

MISSOULA COUNTY AIRPORT AUTHORITY  
Regular Board Meeting  
June 28, 2022  
1:30 pm, Johnson Bell Conference Room

THOSE PRESENT

**BOARD:** Vice Chair Larry Anderson  
Secretary/Treasurer Winton Kemmis  
Commissioner Deb Poteet  
Commissioner Shane Stack  
Commissioner Matthew Doucette  
Alternate Commissioner Pat Boyle

**STAFF:** Director Brian Ellestad  
Deputy Director Tim Damrow  
Finance Manager Teri Norcross  
Administrative Manager Lynn Fagan  
Public Safety Chief Justin Shaffer  
Compliance Officer Jesse Johnson  
IT Specialist Dylan O'Leary  
Office Administrator Donna Marie Robnett  
Accounting Clerk Brianna Brewer

**OTHERS:** Gary Matson, Runway 25 Hangars, via conference call  
Shaun Shea, Morrison-Maierle  
Martin Kidston, Missoula Current, via conference call  
Todd Koster, Payne Insurance  
Billy Fisher, Grizzly Disposal

Vice Chair Larry Anderson 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.

Vice Chair Larry Anderson noted that an Alternate Commissioner would need to be seated.

Motion: Secretary/Treasurer Winton Kemmis moved to seat Alternate Commissioner Pat Boyle.

Second: Commissioner Matthew Doucette

Vote: Motion Passed Unanimously

AGENDA

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

Second: Secretary/Treasurer Winton Kemmis

Vote: Motion Passed Unanimously

### PUBLIC COMMENT PERIOD

Vice Chair Larry Anderson asked if there was any public comment on items not on the Board's agenda. There was none.

### MINUTES

Vice Chair Larry Anderson asked if anyone had questions, edits, or public comments regarding the minutes for the Regular Board Meeting dated May 31, 2022. There were none.

Motion: Secretary/Treasurer Winton Kemmis moved to approve the minutes of the Regular Board Meeting dated May 31, 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. There were none.

Motion: Commissioner Matthew Doucette 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 airport is earning more interest on its investments than it has in the past. The investment accounts are up to .8% interest. On the profit and loss statement, some of the revenue accounts are showing over 100% so things are going well. Teri reminded the Board that June is the last month of the fiscal year and the Board will review the June financials at the July meeting. Those financials will then be reviewed by the audit team.

Vice Chair Larry Anderson asked if anyone had any questions or public comments regarding the Financial Report. There were none.

Motion: Commissioner Shane Stack moved to accept the Financial Report as presented.

Second: Commissioner Pat Boyle

Vote: Motion Passed Unanimously

### DIRECTOR'S REPORT

Director Brian Ellestad reported that there was an aircraft accident on airport yesterday. The Public Safety and Field departments jumped right into action. Chief Justin Shaffer coordinated

the response with our mutual aid providers and the NTSB. The pilot was injured and transported to the hospital. The NTSB gave Chief Shaffer kudos for a job well done.

Brian then reported on the opening of the new terminal building on June 8, 2022. Everything went very smoothly with all the flights leaving early or on time the first day. The public's response has been positive, and Brian reported seeing a lot of smiling faces around the building.

Brian stated that he had attended an air service conference and met with several airlines. They all had praise for MSO and want to add service but are still facing pilot shortages. Brian expects that we will see more flights next summer, especially because our load factors continue to be very high. Brian mentioned that there have been some news articles about airfares being high in Missoula; however, Brian explained that with the pilot shortage, it is important to book tickets early to get good pricing.

Deputy Director Tim Damrow then presented a project update on construction. The new rental car center is up and operating. Staff is in the process of relocating the rental car parking lot closer so that customers do not have to cross the street to get to their cars. Tim also mentioned that a new wayfinding sign has been installed at the entrance to the airport and that staff is finishing up getting the last items out of the old terminal. Deconstruction will start sometime in early August.

Vice Chair Larry Anderson asked if anyone had any further questions or comments for Brian or Tim; there were none.

#### LEGAL REPORT

Administrative Manager Lynn Fagan reported that she is working on year end personnel pay increases. Lynn also reported on a new hire; Kathi Fritz has been hired as a receptionist. Kathi comes to the airport from a previous position at the mall where she dealt with very similar issues with tenants and customers.

Vice Chair Larry Anderson 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

##### Renewal of Payne Insurance for FY2023

Administrative Manager Lynn Fagan explained that when staff was working on the budget back in March, there was not much information to go on for estimating the cost of insurance for the new building; therefore, Lynn optimistically programmed in a 10% increase. However, the actual cost is much higher due to a number of factors but mainly almost doubling of the amount of real property the airport in insuring. Last year, the total property covered was approximately \$40.5

million. This year it is \$75.9 million. The new terminal is covered at \$58 million, versus \$28 million for the old terminal plus \$4 million for new jet bridges. Additionally, there is a new ARFF truck, new SRE, Temporary Rental Car Facility and Toilet Trailer unit. Finally, Lynn explained that Cincinnati, the property insurer, requested that all property values be increased by 7½% based on inflation. The liability premium also increased \$9,000 because of an increase in estimated enplanements. Todd Koster from Payne Insurance explained to the Board an inspector from the Insurance Services Office (ISO), an advisory and rating organization for the property/casualty insurance industry, has been to the new terminal and would provide a rating for it for use by all insurance companies. Cincinnati, the insurance provider, has agreed not to increase the Airport's rates if the ISO rating comes in high. However, if the ISO rating comes in lower than the rates quoted, Cincinnati has agreed to lower the rates.

Vice Chair Larry Anderson asked if there were any questions from the Board. Secretary/Treasurer Winton Kemmis asked Todd Koster whether earthquake coverage was included in the policy. Todd explained that 95% of insurance policies did not include flood and earthquake insurance but this policy included limited coverage for both.

Commissioner Shane Stack asked if the airport had gone through a competitive process for insurance. Administrative Manager Lynn Fagan explained that it had not been put out to bid since she has been on staff and she has plans to look into whether a Request for Proposals was required. Todd Koster from Payne Insurance explained that Payne did get bids from the different insurers available for the markets but that there were limited aviation insurers.

Motion: Secretary/Treasurer Winton Kemmis moved to accept the Payne Proposal for FY 2023 insurance renewal not to exceed the amount of \$189,145.

Second: Commissioner Pat Boyle

Vote: Motion Passed Unanimously

## NEW BUSINESS

### Approval of Airline Use Agreement with Alaska, Delta, United and American

Airport Director Brian Ellestad explained that the current Airline Use Agreement expires at the end of June 2022. Staff made a commitment to the airlines when terminal construction began that the construction would not increase the airline's rates and charges. The proposed agreement shifts airline rates and charges to a hybrid "Per Passenger Enplanement" model from a purely allocated space rate model. Brian explained that this approach increases transparency and simplifies rate and charge calculations that historically required an update with any building modification. This will be extremely beneficial as we move into subsequent phases of the project, reducing time spent on modified exhibits and rate adjustments. In the future, this rate model can be updated to incentivize and promote increased passenger flow through the facility with lower rates based on increased passenger enplanement levels.

Vice Chair Larry Anderson asked if there was any Board discussion or questions; there were none.

Motion: Commissioner Matthew Doucette moved to approve the Airline Use Agreement as presented.

Second: Commissioner Pat Boyle

Vote: Motion Passed Unanimously

MCAA Resolution No. 2022-05 – Terms and Conditions Governing Use of Missoula MT Airport by Commercial Air Service Providers

Administrative Manager Lynn Fagan explained that this resolution is needed to be adopted in conjunction the new Airline Use Agreement. The Use Resolution is for air service providers who have not executed MCAA's current Airline Use Agreement. These non-signatory rates are approximately 30% more than the rates paid by the signatory airlines. For Fiscal Year 2023, Allegiant and Frontier are non-signatory and would pay the rates presented in the Use Resolution. The Use Resolution provides that the Board may change terminal use and landing fees on an annual basis.

Per the FY2022 budget approved by the Board last month, rates set forth in this Resolution for non-signatory airlines are \$2.60 per enplaned passenger and landing fee rates of \$1.95 per 1,000 pounds for non-signatory air carriers. Landing fees for cargo, charter, and other non-scheduled aircraft exceeding 12,500 pounds are \$2.48 per 1,000 pounds. The landing fee rates have not changed from FY2022.

Vice Chair Larry Anderson asked if there were any questions or comments; there were none.

Motion: Commissioner Pat Boyle moved to approve MCAA Resolution No. 2022-05 Terms and Conditions Governing Use by and Setting Fees for Commercial Air Service Providers at the Missoula Montana Airport as presented.

Second: Secretary/Treasurer Winton Kemmis

Vote: Motion Passed Unanimously

Award of RFP for Waste Management and Recycling Services

Administrative Manager Lynn Fagan stated that in the spring, the Public Service Commission approved L&L Site Services as a waste disposal provider for Missoula County. Prior to that, Republic Services had been the sole provider of those services and therefore there was no competition. Staff published a Request for Proposals (RFP) for both Waste Disposal and Recycling services and received responses from L&L and Republic. Lynn explained that the pricing in the proposals were very close; Republic's pricing overall was lower but L&L's (operating as Grizzly Disposal in Missoula) price for cardboard recycling was half the price for Republic. The committee is recommending that cardboard recycling be awarded to Grizzly Disposal; and, waste disposal and general recycling be awarded to Republic. Lynn stated that contracts will be drafted and brought to the Board next month.

Vice Chair Larry Anderson asked if there were any questions or comments. Commissioner Shane Stack asked if this is a one-year contract. Lynn responded that it is a three-year contract. Vice Chair Larry Anderson asked if the airport can switch providers during the term of the contract if during the term they do not meet performance standards. Lynn explained that she would draft language into the contract to address that.

Motion: Commissioner Shane Stack moved to award cardboard recycling bid to Grizzly Disposal and award waste disposal and general recycling to Republic Services.

Second: Commissioner Pat Boyle

Vote: Motion Passed Unanimously

### Deice Apron Expansion Project – Award of Bid

Director Brian Ellestad showed diagrams of the airfield showing the single deice pad and the current area being used for staging for Phase I terminal construction. Brian explained that in reviewing the area, the engineers determined that reorienting the deice pad could provide additional parking. The plan was presented to the FAA and they have been supportive. Brian then explained the different federal grants that are potentially available for funding the project.

The Airport received and publicly opened bids for the Deice Apron Expansion Project June 8, 2022. Only one bid was received (see attached for breakdown) and it was vetted by Morrison-Maierle and considered to be a reasonable and responsible bid.

The low bid (\$7,054,648) was 4.7% higher than the Engineer's Estimate (\$6,737,250). While there were a number of bid items that were higher and lower than the Engineer's Estimate, the primary difference is found in one bid item (#135 – P-501 Concrete Pavement). This bid item came in 52% higher than the Engineer's Estimate. This cost was reflective of significant increases in steel, increases in some of the chemicals used in the admixtures and curing compounds, as well as a shortage in cement.

Shaun Shea from Morrison-Maierle then explained that the grant money will first go to the terminal project. Secretary/Treasurer Winton Kemmis asked Shaun whether, notwithstanding the amount of money we have, will the bids still survive the three-to-six-month time period required to wait for the grants to come in. Shaun responded yes because they made it clear to the contractors that the project would not begin until next spring and they will hold their bids until that time.

Vice Chair Larry Anderson stated that he could see the advantage of having an extra parking space at the terminal but asked whether we are limited in deicing by the number of deicing trucks and the holding tank? Shaun responded that each airline has their own deice truck and the project would also increase the size of the holding tank.

Vice Chair Larry Anderson asked if Board members had any questions; there were none.

Motion: Secretary/Treasurer Winton Kemmis moved to accept the Deice Apron Expansion Project bid results and award construction to Knife River in the amount of \$7,054,648 contingent on the availability of federal funding.

Second: Commissioner Shane Stack

Vice Chair Larry Anderson asked if there were any public comments or board discussion.

Vote: Motion Passed Unanimously

### Morrison-Maierle Task Order #44 for Construction Management Services associated with the Deice Apron Expansion Project

Director Brian Ellestad stated that this task order is for Morrison-Maierle to provide construction management services in conjunction with the deice apron expansion project. Shaun Shea from Morrison-Maierle explained that in the past, Morrison-Maierle had staff on site part-time for construction management but with this project, they will have someone on site full-time. Vice Chair Larry Anderson asked if Morrison-Maierle would hold its bid for this as well. Shaun stated that they will.

Vice Chair Larry Anderson asked if there were any questions or comments; there were none.

Motion: Commissioner Shane Stack moved to approve Task Order No. 44 with Morrison-Maierle in the amount of \$398,500 contingent on the completion of an Independent Fee Estimate and the availability of federal funding.

Second: Commissioner Matthew Doucette

Vote: Motion Passed Unanimously

Morrison-Maierle Task Order #E for Phase-1 Environmental Site Assessment associated with the Pruyn Ranch Property

Administrative Manager Lynn Fagan reminded the Board that the Pruyn lease had been terminated as of the end of March 2022 but the airport had allowed the Pruyns through May to remove their personal property. Lynn stated she had contacted Rollett Pruyn to find out if they have completed that process but has not heard back. Lynn has heard from Missoula Electric Co-op that the electricity has been turned off to the property. Because the airport has not had possession of the property since its purchase, staff is recommending that an environmental site assessment (ESA) be conducted. The ESA will include site reconnaissance, interviews with persons knowledgeable with the site, ownership review, regulatory records search and review of regional and site physical environment. A report summarizing findings and recommendations for additional investigative or remedial action will be created at the end of this project.

Vice Chair Larry Anderson asked what about the extent of the investigation. Shaun Shea from Morrison-Maierle stated that they would not be putting shovels in the ground at this point; it includes more historical research and walking the property to see what is on the ground and what may be of concern and what the next steps might be.

Commissioner Matthew Doucette asked if there was remediation language in the lease agreement. Lynn responded that all the lease agreements included such language. Lynn also explained that this transaction was a little more complicated because the lease was bargained for as part of the sale of the property. Lynn also stated that staff has consulted another attorney in town for an opinion on the matter.

Vice Chair Larry Anderson asked if there were any other questions or comments.

Motion: Commissioner Matthew Doucette moved to Approve Task Order 'E' with Morrison-Maierle in the amount of \$9,750.00.

Second: Secretary/Treasurer Winton Kemmis

Vote: Motion Passed Unanimously

Vice Chair Larry Anderson mentioned that there were no other discussions items on the agenda, and that the July Board Meeting will be held in the same room and remotely via GoToMeeting on Tuesday July 26, 2022, at 1:30 pm.

There being no further business, the meeting was adjourned.