energy. Rita responded that while none of the current recommended initiatives would require that kind of partnership, her intention is for the SAP to become a living document with new initiatives to be added as current initiatives are completed; this would allow for the potential of future partnerships with any number of entities that have similar goals.

Alternate Commissioner Winton Kemmis asked if any other airports have installed solar panel arrays on their property, and Cris responded that while staff do not have an exact number, it is becoming more and more common to see solar arrays at airports. He stated that on a recent trip to Oregon, he saw a rooftop solar array at the airport in Redmond and a carport solar array at the airport in Medford. Winton mentioned that he believes MCAA would benefit greatly from installing a solar panel array since there are very few obstructions to the sun. Commissioner Shane Stack asked what portion of the airport's electricity could be generated with a solar panel array, and Rita responded that a 9,000-square foot array could supplement up to 8% of the airport's electricity consumption each year.

LEGAL REPORT

Administrative Manager Lynn Fagan stated that Administrative Assistant Katie Coleman-Assad has left the organization to pursue her graduate degree in aviation management, as well as to manage the Stevensville Airport. She added that Administrative staff are currently conducting interviews to find Katie's replacement.

Lynn stated that work on MCAA's Primary Guiding Documents (PGDs) is ongoing, and that she will be asking Brian Johnson to take point on completing them, adding that progress has slowed since she has been so busy with other time-sensitive matters.

Lynn stated that interviews for the Food and Beverage Request for Proposals (RFP) are in progress. She added that the Tailwinds interview was earlier that morning, Liquid Planet's interview was scheduled for the following week, and Faber was scheduled for the week after that. Secretary/Treasurer Larry Anderson asked what times the upcoming interviews would be, and Manager of Projects Tim Damrow stated Liquid Planet's interview would be at 1:30pm and Faber's interview would be at 9:30am.

COMMITTEE UPDATES

Executive Committee: Met January 28, 2020 to discuss the Board agenda.

Finance Committee: No Activity

Business Development: No Activity

Contract & Lease Committee: No Activity

Facility & Operations Committee: No Activity

Marketing Committee: No Activity

General Aviation Committee: No activity

Legislative Committee: No Activity

UNFINISHED BUSINESS:

None.

NEW BUSINESS

Bank Account Signers for Calendar Year 2020

Finance Manager Teri Norcross explained that MCAA checks need two signatures, so staff would like to have a couple of Board members authorized to sign checks in the case of staff being unavailable. She added that signers on MCAA checking accounts are changed with the annual changing of the Board officers. The proposed signers for 2020 will include Adriane Beck as Board Vice Chair, Larry Anderson as Secretary/Treasurer, Director Cris Jensen, Deputy Director Brian Ellestad, Administrative Manager Lynn Fagan and Finance Manager Teri Norcross.

Motion: Commissioner Shane Stack moved to approve the above list of signers for Authority checking accounts with US Bank and First Interstate Bank for the 2020 calendar year.

Second: Alternate Commissioner Pat Boyle

Vote: Motion Passed Unanimously

INFORMATION/DISCUSSION ITEMS

Manager of Projects Tim Damrow then led a brief discussion regarding MCAA's logo. He presented comparisons of the current logo with some new designs, and Director Cris Jensen explained that staff would like to get some input from Board members at the upcoming Board Workshop. Chair Matt Doucette requested to see what The Quotient Group, Windfall, and A & E Architects separately came up with, and Cris responded that those images would be made available. He added that the conversation about the airport logo has been ongoing for quite a while, so it is the staff's hope that the Board's workshop will result in a final decision.

Cris then stated that another topic of discussion for the workshop will be the next phase of the terminal construction project, adding that staff would like to have a conversation about when design work on the East Concourse should begin. He stated that funding the necessary debt will be an important piece of that puzzle. Cris stated that the workshop will likely be scheduled during the second or third week in March, and that Lynn will send out a Doodle to collect preferences for dates and times.

Commissioner Shane Stack asked if unused entitlement funds are redistributed at the end of each year, and Cris responded that the FAA will carry those amounts forward, adding that unused entitlement funds may be lent to other Montana airports temporarily. He noted that those funds are repaid and will always stay within the state of Montana. Shane asked if other states use the same type of system, and Cris responded that he did not see that happen in Nevada, but he was not sure about other states outside of Montana. Brian Flaig of First Security Bank noted two big takeaways from the recent meeting he had with MCAA staff: the first was that the new terminal construction project is currently ahead of schedule; secondly, while MCAA has committed \$35 million to the project, there will likely not be a need to use all of those funds. Secretary/Treasurer Larry Anderson asked if the FAA will allow unused project funds from the South Concourse phase

to be used for the East Concourse, and Cris responded that generally will not be allowed, though the FAA can give letters of intent for future entitlement or discretionary funding.

Alternate Commissioner Pat Boyle asked Cris to expand upon some comments he made in his written Director's Report regarding PFC increases. Cris stated that when the FAA was reauthorized, they were required to partner with a non-profit organization to determine what a reasonable PFC rate should be. He stated that the organization determined the rate should be \$7.50 per passenger currently, and that it should be indexed for inflation. Cris added that while the airlines will strongly oppose that kind of rate increase, it will help airports to service their debt significantly when it goes through. Pat noted that based on passenger numbers, the potential increase in PFCs could be upwards of \$1.3 million. Brian of First Security Bank added that interest rates will continue to be favorable to lock in long-term low rates. Cris stated that MCAA has great partners at First Security Bank, and Deputy Director Brian Ellestad added that fact does not preclude other options.

Alternate Commissioner Winton Kemmis stated he was contacted by Stan Cohen and Steve Smith regarding a large amount of historical information they received from Ann Melbourn after her plans to write an exhaustive book on aviation in western Montana changed. Winton asked if MCAA would be interested in acquiring that volume of information or if anyone could suggest the best place for it. While it was determined that the airport terminal would not be the best place for it given the current construction project, suggestions were made that include Montana Historical Society, University of Montana, and State Aeronautics. Cris stated that MCAA has a substantial amount of historical information on-site already, adding that those materials could be contributed along with the historical information Winton brought into focus.

The February Board Meeting will be held in the Airport Conference Room on Tuesday, February 24, 2019 at 1:30pm.

There being no further business the meeting was adjourned.