

MISSOULA COUNTY AIRPORT AUTHORITY  
Regular Board Meeting  
May 30, 2023  
1:30 pm, Johnson Bell Conference Room

THOSE PRESENT

BOARD:

Chair Larry Anderson  
Vice Chair Winton Kemmis  
Secretary/Treasurer Deb Poteet  
Commissioner Adriane Beck  
Commissioner Jeff Roth  
Alternate Commissioner Pat Boyle  
Alternate Commissioner David Bell  
Honorary Commissioner Jack Meyer

STAFF:

Director Brian Ellestad  
Deputy Director Tim Damrow  
Finance Manager Teri Norcross  
Director of Finance and Administration Will Parnell  
Administrative Manager Lynn Fagan  
Business Development Manager Dan Neuman  
Accounting Clerk Brianna Brewer  
Compliance Officer Jesse Johnson  
IT Specialist Dylan O'Leary  
Advertising Manager Amanda Jacobson

OTHERS:

Gary Matson, Runway 25 Hangars  
Shaun Shea, Morrison-Maierle  
Martin Kidston, Missoula Current via conference call  
Travis Frey, Martel Construction  
Dan Cederberg, Cederberg Law Offices

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.

Chair Larry Anderson noted that an Alternate Commissioner needed to be seated.

Motion: Secretary/Treasurer Deb Poteet moved to seat Alternate Commissioner Pat Boyle.

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

AGENDA

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

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

#### PUBLIC COMMENT PERIOD

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

#### MINUTES

Chair Larry Anderson asked if anyone had questions, edits, or public comments regarding the minutes for the Regular Board Meeting dated April 25, 2023. There were none.

Motion: Commissioner Adriane Beck moved to approve the minutes of Regular Board Meeting dated April 25, 2023.

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

#### CLAIMS FOR PAYMENT

Director of Finance and Administration Will Parnell noted in the general checking account check, the check to Deere & Company for \$45,869.67 was for a mower included in FY23 budget for \$55,000. On the credit card detail, Will explained that a check to Montana Party Time for \$1,923 was for renting a tent for the disaster drill. The tent served as a temporary shelter for the volunteers and first responders. Staff is anticipating additional expenses related to the drill in the next few months. Will also noted a check to Elder Demolition for \$11,500 which was costs for removal of railroad cars from the Pruyn property.

Chair Larry Anderson asked about voided checks shown on the Clams list. Will responded that those were related to printer errors. Larry asked if there were any Board questions or public comments regarding the Claims for Payment. There were none.

Chair Larry Anderson noted that Alternate Commissioner David Bell arrived during the discussion and requested a motion to seat David.

Motion: Vice Chair Winton Kemmis moved to seat Alternate Commissioner David Bell.

Second: Commissioner Jeff Roth

Vote: Motion Passed Unanimously

Chair Larry Anderson asked for a motion to approve the Claims for Payment.

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

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

## FINANCIAL REPORT

Director of Finance and Administration Will Parnell noted the Board packet included the comparative balance sheet, profit and loss budget performance, statement of cash flow, operating revenues, and operating expenses as a percentage of gross, and a long-term debt roll forward.

From the profit and loss statement, Will noted that revenues and expenses are currently 98% and 86% of the annual operating budget, respectively. Also, Will explained that MCAA recognized \$838,898.98 & \$471,035.11 in CRRSA and CARES revenue in the month of April 2023. The revenue is recorded as Other Income and Expense and represents the final draws for both CRSSA and CARES. As of May 24, 2023, the grants have been closed out. Will explained that cash collections from both CRSSA and CARES were recorded as a noncapital financing activity as the final draws included reimbursable operating cost, namely payroll incurred in FY23.

Will also noted that the Accounts Receivable turnover ratio for April is is approximately 86%.

Finally, Will stated that outstanding principle on long-term as of April 30, 2023, is \$21,341,178. The airport did not draw money from the notes in April. Debt service was payable and paid on April 1, 2023. Principal paid on April 1, 2023 in the amount of \$130,932 on the 2019B note. Principal and interest is due the 1<sup>st</sup> day of each quarter – the next estimated principal and interest payment is due on July 1, 2023, in the amount of 335,535.

Alternate Commissioner David Bell asked if Will thought the outstanding Accounts Receivable balances were due to macro-economic issues or specific to MSO. Will responded that the team had recently reviewed this and determined that all the outstanding balances were collectible. Will also noted that the outstanding balances were limited to a few customers and that staff continues to work with those customers and believes the balances will be cleared. David then asked when a decision is made as to the collectability of the balances. Will stated that staff looks very closely at that as the fiscal year end approaches. Chair Larry Anderson asked if we do have to write-off an outstanding balance and the customer is a concessionaire or tenant, would that factor into a renewal of those contracts. Administrative Manager Lynn Fagan replied that those types of terms are written into the contract. Renewals generally require the tenant to be in compliance with all the terms of the agreement. When MSO goes out to bid for new contracts, one of the factors considered is past history with MSO, so non-payment would count against a bidder. Staff keeps track of those issues in Veoci so that everyone has access to that information.

Chair Larry Anderson asked if there were any Board questions or public comments regarding the Financial Report. Commissioner Jeff Roth asked why the non-signatory turn fees were down. Will responded that it is down because American was classified as non-signatory in Fiscal Year 2022 but is classified as signatory for Fiscal Year 2023.

Motion: Alternate Commissioner David Bell moved to approve the Financial Report as presented.

Second: Alternate Commissioner Pat Boyle

Vote: Motion Passed Unanimously

## DIRECTOR'S REPORT

Airport Director Brian Ellestad reported that enplanements for April 2023 were 2% over April 2022. Year to date, MSO is 7.9% over 2022. Brian then told the Board about the recent air service conference that MSO hosted in Missoula this month. Nine airlines with 14 representatives

attended, as well as 20 airports from across the country. All the participants commented that this was the best one to date and will be hard to beat. Brian thanked Glacier Country and Destination Missoula for their work in putting on the conference.

Brian noted that the summer schedule has begun. MSO goes from approximately 1,100 daily departure seats to about 2,200 on average during the peak summer period. Because of the Allegiant schedule, we will have over 2,700 departing seats on Mondays and Fridays.

Brian then praised staff members Justin Shaffer, Chief of Public Safety, and Jesse Johnson, Compliance Officer, for their work on the disaster drill that took place on May 5<sup>th</sup>. There was great participation by volunteers and mutual aid.

Staff members Dan Neuman, Business Development Manager, and Amanda Jacobson, Advertising Manager, introduced themselves to the Board.

Deputy Director Tim Damrow gave a brief update on construction progress. Tim reported that footings on the basement foundation for Concourse B of the terminal were complete and walls are in progress. There have been some weather delays on the deice pad and laydown yard. Steel for Concourse B is expected to begin installation in mid-July. Tim also noted that June 8<sup>th</sup>, is the one-year anniversary of the move into the new terminal.

Chair Larry Anderson asked if there were any Board questions or public comments for Brian and Tim. There were none.

#### LEGAL REPORT

Administrative Manager Lynn Fagan reported that staff has begun working on implementation of software for HR and payroll functions. It is expected to be ready in late September. Next month Lynn will present the insurance renewal and there will be items to award bids for Badging Services and an Access Control Integrator.

Chair Larry Anderson asked if there were any Board questions or public comments regarding the Legal Report. There were none.

#### COMMITTEE UPDATES

Executive Committee: Met May 30, 2023, 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

##### Award of Audit Request for Proposals

Director of Finance and Administration Will Parnell reminded the Board that MCAA has been using Anderson Zurmuehlen for its audit services for the last few years and the contract expired upon completion of the Fiscal Year 2022 audit. Anderson Zurmuehlen, now Pinion, is no longer

providing audit services for government entities. Staff published a Request for Qualifications for Financial Audit Services on January 4, 2023. Proposals were due February 3, 2023. Unfortunately, we did not receive any responses. After the proposal deadline, staff reached out to the vendors who are authorized to perform government audits in Montana but none of them were able to take on the work. After reaching out to various other accounting firms, we finally received two proposals. One from Moss Adams and one from Forvis. Both firms are fully qualified and have relevant experience auditing large airports as well as airports similar in size to MSO. The proposals were reviewed by Will, Administrative Manager Lynn Fagan and Deputy Director Tim Damrow. The review committee determined that Moss Adams proposal was the most advantageous for MSO and recommends awarding the bid to Moss Adams.

Vice Chair Winton Kemmis commented that the cost is double what MCAA paid last year. Honorary Commissioner Jack Meyer added that there is a huge shortage of CPAs and that we are lucky to find one.

Alternate Commissioner David Bell asked if auditing airports is a niche for Moss Adams. Will responded that it is, they audit 26 airports, from LAX to Spokane and smaller.

Chair Larry Anderson asked if there were any further Board questions or public comments.

Motion: Alternate Commissioner David Bell moved to award the auditing proposal to Moss Adams.

Second: Secretary/Treasurer Deb Poteet

Vote: Motion Passed Unanimously

## NEW BUSINESS

### MCAA Resolution No. 2023-02 Setting Ground Rent for Aviation Leases

Administrative Manager Lynn Fagan explained that MCAA manages aviation ground rent based on a Board resolution system. This ensures consistency in ground rents on airport in compliance with FAA regulations and provides the lessees an opportunity to address the Board on rent increases. The last increase was in 2022. This Resolution increases the ground rent by half of a cent per square foot - from \$0.17 to \$0.175 per square foot. Rates throughout the commercial airports in the state vary from \$0.14 per square foot up to \$0.41 per square foot.

Chair Larry Anderson asked if there were any further Board questions or public comments; there were none.

Motion: Vice Chair Winton Kemmis moved to approve Resolution No. 2023-02 setting ground rate for aviation leases on airport at \$0.175 per square foot.

Second: Secretary/Treasurer Deb Poteet

Vote: Motion Passed Unanimously

### MCAA Organizational Chart

Administrative Manager Lynn Fagan told the Board that it has been quite some time since the Board approved an organizational chart. As part of the budgeting process, staff reviewed and

updated the Organizational Chart. Changes to note on the update include the addition of a Human Resources Specialist, moving the Receptionist and Accounting Clerk positions from reporting to the Administrative Manager to reporting to the Director of Finance, changing the title of the Administrative Manager to Legal, Contracts and Procurement, adding another Operations Technician position and adding a Public Safety Officer position. Lynn noted that when she began in 2016, MCAA had less than 50 employees and there were 85 employees on the last payroll. The increase also means that MCAA is subject to more regulatory and reporting requirements.

In conjunction with this review, staff conducted compensation research to ensure that MCAA's compensation remained competitive and also updated the salary ranges for non-union positions. The salary changes are included in the FY24 budget. Other union and non-union positions will receive a 3.2% increase for FY24.

Chair Larry Anderson asked if Board members had any other questions or public comments.

Seconded Motion from Finance Committee to approve the proposed Organizational Chart as presented.

Vote: Motion Passed Unanimously

#### Fiscal Year 2024 Budget

Director of Finance and Administration Will Parnell told the Board that the draft budget for the Missoula County Airport Authority fiscal year 2024 is used for the budgeting of operating revenues and expenses based on best estimates of the airport staff. Will noted that staff uses a moderate approach in estimating revenues. As to expenditures, staff reviews actual expenditures and trends and then Will reviews all for reasonableness.

The budget is also used to calculate the terminal rental rates, use fees, and landing fees charged to the air carriers for the upcoming year. There is no proposed rate increase for airlines in rent or landing fees. The finance committee met on April 25, 2023, to review the draft budget. The draft budget was sent to signatory carriers on April 4, 2023. Carriers have 30 days to review the draft. No comments have been received from the air carriers. Will thanked the staff and outgoing Finance Manager Teri Norcross for all the assistance with this year's budget.

Alternate Commissioner David Bell asked if the objective was to match the revenue increases with the expenditure increases. Will responded that it was coincidental. There was a discussion of benchmarking and comparisons to other airports.

Chair Larry Anderson asked if Board members had any further questions or public comments. There were none.

Motion: Secretary/Treasurer Deb Poteet moved to approve the budget for Fiscal Year July 1, 2023 to June 30, 2024.

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

#### MCAA Resolution No. 2023-03 – Authorizing Filing Application to Impose Passenger Facility Charges

Director of Finance and Administration Will Parnell explained that in 2018 the Authority began collecting Passenger Facility Charges (PFC) for PFC application #9. PFC application #9 allowed for PFC collections to fund local match requirements for federal grants, other eligible costs, and debt service related to the Phase 1 terminal project (2019 Series Notes). The Authority will continue to collect PFC under application #9. As of March 31, 2023, the uncollected available balance to spend under PFC application #9 is approximately \$30.6M. The uncollected available balance to spend will be utilized to pay debt service on the notes to finance Phase 1 of the terminal.

PFC application #10 will fund the next phases of the terminal. Planned PFC collections will fund local match requirements for federal grants, other eligible costs, and debt service related to the next phases of the terminal project (2022 Note). The application process includes consultation with the FAA as to eligibility of the projects included in the application, as well as to the form of presentation. This consultation has been ongoing.

Finance Manager Teri Norcross explained the next step in the application process is consultation with air carriers serving MSO. Staff will provide the application information including the description, justification and estimated cost of the projects and will request a consultation meeting to discuss the application with the air carriers. The air carriers have the right to protest or oppose a project, but process allows the Airport Authority to defend that project to the FAA.

Chair Larry Anderson asked if Board members had any questions or public comments. Honorary Commissioner Jack Meyer asked how the process would work as far as collections for the two different applications and whether the FAA dictates how that occurs. Will responded that MCAA can co-mingle collections for both applications and the collection is based on eligible costs. Teri mentioned that there were required quarterly reports. Additionally, the auditors are required to audit the PFC collections.

Chair Larry Anderson asked if Board members had any further questions or public comments. There were none.

Motion: Alternate Commissioner David Bell moved to approve MCAA Resolution No. 2023-03 Authorizing Filing Application to Impose Passenger Facility Charges

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

#### Amendment to International Association of Firefighters Agreement

Administrative Manager Lynn Fagan reminded the Board that an agreement with the International Association of Firefighters, representing MCAA's Public Safety Officers, was approved by the Board in June 2022. The Agreement contained a provision that stated wages for Fiscal Years 24 and 25 would increase by 3% of ½ of the Current Consumer Price Index (CPI), whichever is higher. The union and staff disagreed on how to calculate the CPI, so met several times to negotiate the issue. A compromise that was reached to avoid arbitration. The agreement included adding a clear definition of Current CPI, including a calculation example, and changing the FY2026 wage from a 2 1/4% increase to a 3% increase. The change will result in a wage increase for the PSOs in FY24 of 3.2%.

Chair Larry Anderson asked if Board members had any questions or public comments. There were none.

Seconded Motion from Finance Committee to approve the Memo of Understanding with the International Association of Firefighters

Vote: Motion Passed Unanimously

#### Assignment of Avis On-Airport Rental Car Concession and Lease Agreement

Administrative Manager Lynn Fagan explained that Rob Doyle, through his businesses Larson Enterprises, Inc., and Blackfoot Rentals LLC, has been the owner of the Avis and Budget franchises at MSO for many years and is now proposing to sell the franchises to Avis Budget National. Per the On-Airport Rental Car Concession and Lease Agreement, any assignments must be approved by the Board. The parties to the sale have drafted an Assignment and Assumption Agreement which provides that Larson Enterprises and Blackfoot Rentals remain liable for all provisions of the agreement through the closing date and Avis Budget National take on all the obligations of the agreement after the closing date. The parties anticipate an effective date of July 1, 2024.

Chair Larry Anderson asked if Board members had any questions or public comments. There were none.

Commissioner Adriane Beck had to leave the meeting.

Motion: Commissioner Jeff Roth moved to approve the Assignment and Assumption Agreement between Larson Enterprises, Inc., Blackfoot Rentals, LLC as assignors and Avis Budget Car Rental, LLC

Second: Secretary/Treasurer Deb Poteet

Vote: Motion Passed Unanimously

#### East Terminal Ramp Expansion

Airport Director Brian Ellestad explained that the existing air carrier ramp at the Airport currently accommodates 7 commercial airline aircraft parking positions. With the completion of the South Concourse and the potential East Concourse Terminal project, the ramp will be able to accommodate 8 parked aircraft positions. Due to the continued growth of air service and airlines requesting RON (Remain Over Night) operations at the Airport, the ideal ramp for the Airport would have 9 commercial aircraft parking positions. Therefore, we wish to create one additional position by expanding the ramp to the east. This expansion will also improve the flow of vehicular traffic across the ramp which supports airline operations.

Design for this project would begin immediately and then be folded into the Deice Apron Expansion Project as a construction change order. Construction costs are estimated to be \$700,000.

Chair Larry Anderson asked if Board members had any questions or public comments. There were none.



Motion: Vice Chair Winton Kemmis moved to approve Task Order No. 53 with Morrison-Maierle in the amount of \$60,000 for completing the Final Design of a future Commercial Air Carrier Ramp Expansion.

Second: Alternate Commissioner David Bell

Vote: Motion Passed Unanimously

MCAA Resolution No. 2023-04 – Resolution Authorizing the Waiving of Fees for Air Carriers for New Markets

Airport Director Brian Ellestad explained that air service incentives are utilized across the country and are almost considered a necessity to secure new service. Staff are not proposing any drastic changes or large increases. In the past we have given marketing dollars to the air carrier, we are now instead proposing to use that same amount of dollars and give credit for ground handling regardless of whom the ground handler is the airline contracts with. We will still do some marketing but will do it out of our general budget as it allows.

Chair Larry Anderson asked if Board members had any questions or public comments. There were none.

Motion: Alternate Commissioner David Bell moved to approve MCAA Resolution No. 2023-04 Authorizing the Waiving of Fees for Air Carriers for New Markets

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

Extension to Professional Services Agreement with Quotient Group

Administrative Manager Lynn Fagan told the Board that staff published a Request for Proposals for public relations services in early 2018, in anticipation of construction of the new terminal. Quotient Group was selected, and the Board approved a 5-year contract on May 29, 2018. Quotient Group has provided great service over the term of the contract and, as construction of Phase 2 is underway, staff determined it was advantageous to keep Quotient Group on contract and are therefore proposing a 5-year extension to the contract. The contract is a task order based format so staff has to assign tasks and negotiate fees on each task.

Chair Larry Anderson asked if Board members had any questions or public comments. There were none.

Motion: Commissioner Jeff Roth moved to approve the Addendum to Professional Services Agreement with Quotient Group for an additional 5-year term.

Second: Alternate Commissioner Pat Boyle

Vote: Motion Passed Unanimously

Award of IT Services Request for Proposals

Administrative Manager Lynn Fagan stated that MCAA's contract with its current IT Service provider expires at the end of this Fiscal Year. Staff published an RFP on March 20, 2023, with

proposals due May 1, 2023. We received 4 responses from First Call, Pine Cove, Pinion Technology and Structured. A review committee, composed of Dylan O’Leary, Will Parnell, Tim Damrow and Thad Williams, met and scored the proposals. The review committee determined that First Call submitted the proposal most advantageous to MCAA and recommends award to First Call. First Call had the best response times and the best staff to customer ratio, as well as being less expensive than the other bidders. The bid prices ranged from \$1700 per month to \$6920 per month.

Chair Larry Anderson asked if Board members had any questions or public comments. There were none.

Motion: Secretary/Treasurer Deb Poteet moved to approve the award of the IT Services Request for Proposals to First Call.

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

Pre-approval for Airport Director to accept FAA grants MSO-NMG-3-30-0056-083-2023, MSO-NMG-3-30-0056-084-2023, and MSO-NMG-3-30-0056-085-2023

Airport Director Brian Ellestad told the Board that three grant applications were submitted to the FAA in February to fund this year’s projects. It is anticipated the grant offers will be sent in the upcoming week. The FAA requires a quick turn around on these grant offers, and to avoid a Special Board Meeting, we are requesting pre-approval on the following:

AIP-3-30-0056-083-2023 in the amount of \$1,014,436

- Pavement Rehabilitation Project (Design and Construction Services)
- South Side Perimeter Fence (Construction Only)

AIP-3-30-0056-084-2023 in the amount of \$3,054,240

- Deice Apron Expansion Project (Construction Only)

AIP-3-30-0056-085-2023 in the amount of \$3,809,741

- East Concourse Terminal Building (Construction Only)

Chair Larry Anderson asked if Board members had any questions or public comments. There were none.

Motion: Alternate Commissioner Pat Boyle moved to authorize the Airport Director or Deputy Director to accept the Grant Offers for AIP-083, AIP-084 and AIP-085 in the total amount of \$7,878,714 as submitted to the FAA and their corresponding matching share.

Second: Secretary/Treasurer Deb Poteet

Vote: Motion Passed Unanimously

Discussion Items

Chair Larry Anderson stated that there being no further business, the meeting was adjourned. Chair Larry Anderson noted that the next Board meeting will be in the same hybrid format on June 27<sup>th</sup> at 1:30 p.m.