

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
February 23, 2021
1:30 pm, Airport Board Conference Room

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

STAFF: Director Cris Jensen
Deputy Director Brian Ellestad
Finance Manager Teri Norcross
Administrative Manager Lynn Fagan
Manager of Projects Tim Damrow
Thad Williams, Building Manager
Nate Cole, Airfield Manager
Dan Neuman, Business Development Manager
Jesse Johnson, Compliance Officer
Andrew Bailey, Ground Handling Manager
Vanessa Kolberg, Ground Handling Compliance Coordinator

OTHERS: Gary Matson, Runway 25 Hangars
Martin Kidston, Missoula Current
Shaun Shea, Morrison-Maierle
Steve Conway, Martel

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

Administrative Manager Lynn Fagan performed a roll call of Board members, staff members, and members of the public.

AGENDA

Motion: Vice Chair Adriane Beck moved to approve the agenda as presented.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

PUBLIC COMMENT PERIOD:

None.

MINUTES

Chair Matthew Doucette asked if anyone had questions, edits, or comments regarding the minutes for the Regular Board Meeting dated January 26, 2021; there were none.

Motion: Commissioner Dori Brownlow moved to approve the minutes of the Regular Board Meeting dated January 26, 2021 as presented.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Finance Manager Teri Norcross explained that the first page of the Claims for Payment contained a summary of the expenses billed to the credit card and a summary of the project account payments. Teri asked if there were any questions regarding the Claims for Payment.

Secretary/Treasurer Larry Anderson asked if the building repair and maintenance charges on the credit card represented one charge. Teri stated that there were multiple charges. Staff uses the credit card for vendors with whom we do not have an account.

Commissioner Deb Poteet asked about the payment to the Misc. Tax Division in the Project Account. Teri responded that the payment is 1% of the amount the airport pays to contractors and the payment is required by state law. Commissioner Poteet clarified that it is the gross receipts tax on contractors and Teri agreed.

Honorary Commissioner Jack Meyer asked about the payment to Alaska Airlines for snow and ice removal. Teri explained that Alaska provided deicing service when MCAA's deice truck was down. Director Cris Jensen further explained that MCAA is in the deice business and that the airport provides deicing service for Allegiant, Frontier and American airlines. MCAA's deice truck was damaged in an accident in late December, so we asked Alaska to perform the service for us. This fee will be billed to American airlines in this case, so the amount will be a pass through.

Chair Matthew Doucette asked about the payment to WeDust. Director Cris Jensen responded that WeDust provides chemical deicer which is used for the land-side of the airport.

Chair Matthew Doucette asked if there were any other questions or public comments regarding the Claims for Payment. There were none.

Motion: Commissioner Jeff Roth moved to approve the Claims for Payment as presented.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

FINANCIAL REPORT

Finance Manager Teri Norcross stated that accounts receivable on the financials are very high, but staff is working diligently to collect those amounts and they expect to collect them. Teri also noted that the Passenger Facility Charges collected year-to-date are down 42% compared to last year, reflecting the decrease in air travel. However, our Customer Facility Charges, paid by rental car users, are 84% of last year.

Teri mentioned that the interest rates being earned on airport accounts in banks range from .28% to .35% and the STIP account went down to .19%. A draw has been made on the debt for the new terminal in the amount of \$4.1 million.

Chair Matthew Doucette asked if anyone had additional questions or comments regarding the Financial Report. There were none.

Motion: Secretary/Treasurer Larry Anderson moved to accept the financial report as presented.

Second: Commissioner Dori Brownlow

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Director Cris Jensen started his report off by announcing that American Airlines will be starting new service to Los Angeles this summer. Cris then told the Board that staff will soon be publishing a Request for Qualifications for engineering and planning services. Staff will be looking for Board members interested in participating on the selection committee.

Cris then reported that TSA recently completed an eight-day inspection at the airport and issued a very good report. Cris recognized Chief of Public Safety Justin Shaffer and Compliance Officer Jesse Johnson for their great work.

Cris then mentioned that Chief Justin Shaffer has been working with the Montana Beer & Wine Distributors in a state-wide effort to identify and report human trafficking. They have produced a training film to familiarize MBWDA member drivers and merchandisers with the seriousness of this growing problem and their ability to be effective observers to aid in its elimination. Cris commended Justin for his work on this project and then showed the first few minutes of the film. Link below.

<https://nam04.safelinks.protection.outlook.com/?url=https%3A%2F%2Fvimeo.com%2F478265610%2F9abbe6aad&data=04%7C01%7Cmmarkovich%40summitbeverage.com%7Cfc973f455a264ae5a1b808d886a8da1f%7C1892d9a2c15a49d29a4e846a47f02507%7C0%7C0%7C637407407060556106%7CUnknown%7CTWFpbGZsb3d8eyJWlloiMC4wLjAwMDAiLCJQIjoiV2luMzliLCJBTiil6lk1haWwiLCJXVCi6Mn0%3D%7C1000&sdata=kwQrcNetkLB4SfcN9%2FgyisedY8fbHXT0xvdxg1gWBg0%3D&reserved=0>

Deputy Director Brian Ellestad began his air service report by stating that MSO is still trending above the national average, but holding steady at approximately 55% of last year's numbers. Last Thursday, Allegiant launched its first Orange County flight from Missoula. Our staff purchased oranges and Bernice's Bakery items with Allegiant's logo on them for the passengers. Coming up in March will be Alaska's new service; specifically, San Diego and Los Angeles service begins on March 18th. Brian then stated that Allegiant recently announced new service to Portland, Oregon and American announced new service to Los Angeles.

Project Manager Tim Damrow gave an update on the terminal project.

Chair Matthew Doucette asked if anyone had any further questions or comments for Cris, Brian, or Tim; there were none.

Vice Chair Adriane Beck had to leave the meeting, so an alternate commissioner had to be seated.

Motion: Vice Chair Adriane Beck moved to seat Alternative Commissioner Pat Boyle

Second: Commissioner Dori Brownlow

Vote: Motion Passed Unanimously

LEGAL REPORT

Administrative Manager Lynn Fagan gave an update on the Deschamps case. There was a hearing last month that was procedural in nature. The outcome was that the Judge suggested the parties communicate on issues to determine if there were disputes that needed to be briefed. Lynn reported that she had been communicating with the Deschamps' attorneys and had suggested they send over a draft Stipulation. However, the Stipulation contained facts that were not verifiable and requested that a 2003 survey done prior to the sale of the Deschamps property to MCAA be expunged from the record. Lynn explained that two parcels of MCAA property reference the survey in question, as do other documents of record. At this time, it is not clear how the Deschamps will proceed.

Chair Matthew Doucette asked if anyone had questions or comments regarding the Legal Report; there were none.

COMMITTEE UPDATES

Executive Committee: Met February 23, 2021 to review 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

Acceptance of Other Transaction Agreement from Transportation Security Administration

Project Manager Tim Damrow gave some background information on this item. Back in April of 2019, the Board accepted an Other Transaction Agreement from TSA to design an automated inline baggage screening system as part of the terminal project. Upon completion of the design in September of 2020, the airport formally applied for an OTA with TSA to fund the eligible portions of the baggage screening system. These "eligible" portions are focused on the screening equipment and components located in the TSA controlled baggage screening room. The system also includes several "ineligible" components, including inbound baggage belts and an outbound baggage carousel, that are the responsibility of the airport to fund. On September 17th, 2020, the Board approved a series of task orders to Martel and Morrison-Maierle to allow the airport to proceed with construction of the "ineligible" pieces of the project while awaiting receipt of the OTA award. Tim showed the Board exhibits which outlined the different eligible and ineligible portions of the project. TSA is funding approximately 2/3 of the system.

Chair Matthew Doucette asked if anyone had any questions or public comments; there were none.

Motion: Commissioner Deb Poteet moved to accept the Other Transaction Agreement from Transportation Security Administration in the amount of \$2,319,362.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

Addendum to Jedediah Restaurant Lease Agreement

Administrative Manager Lynn Fagan reminded the Board that they approved an addendum to Liquid Planet's lease last month to take over operation of the airport restaurant beginning April 1, 2021 through January 2022. This is the next step in that process. Jedediah's has agreed to terminate their lease agreement three months early so that there did not need to be a vendor switch in the middle of our peak summer season. Lynn stated that both these amended agreements will help smooth the transition into the new terminal when Faber takes over the food and beverage concessions. Liquid Planet's lease for the upstairs and outside coffee shop was to run until June 2023. Terminating Jedediah's lease early allowed us to reduce the length of Liquid Planet's lease to coincide with the opening of the new terminal. As we hope to deconstruct the existing terminal, there would not have space for the Liquid Planet operation. The Airport has agreed to purchase the remaining physical assets of the restaurant from Jedediah's for \$30,000, which will be available for Liquid Planet's use and should ease the transition. This is a win-win for all parties, as it gives Liquid Planet revenue now, which is needed due to the downturn from the pandemic. In addition, Jedediah's will not have to operate the last few months of its agreement. Lastly, the airport will not have to write a check or enter into extended and complex negotiations to buy-out Liquid Planet's excess term.

Secretary/Treasurer Larry Anderson asked if we will be able to sell the items we are purchasing after the end of Liquid Planet's term to recoup some of the cost. Lynn stated that we would.

Chair Matthew Doucette asked if anyone had any questions or public comments; there were none.

Motion: Secretary/Treasurer Larry Anderson moved to approve the addendum to Jedediah Restaurant Lease Agreement, as presented.

Second: Commissioner Jeff Roth

Vote: Motion Passed Unanimously

Contract Amendment No. 01 to Task Order No. 35 to the Master Agreement for Professional Engineering Services with Morrison-Maierle

Deputy Director Brian Ellestad stated that Morrison-Maierle is currently under contract to re-design the Exit Plaza. After looking at it, staff would like to expand the scope of the design to maximize parking and research backup generator options for the Exit Plaza. Part of the task order will be to remove the millings and place them off Whippoorwill Drive for the rental car storage lots.

Secretary/Treasurer Larry Anderson asked if the design will take out the row of trees. Brian stated that it will, and that staff has been slowly removing these old trees as the falling branches cause issues with cars. Removing them also provides for better line of sight for our cameras.

Chair Matthew Doucette asked if anyone had any other questions or public comments; there were none.

Motion: Alternate Commissioner Pat Boyle moved to Approve Amendment No. 01 to Task Order No. 35 with Morrison-Maierle in the amount of \$29,650.00.

Second: Commissioner Dori Brownlow

Vote: Motion Passed Unanimously

Contract Amendment No. 19 to the Master Agreement with Martel Construction for the New Passenger Terminal Building for the Construction of Temporary Inbound Baggage Handling System

Deputy Director Brian Ellestad explained that outgoing baggage claim was not part of the original package because the plan had been to immediately de-construct a portion of the current terminal and connect the new terminal to the baggage claim area through the use of the Conex walkways. However, that plan changed because of the COVID pandemic.

The plan now consists of installing a new baggage carousel for inbound bag claim in the new terminal. This carousel has been designed so that it can be relocated to the bag claim area of the east concourse once that phase is constructed and complete.

Secretary/Treasurer Larry Anderson asked if the carousel would be visible to passengers coming down from the arrivals area. Brian indicated on the drawing that it was located on the way from the stairs to the exit and that there would be signage as well.

Chair Matthew Doucette asked about car rentals. Brian responded that staff is working on a different solution for car rentals.

Chair Matthew Doucette asked if anyone had any further questions or public comments; there were none.

Motion: Commissioner Dori Brownlow moved to accept the Guaranteed Maximum Price from Martel Construction in the amount of \$ 301,904 for the construction of the Temporary Inbound Baggage Handling System for the New Passenger Terminal Building and Contract Amendment No. 19.

Second: Commissioner Jeff Roth

Vote: Motion Passed Unanimously

NEW BUSINESS

History of Ground Handling

Dan Neuman, Business Development Manager, presented a power point on the history of ground handling services at MSO, which began in 2009 when Dan was hired to form a team and provide ground handling services (GH) for Allegiant Air on their flights to Las Vegas and Mesa. In 2014, MSO began providing GH for Frontier Airlines' service to Denver. In 2018, MSO began providing GH for American Airlines' service to Dallas and Chicago. The GH department has grown from

bringing in \$267,000 in revenue and serving 50,573 enplaned passengers in 2009 to bringing in \$572,000 in revenue and serving 82,404 enplaned passengers in 2018. Dan then explained that this year is going to see unprecedented growth in our GH department. Allegiant has announced new service to Orange County and Portland, returning service to Los Angeles; American has announced mainline service to Dallas as well as new service to Los Angeles; and Frontier is returning for the sixth consecutive year. In all, GH is responsible for 650,000 enplanements, \$3,900,000 in revenue, \$400,000 profit, and \$2,900,000 in Passenger Facility Charges.

Approval of purchase of Belt Loader for Ground Handling Dept Review, discussion and possible approval of the purchase of 3 belt loaders for the Airport Ground Handling Service

Dan Neuman, Business Development Manager, moved from his presentation into this action item. He stated that the GH department is operating equipment that was first purchased in 2009, was in a used condition at the time, and is about thirty years old. In order to prepare for this summer, updating the equipment is important to staff. There will likely be more requests coming before the Board in the next few months. Dan did look for used equipment rather than new. Dan noted for the Board that the cost was up to \$77,000 because the freight charges have not been established as yet.

Secretary/Treasurer Larry Anderson asked about whether our baggage delivery service has dropped off since the pandemic began. Dan responded that it is about 10% of what it had been. However, all the equipment purchased has been paid off. Dan also stated that he expects that service to pick up again this summer.

Chair Matthew Doucette asked if anyone had further questions or public comments; there were none.

Motion Commissioner Jeff Roth moved to approve the purchase of 3 Belt Loaders as presented.

Second: Commissioner Dori Brownlow

Vote: Motion Passed Unanimously

Chair Matthew Doucette noted that Shane Stack had to leave the meeting. Administrative Manager Lynn Fagan suggested that Alternate Commissioner Winton Kemmis be seated.

Motion: Commissioner Deb Poteet moved to seat Alternative Commissioner Winton Kemmis

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

Approval of purchase of Rubber Flooring for Gates 1A through 1C of Conex walkway

Thad Williams, Building Manager, explained to the Board that the conex walkways were purchased to allow passengers to ground board from Gate 1 in the upstairs terminal during construction. Staff has had to make some repairs to these, and it is now time to repair the flooring. There was originally wood flooring installed in these, which is now patched and in bad shape. In

looking to replace this, Thad has consulted with suppliers on the best rubber flooring to protect it for our climate and particularly for slip and falls. Thad asked three companies for bids – Great Floors, Pierce Flooring, and Carpet Garage. Pierce Flooring provided a low bid; however, they did not return calls or emails to answer questions on products, materials, and procedures. Based on Pierce's non-responsiveness, Thad is recommending award of the bid to Great Floors. The purchase price will be paid through the construction account and building staff will perform the install.

Deputy Director Brian Ellestad mentioned that while these walkways are being used in this current construction phase, the intent is that will also be used in the next phase, so the lifespan of these walkways will be an additional three years.

Chair Matthew Doucette asked if anyone had any questions or public comments; there were none.

Motion: Secretary/Treasurer Larry Anderson Move to approve the purchase of rubber flooring for Gates 1A through 1C of Conex walkway from Great Floors in the amount of \$23,578.95.

Second: Alternate Commissioner Winton Kemmis

Vote: Motion Passed Unanimously

Airport Director Contract Discussion

Chair Matthew Doucette stated that the meeting is being closed to the public because it relates to a matter of individual privacy – specifically the Airport Director's contract and performance. The Chair stated that as the presiding officer, he has determined that the demands of individual privacy clearly exceed the merits of public disclosure. Chair then asked Director Cris Jensen if he would like to close the meeting or waive his right to privacy. Cris stated that he would like to close the meeting.

The meeting resumed and was re-opened.

Vice Chair Adriane Beck returned to the meeting during the closed portion and Alternate Commissioner Pat Boyle was unseated at that time.

Chair Matthew Doucette noted that the Executive Committee submitted a seconded motion to the Board to accept Cris Jensen's resignation.

Vote: Motion Passed Unanimously

Chair Matthew Doucette thanked Cris for his sixteen years of service to the Airport and explained to the Board that Cris had requested an exit bonus in his resignation letter.

Motion: Commissioner Jeff Roth moves to grant Airport Director Cris Jensen an exit bonus in the amount of \$30,000, representing \$2,000 for each year of 15 years of service.

Second: Commissioner Dori Brownlow

Vote: Motion Passed Unanimously

Succession Planning

Chair Matthew Doucette directed the Board's attention to an interim contract for Deputy Director Brian Ellestad. Administrative Manager Lynn Fagan explained that this contract appoints Brian as Acting Director for a period of six months. Staff had discussed with the Executive Committee putting out a press release after today's meeting to assure staff and the community that there is a succession plan in place and the transition when Cris leaves should be seamless. The contract is straightforward. A draft of the press release has also been provided.

Vice Chair Adriane Beck acknowledged Brian and thanked him for his willingness to step up. Adriane stated she feels confident with Brian is at the helm. Deputy Director Brian Ellestad thanked the Board for their confidence and stated he hopes to make Cris proud. Secretary/Treasurer Larry Anderson stated that this is part of the team approach and that with all the things going on, construction of the new terminal and the pandemic, this will still be a smooth transition.

Motion: Commissioner Dori Brownlow moves to award the Temporary Employment Agreement appointing Brian Ellestad as Acting Airport Director.

Second: Secretary/Treasurer Larry Anderson

Vote: Motion Passed Unanimously

The March Board Meeting will be held in the Airport Conference Room and remotely via GoToMeeting on March 30, 2021 at 1:30pm.

There being no further business, the meeting was adjourned.