

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
May 31, 2022
1:30 pm, Airport Board Conference Room

THOSE PRESENT

BOARD:

Chair Adriane Beck
Secretary/Treasurer Winton Kemmis
Commissioner Jeff Roth
Commissioner Deb Poteet
Commissioner Shane Stack
Commissioner Matthew Doucette
Alternate Commissioner Pat Boyle
Alternate Commissioner David Bell
Honorary Commissioner Jack Meyer

STAFF:

Director Brian Ellestad
Deputy Director Tim Damrow
Finance Manager Teri Norcross
Administrative Manager Lynn Fagan
Business Development Manager Dan Neuman
Compliance Officer Jesse Johnson
IT Specialist Dylan O'Leary
Office Administrator Donna Marie Robnett

OTHERS:

Accounting Clerk Brianna Brewer
Gary Matson, Runway 25 Hangars
Judy Matson, Runway 25 Hangars
Shaun Shea, Morrison-Maierle
Mike Mamuzich, Minuteman
Rick Nash, Aeronash
Forrest Gue, Minuteman
Mike McCue – Delta Golf Hangar via conference call

Chair Adriane Beck 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.

Chair Adriane Beck noted that an Alternate Commissioner would need to be seated.

Motion: Commissioner Jeff Roth moved to seat Alternate Commissioner Pat Boyle.

Second: Secretary/Treasurer Winton Kemmis

Vote: Motion Passed Unanimously

AGENDA

Motion: Secretary/Treasurer Winton Kemmis moved to approve the agenda as presented.

Second: Commissioner Matthew Doucette

Vote: Motion Passed Unanimously

PUBLIC COMMENT PERIOD

Chair Adriane Beck asked if there was any public comment on items not on the Boards agenda. There was none.

MINUTES

Chair Adriane Beck asked if anyone had questions, edits, or public comments regarding the minutes for the Regular Board Meeting dated April 26, 2022. There were none.

Motion: Commissioner Jeff Roth moved to approve the minutes of the Regular Board Meeting dated April 26, 2022, as presented.

Second: Commissioner Shane Stack

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Finance Manager Teri Norcross stated that Donna Marie explained the Visa charges and project expenses in the Board packet. Teri asked if there were any questions regarding those payments.

Alternate Commissioner Pat Boyle asked what the Oshkosh purchase was in the Project Checking Account.

Teri replied it was for the ARFF Truck it is under the Project account because it is funded by an FAA AIP grant.

Chair Adriane Beck asked if there were any other questions or public comments regarding the Claims for Payment.

Motion: Commissioner Shane Stack moved to approve the Claims for Payment as presented.

Second: Alternate Commissioner Pat Boyle

Vote: Motion Passed Unanimously

FINANCIAL REPORT

Finance Manager Teri Norcross reported that the Accounts Receivable is at \$466,445 at the end of April and \$273,000 of that is unused credit memos related to the ARPA and CRSSA funds. The Accounts Receivable for ground services are all current and very nicely cleaned up by Officer Administrator Donna Marie and Ground Handling Manager Andrew Bailey. Teri also reported the end of April debt balance being \$17,175,500 and we drew an additional \$1.1 million in May and \$230,000 from the 2022 Note. Teri also presented a graph comparing revenues and expenses from 2019 to 2022 and the current year is healthy and impressive.

Chair Adriane Beck asked if anyone had any questions or public comments regarding the Financial Report. There were none.

Motion: Secretary/Treasurer Winton Kemmis moved to accept the Financial Report as presented.

Second: Commissioner Jeff Roth

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Director Brian Ellestad reported that we are looking forward to the open house this afternoon and looking forward to hearing people's thoughts and comments on the new building. Air service is as expected, even with the pilot shortage we are still trending with 2019. Load factors are continuing to be very high. Delta announced cuts in their frequencies, but MSO has not been hit by them yet. American extended their LAX service throughout Oct. 5th. Allegiant Orange County flight came back, and our April load factors were in the 90% range. Alaska system wide has cut back 21% of flights for December. Montana lost all Portland service system wide. Even with these changes we are still at 2019 numbers which was our record year. Brian then reported that the Disaster Drill was a success and Chief Justin Shaffer, and Compliance Officer Jesse Johnson did a great job and all the mutual aid agencies were on site. There were a lot more questions and more engagement. Brian mentioned that Google was coming in on Friday to film the public areas and walk through the building. The building is opening in less than a week and everyone has a lot to juggle but it is all coming together.

Commissioner Jeff Roth asked if the Alaska service cutback was strictly a pilot issue. Brian responded that it seems to be.

Deputy Director Tim Damrow then reported in construction the temporary Rental Car Center operations cutover will occur about a week after the new terminal opening. Tim reported he is hoping to have the final task orders for construction costs for Phase I for the June or July board meeting. Tim also stated the terminal cutover will begin on June 7th with evening arrivals and June 8th will start with all departures.

Chair Adriane Beck asked if anyone had any further questions or comments for Brian or Tim; there were none.

LEGAL REPORT

Administrative Lynn Fagan reported she has been working on transferring the Liquor License from Liquid Planet to Faber and we had the inspection of the new building a few weeks ago and it went very well. The health inspection is being done right now and all other inspections were completed. Lynn stated that airports and golf courses are the only entities in Montana that can lease liquor licenses. The liquor license should basically transfer overnight. Everything has been moved out of the old office into the new terminal and Donna Marie Robnett and Brianna Brewer have been amazing getting all the files moved over. Staff used this opportunity to create a master list of disposal schedules for records. Lynn also reported that the Pruyn agriculture lease is scheduled to terminate today.

Chair Adriane Beck asked if anyone had any questions or public comments regarding the Legal Report; there were none.

COMMITTEE UPDATES

Executive Committee: Met May 31, 2022, 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

Approval of Fiscal Year 2023 Budget

Finance Manager Teri Norcross reported that the draft budget for the Authority fiscal year 2023 is based on best estimates of the airport staff. It is also used to calculate the terminal rental rates and landing fees charged to the air carriers for the upcoming year. The model for FY 2023 has been modified from prior years to reflect changes in air carrier spaces in the new terminal building. Specifically, the rent of joint use space is based on the number of enplaned passengers multiplied by an enplanement rate which is reduced as enplanements increase. Fiscal Year 2023 will be the first full year in the new terminal building. Operating costs of the new facility are not certain, but the MSO staff has drafted this budget thoughtfully and with its best estimates. Teri also mentioned that the debt went down because we are starting to pay principal on the 2019 Note B. The repair & maintenance budget went up quite a bit; custodial was the main increase based on the increased space and complexity of the new terminal. Teri also noted that the Finance Committee has reviewed the budget.

Chair Adriane Beck noted that Commissioner Deb Poteet had joined the meeting and Alternate Commissioner Pat Boyle was unseated.

Chair Adriane Beck asked if Board members had any questions or comments regarding the Fiscal Year 2023 Budget.

Director Brian Ellestad mentioned that next month staff will bring the Airline Use Agreement to the Board for approval.

Commissioner Jeff Roth asked with the current power bill being around \$29,000, what will it look like in the new terminal. Brian responded that staff has no way to know that but budgeted based on the old terminal.

Commissioner Matthew Doucette thanked Teri for her work and leadership on the budget.

Chair Adriane Beck asked if there were any public comments; there were none.

Motion: Commissioner Matthew Doucette moved to approve the budget for Fiscal Year July 1, 2022 – June 30, 2023.

Second: Secretary/Treasurer Winton Kemmis

Vote: Motion Passed Unanimously

NEW BUSINESS

MCAA Resolution No. 2022-04 Setting Ground Rent for Aviation Leases

Administrative Manager Lynn Fagan reported that the Missoula Airport manages aviation ground rent based on a Board resolution system. This ensures consistency in ground rents on airport in compliance with FAA regulations and give the lessees an opportunity to address the Board on rent increases. The last increase was in 2021. There is a limit of a 3% increase per year. This Resolution increases the ground rent by half of a cent per square foot - from \$0.165 to \$0.17 per square foot. This will come out to approximately \$10,000 increase in revenue to the Airport. Last year we surveyed the other airports in the state and the ground rates varied from \$0.39 per square foot at Kalispell to \$0.12 per square foot at Bozeman, so we fall pretty much in the middle.

Chair Adriane Beck asked if there was any Board discussion or questions; there were none.

Chair Adriane Beck asked if there were any public comments; there were none.

Motion: Commissioner Jeff Roth moved to approve Resolution No. 2022-04 setting ground rent for aviation leases on airport at \$0.17 per square foot.

Second: Commissioner Matthew Doucette

Vote: Motion Passed Unanimously

Agricultural Lease with J.K. Ranch's

Administrative Manager Lynn Fagan reported the Flynn Family Ltd. Partnership previously leased approximately 60 acres of land which was adjacent to their ranch land. The lease expired on March 1, 2020, and the land has been dormant since that time. Access to this portion of the airport property is limited as there is no public road access. Josh Klucwich approached staff recently about leasing this land for agricultural purposes as he is ranching other adjacent property. The airport has no other aviation or development needs for the property currently. The rental rate will be \$29/acre.

Director Brian Ellestad added that it will help with wildlife mitigation.

Chair Adriane Beck asked if there was any Board comment or questions; there were none.

Chair Adriane Beck asked if there were any public comments; there were none.

Motion: Secretary/Treasurer Winton Kemmis moved to approve Agricultural Lease Agreement with Josh Klucwich dba J-K Ranches for a one-year term at the rate of \$29 per acre.

Second: Commissioner Deb Poteet

Vote: Motion Passed Unanimously

Rental Car Fueling System

Director Brian Ellestad reported our car rental companies have expressed concerns about fuel theft due to recent rise in fuel prices. There have been a couple of occasions where the public has cut locks and attempted to steal gas from our pumps or car rental staff has forgotten to relock the pumps after use. This system would add new dispensers and provide a fuel monitoring system for the car rental companies. This will be a better fuel management system and it can be easily

moved if the fuel storage location is relocated in the future. All the car rentals seemed to like the idea. Enterprise has agreed to procure and manage the project and the airport will reimburse it.

Chair Adriane Beck asked if Board members had any questions; there were none.

Chair Adriane Beck asked if there were any public comments.

Motion: Commissioner Deb Poteet moved to approve the MOU Agreement between Enterprise Car Rental and Airport as presented.

Second: Commissioner Shane Stack

Vote: Motion Passed Unanimously

Acceptance of FAA AIP Grants

Director Brian Ellestad reported the FAA has announced its first round of FY 2022 entitlement grants. MSO will receive \$2,149,521 to be used for new terminal construction. We will also be receiving a follow up grant for approximately \$1 million dollars that will be used for our Airport Master Planning process within the next couple of months. Because of the FAA's quick turn-around time for grants and the requirement to post public notices of Board meetings at least 48 hours in advance, staff determined that it was prudent to request that the Board pre-authorize the Airport Director to accept these grant offers. Both these grants will require a 10% local match.

Chair Adriane Beck asked if Board members had any questions; there were none.

Motion: Secretary/Treasurer Winton Kemmis moved to pre-authorize the Airport Director to accept upcoming AIP Grant's for this FY 2022 fiscal year.

Second: Commissioner Shane Stack

Chair Adriane Beck asked if there were any public comments or board discussion.

Vote: Motion Passed Unanimously

Chair Adriane Beck mentioned that there were no other discussions items on the agenda, and that the June Board Meeting will be held in the same room and remotely via GoToMeeting on Tuesday June 28, 2022, at 1:30 pm.

There being no further business, the meeting was adjourned.