

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

THOSE PRESENT: Chair Matt Doucette via conference call
Secretary/Treasurer Larry Anderson via conference call
Commissioner Shane Stack via conference call
Commissioner Deb Poteet via conference call
Commissioner Jeff Roth via conference call
Commissioner Dori Brownlow via conference call
Alternate Commissioner Winton Kemmis via conference call
Honorary Commissioner Jack Meyer via conference call

STAFF
Director Cris Jensen
Deputy Director Brian Ellestad via conference call
Finance Manager Teri Norcross via conference call
Administrative Manager Lynn Fagan via conference call
Airfield Operations Manager Nate Cole via conference call
Business Development Manager Dan Neuman via conference call
Accounting Clerk Rita Harris-Powers via conference call
Ground Handling Manager Andrew Bailey via conference call
Manager of Projects Tim Damrow

OTHERS:
Burt Friedman, Faber Coe & Gregg via conference call
Wally Janokowicz, Faber Coe & Gregg via conference call
Scott Billadeau, Pangea via conference call
James Chapmin, Black Coffee via conference call
Steve Conway, Martel Construction via conference call
Charles Grobber, Faber Coe & Gregg via conference call
Martin Kidston, Missoula Current via conference call
Tiffany Lutke, Kettle House via conference call
Shaun Shea, Morrison-Maierle via conference call
Kynan Spethman, Neptune/Northstar via web conference

Chair Matt Doucette called the meeting to order at 1:40 pm and advised everyone that the meeting was being recorded.

Administrative Manager Lynn Fagan performed a roll call of Board Members.

Motion: Commissioner Jeff Roth moved to seat Alternate Commissioner Winton Kemmis.

Second: Commissioner Shane Stack

Vote: Motion Passed Unanimously

AGENDA

Administrative Manager Lynn Fagan recommended the agenda be amended to move the Food and Beverage Request for Proposals (RFP) ahead of the Unfinished Business portion of the meeting. Chair Matt Doucette asked if anyone had questions or comments regarding the agenda; there were none.

Motion: Alternate Commissioner Winton Kemmis moved to approve the agenda as amended.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

PUBLIC COMMENT PERIOD:

None.

MINUTES

Chair Matt Doucette asked if anyone had questions or comments regarding the minutes for the Regular Board Meeting dated March 31, 2020; there were none.

Motion: Commissioner Jeff Roth moved to approve the minutes of the Regular Board Meeting dated March 31, 2020 as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Finance Manager Teri Norcross stated the Claims for Payment are more brief than usual this month, adding that no terminal construction project payments were included in the check list.

Chair Matt Doucette asked if there were any questions or public comments; there were none.

Motion: Alternate Commissioner Winton Kemmis moved to approve the Claims for Payment as presented.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

FINANCIAL REPORT

Finance Manager Teri Norcross began by explaining the Financial Report for March 2020 looks favorable because the cash receipts did not take a downturn until toward the end of the month, adding that landing fees will affect cash receipts and revenue for April 2020.

Teri stated that MCAA staff have roughly estimated a \$1.8 million decrease in cash receipts and revenue for the duration of the COVID-19 pandemic. She explained that as of now, rents from signatory airlines and car rental companies will only affect cash receipts since those amounts are being deferred. Alternate Commissioner Winton Kemmis asked if the Coronavirus Aide, Relief, and Economic Security (CARES) Act will cover those losses and Teri confirmed that is correct.

Secretary/Treasurer Larry Anderson asked if the Concession Contract Receivables from the balance sheet are based on guaranteed minimums or actual numbers. Teri explained that number comes from a year-end adjustment based on the audit and MCAA's agreement with Republic Parking. Honorary Commissioner Jack Meyer added that the Deferred Concession Contract liability amount balances the asset amount to zero, so these numbers are included in the balance sheet just for accounting purposes.

Chair Matt Doucette asked if anyone had additional questions or comments regarding the Financial Report; there were none.

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

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Director Cris Jensen began by stating that MCAA staff submitted its application for \$5.6 million in CARES Act funding to the Federal Aviation Administration (FAA), adding that some funds could be available within the week. He stated that staff expects it will come as a grant offer that will need to be accepted. Cris then explained that staff discovered a large disparity between the \$5.6 million MCAA is eligible for and the \$18 million the much smaller West Yellowstone Airport is eligible for. Cris stated that MCAA staff reached out to Kurt Shaffer and Chuck Garrison at the FAA who quickly responded. He stated that Chuck agreed to look for a way to increase MCAA's share of available funding, and MCAA staff sent him an estimate of \$6 million to \$10.7 million that may be needed through the end of this calendar year for terminal construction funding.

In other funding areas, Cris stated that the Tax Increment Financing (TIF) funds program has sunset and while staff did not expect to receive funds, it turns out that MCAA may be eligible for approximately \$100,000.00 that can be applied to the terminal access road project. Commissioner Dori Brownlow added that the funding will likely come in two payments: the first for roughly \$100,000.00 and the second for a smaller amount that she cannot estimate at this time. Cris took a moment to thank Dori and the Missoula Development Association for their work on this item, adding that he is grateful for their support.

Administrative Manager Lynn Fagan stated that Commissioner Shane Stack dropped off the conference call.

Cris then stated that MCAA staff and others are currently working on the next Better Utilizing Investments to Leverage Development (BUILD) Grant application, adding that the City and County received a BUILD Grant last year in the amount of \$13 million which was less than what was applied for. He stated that he has submitted a letter of support for the grant, and Lynn mentioned that the City of Missoula and Missoula County have both been very responsive to the airport's concerns and input.

Deputy Director Brian Ellestad then delivered a brief air service update, stating that passenger numbers in Missoula are trending with the national average. He stated that passengers have been going through the Transportation Security Administration (TSA) checkpoint at a rate of about 5% of what is normal. He stated that airlines are responding to the lack of demand as available seats

have dropped by roughly 70% in published flights. He added that he is trying to forecast and work on incentives for airlines, and to support concessionaires.

Manager of Projects Tim Damrow then delivered a brief terminal construction project update. He stated that work on the access road has resumed from being seasonally suspended, adding that the terminal access road cutover is expected in June 2020. He then stated that construction of the terminal building foundation grade beams/walls is complete, adding that structural steel assembly is nearing completion. Tim then explained that between now and June 2020, concrete decking and escalator installation will begin, as well as design finalization of the food and beverage concessions area. He also stated that a new website and promotional video, as well as a newsletter will be coming soon. Commissioner Jeff Roth thanked Tim for the presentation, adding that with all the recent tough news, it is nice to see the terminal project coming along this well.

Cris then asked if anyone had questions. Secretary/Treasurer Larry Anderson asked regarding the BUILD Grant if there will be a possibility of a connection from Mullan Road to the Ranch Club and out to West Broadway. Cris stated that he is not fully aware of all the details, but he knows that George Elmar will be extended to Whippoorwill and Broadway which will create the connection to Mullan Road.

LEGAL REPORT

Administrative Manager Lynn Fagan explained that the format of this electronic meeting is due to the COVID-19 emergency and based on guidance from the Montana Attorney General for holding public meetings during the stay-at-home order. She stated that the whole board meeting packet was posted on FlyMissoula.com for any members of the public to access. She added that public comments were being accepted via a website link prior to the meeting but none were received. Lynn then stated she is hoping to have an actual Board Meeting in May 2020 but that remains an unknown at this point.

Lynn explained that MCAA's concessionaires have all reached out to ask for assistance through the COVID-19 pandemic. She stated that deferred payments have been offered through June 2020 except for payments on percentage of gross sales. She added that this will not help the concessionaires with the long-term relief they are looking for, so staff will likely try to use some of the CARES Act funding to help them; staff will bring some kind of concessionaire relief to the Board to vote on in May or June 2020.

Lynn then shared that MCAA hired current Public Safety Officer Justin Shaffer to be the Airport's new Public Safety Chief, adding that he will begin his new position on June 1, 2020. She then stated that Public Safety Officers Doug Stevens and Jay Shaffer both took early retirement, adding that they have been employed with MCAA since 1985 and 1996, respectively.

Lynn asked if anyone had questions; there were none.

COMMITTEE UPDATES

Executive Committee: Met April 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

NEW BUSINESS:

Award of Food/Beverage Concession for the New Terminal to Faber Coe & Gregg

Administrative Manager Lynn Fagan explained the Food and Beverage RFP went out to bid in September 2019 because time will be needed for the chosen concessionaire to design its space for the new terminal building, and because MCAA was asking the concessionaire for a significant capital contribution for the project. Lynn stated there was a mandatory pre-submission meeting in October 2019 and proposals were due on December 13, 2019. She then stated that five individual companies submitted proposals and of those five, three were selected for interviews in late January and early February 2020; those companies were Faber, Tailwinds, and Pangea. She added that reference checks were conducted following the interviews.

Lynn stated that the selection committee, comprised of several MCAA staff and Board members, has recommended Faber Coe & Gregg. She then presented pictures of the proposed design of the space for the new terminal building. Lynn stated that Faber had the best price points and the best design, that awarding Faber the contract would be the most advantageous to the airport, and that they were the only proposer that offered benefits to its employees.

Lynn then stated that MCAA follows federal regulations for procurement procedures and has a protest procedure to follow as well. She added that if the Board chooses not to accept the committee's recommendation, the RFP will have to go back out to bid. Lynn mentioned that all the presentations were recorded and shared with the entire Board, and she asked if there were any questions from the Board. Secretary/Treasurer Larry Anderson stated that while he was not able to attend all of the presentations, he did spend time reviewing each of the presentations and he appreciates the time that went into the process on the part of both the presenters and MCAA staff; Alternate Commissioner Winton Kemmis seconded Larry's comments, emphasizing that he appreciates the work that went into the process on everyone's part.

Chair Matt Doucette asked if there were any questions or comments from the public. Scott Billadeau of Pangea stated that his company compiled eight or nine pages of responses and that he would like to highlight some specific concerns he has. Scott stated he was frustrated that the selection committee provided a lot of defensible reasons for choosing an out-of-state operator and he would like to know why there were no defensible reasons provided for choosing a local operator. Scott emphasized the difference between local branding and being a local operator. He then stated that part of the selection criteria used was the fact that Faber operates in twenty-nine airports and Liquid Planet operates in just one, adding that he does not think airport experience matters that much.

Scott went on to state that, regarding price points on menu items, there is no airport in the country that serves a hamburger for \$7.00. He then stated that it was a skewed point to say that Faber's \$300,000 minimum annual guarantee (MAG) outbid Pangea's initial \$250,000 MAG since it would increase up to \$350,000 over time. He added that Pangea matched Faber's 12% food and beverage concession amount and they exceeded Faber's 14% alcohol concession by offering 15%. Scott then stated that he invited committee members to go see Pangea's new

restaurant location, adding that those plans were put off due to the COVID-19 pandemic. He then requested that Board members ask themselves, “why not go with a local operator?”

Matt asked if anyone had additional questions or comments; there were none.

Motion: Secretary/Treasurer Larry Anderson moved to approve the award of Food/Beverage Concession for the New Terminal to Faber Coe & Gregg as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

UNFINISHED BUSINESS:

Task Order No. 29 to the Master Agreement for Professional Engineering Services with Morrison-Maierle

Director Cris Jensen explained that this item will allow Morrison-Maierle to provide construction management services for Phase 2 of the West General Aviation (GA) development, which is the area that is adjacent to the current Martel laydown area.

Secretary/Treasurer Larry Anderson asked for clarification on where the new West GA laydown area will be located after it has been developed, and Cris explained the area in question is just to the west of the West GA laydown area, so nothing will need to be relocated. He added that once the project is complete, the laydown area will be brought up to grade. Larry asked if there would be any impact to suppliers and Cris stated there would be none.

Chair Matt Doucette asked if there were any questions or comments from the Board or the public; there were none.

Motion: Commissioner Jeff Roth moved to approve Task Order No. 29 with Morrison-Maierle in the amount of \$74,500.00.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

Task Order No. 30 to the Master Agreement for Professional Engineering Services with Morrison-Maierle

Director Cris Jensen stated that being in the unique position of having no cars in the parking lot and knowing that oil prices recently hit a low of just \$13 per barrel, MCAA staff has decided to move forward with the design of the parking lot. Cris stated that a condition should be added to the recommended motion that the Task Order be approved contingent upon an independent fee estimate (IFE).

Chair Matt Doucette stated that he is glad to see MCAA taking advantage of the opportunity. He then asked if there were any questions or comments from the Board or the public; there were none.

Motion: Secretary/Treasurer Larry Anderson moved to approve Task Order No. 30 with Morrison-Maierle in the amount of \$200,000.00 contingent upon the completion of an independent fee estimate.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

Pre-approval of acceptance of FAA Grant Offer AIP-066 for Access Road

Director Cris Jensen explained that MCAA was not ready to begin work on the terminal construction project so available entitlement funds were lent to Butte Airport. He stated that in preparation for Butte to transfer those funds back to MCAA, he would like the Board to authorize him to accept the funds when they become available. Shaun Shea of Morrison-Maierle commented that the reciprocal amount on the agenda action sheet is incorrect and should be \$257,540.00. Cris stated that for fiscal year 2020 grants, the funds are available at 100% which means no match by MCAA is required.

Secretary/Treasurer Larry Anderson asked if those funds would qualify to go back into the terminal construction project, and Cris responded that the funds will be used in the terminal access road portion of the project.

Chair Matt Doucette asked if there were any questions or comments from the Board or the public; there were none.

Motion: Commissioner Jeff Roth moved to pre-authorize the Airport Director to accept AIP Grant 3-30-066-2019 in the amount of \$257,540.00 for the Access Road.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

OTHER NEW BUSINESS

Approval of Contract for Food/Beverage Concession with Faber Coe & Gregg

Administrative Manager Lynn Fagan explained that a few changes were made to the original draft of the contract that was submitted with Faber's RFP. She mentioned that the usual RFP process would be to award the contract then spend time working on the contract but both items are brought to the Board today due to the delay from last month.

Lynn stated that the original contract was for a twenty-year term and that changed to a ten-year term with a ten-year option to follow, adding that Faber's capital investment amount is now \$1.67 million. She added that the date of occupancy has changed as well, in order to possibly cover the gap period between the end of Jedediah's contract in June 2021 and the opening of the new terminal at the beginning of 2022.

Lynn went on to explain that given the COVID-19 situation and recognizing that Faber is making no money with decreased airport operations, the proposed MAG and a portion of the capital investment will be deferred until MCAA's passenger numbers are back up to 90% of what was

published in the RFP. She added that once 90% is reached, this will be a straightforward contract agreement.

Alternate Commissioner Winton Kemmis asked when staff estimates passenger numbers will get back up to 90% of what they were, and Lynn responded that 90% may be reached by the time the new terminal building opens. Honorary Commissioner Jack Meyer asked how much capital expense MCAA staff expects to need and Lynn responded that the engineering estimates call for a \$1.3 million build out, adding that Faber's portion will be \$1 million and MCAA's cost will be \$300,000 to \$600,000.

Larry stated that in the original contract, Faber had a very substantial rebuild of all equipment and he asked if that will be subject to change going from a twenty-year term to a ten-year term. Lynn responded that the equipment rebuild will come into play upon execution of the ten-year renewal, adding that the first ten-year term will not begin until passenger numbers reach that 90% mark.

Chair Matt Doucette asked if there were any additional questions or comments from the Board or the public; there were none.

Motion: Commissioner Deb Poteet moved to approve the Food/Beverage Lease Agreement with Faber Coe & Gregg as presented.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

Auditor Contract Extension for FY 2020-2022

Finance Manager Teri Norcross explained that Anderson ZurMuehlen has been doing MCAA's audits for a long while now. She stated that the firm has a great depth of airport experience, and that they make a point to change out which of their staff members work with MCAA from year to year. Teri requested that the recommended motion be changed from what is stated on the agenda action sheet to state that the time period covered will be fiscal years 2020 through 2022.

Teri asked if there were any questions; there were none. Chair Matt Doucette asked if there were any comments from the Board or the public; there were none.

Motion: Secretary/Treasurer Larry Anderson moved to extend and accept the contract with Anderson ZurMuehlen for an additional three years to perform audit services for Fiscal years 2020 through 2022 for the Missoula County Airport Authority.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

INFORMATION/DISCUSSION ITEMS

The May Board Meeting will be held in the Airport Conference Room and remotely via GoToMeeting on Tuesday, May 26, 2020 at 1:30pm.

There being no further business the meeting was adjourned.