

MISSOULA COUNTY AIRPORT AUTHORITY  
Regular Board Meeting  
August 29, 2023  
1:30 pm, Johnson Bell Conference Room

THOSE PRESENT

BOARD:

Chair Larry Anderson  
Vice Chair Winton Kemmis  
Secretary/Treasurer Deb Poteet  
Commissioner Jeff Roth  
Commissioner Adriane Beck (Call In)  
Commissioner Shane Stack  
Commissioner Matthew Doucette (Call In)  
Alternate Commissioner Pat Boyle  
Alternate Commissioner David Bell (Call In)  
Honorary Commissioner Jack Meyer

STAFF:

Director Brian Ellestad  
Deputy Director Tim Damrow  
Director of Finance and Administration Will Parnell  
Administrative Manager Lynn Fagan  
Ground Handling Manager Andrew Bailey  
Airfield Manager Nate Cole  
Facilities Manager Thad Williams  
Public Safety Chief Justin Shaffer  
Compliance Officer Jesse Johnson  
IT Specialist Dylan O'Leary  
Human Resources Generalist Nikki Munro  
Accounting Clerk Brianna Brewer  
Ground Handling Compliance Coordinator Vanessa Kolberg  
Public Safety Officer Dyhlan Jodsaas

OTHERS:

Gary Matson, Runway 25 Hangars  
Shaun Shea, Morrison-Maierle  
Ashley Osten, Moss Adams

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

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

## AGENDA

Motion: Secretary/Treasurer Deb Poteet moved to approve the agenda as presented.

Second: Commissioner Jeff Roth

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. Gary Matson thanked Airport staff for another successful General Aviation barbeque.

## MINUTES

Chair Larry Anderson asked if anyone had questions, edits, or public comments regarding the minutes for the Regular Board Meeting dated July 25, 2023. Vice Chair Winton Kemmis noted that there was a typo on page 5 of the minutes and asked that it be corrected. Administrative Manager Lynn Fagan stated she would correct the error before the minutes were published to the website.

Motion: Vice Chair Winton Kemmis moved to approve the minutes of Regular Board Meeting dated June 27, 2023, with the noted correction.

Second: Secretary/Treasurer Deb Poteet

Vote: Motion Passed Unanimously

## CLAIMS FOR PAYMENT

Director of Finance and Administration Will Parnell told the Board that June project expenses of \$1,562,578 were paid on July 24, 2023. 77% of those project expenses were submitted to the FAA for reimbursement. July project expenses totaling \$4,438,738 will be paid in the next few days. Of those expenses, 84% were submitted to the FAA for reimbursement. Will also called out several large checks that were related to insurance costs, Pruyn property remediation, and purchase of equipment.

Chair Larry Anderson asked if there were any Board questions or public comments regarding the Claims for Payment. Commissioner Jeff Roth thanked Will for pointing out the large checks. There were no other questions or comments.

Motion: Vice Chair Winton Kemmis moved to approve the Claims for Payment

Second: Commissioner Jeff Roth

Vote: Motion Passed Unanimously

## FINANCIAL REPORT

Director of Finance and Administration Will Parnell noted that the turnover ratio for accounts receivable for July 2023 was approximately 99%. Accounts receivable over 90 days is less than 1%.

Will explained that there are new accounts on the balance sheet related to Governmental Accounting Standard Board (or GASB) 96. GASB 96 provides for improved financial reporting related to Subscription-Based Information Technology Arrangements. This impacts the airport because the airport does enter subscription-based information technology arrangements. For example, the airport uses a common use passenger processing service called Amadeus. For the services provided by Amadeus, the airport paid an implementation fee and annual subscription service. Before GASB 96, the airport would have capitalized the implementation cost, depreciated the asset, and recorded the annual subscription as an expense. After implementing GASB 96, instead of recording a capital asset, we record a subscription asset, a subscription liability and amortize over the term. Bottom line with GASB 96, similar to GASB 87, the net impact to the Airports P&L is immaterial. There will be some additional notes related to GASB 96 in the audited financial statements that will be helpful to understand the full impact. Lastly, not to make matters more confusing, the GASB 96 subscription asset recorded in July is unadjusted, so that number will change to reflect actual once we obtain some items from our vendors.

Regarding the profit and loss, or the other similar schedules, Will noted that revenues and expenses are currently 11% and 6% of the annual operating budget, respectively. Will also pointed out that, looking at the statement of cash flow, the airport had positive cash flow from operating, noncapital financing, investing activities and negative cash flows from capital and related financing activities.

From the long-term debt disclosure, Will noted that outstanding principle as of July 31, 2023, is \$21,209,709. The airport did not draw money from the notes in July. Principal and interest is due the 1<sup>st</sup> day of each quarter – the next estimated principal and interest payment is due on October 1, 2023, in the amount of &337,498.

Chair Larry Anderson asked if there were any Board questions or public comments regarding the Financial Report. Honorary Commissioner Jack Meyer asked if the interest rate for the terminal project loan has been affected by the Federal Reserve's recent rate increases. Will responded that it has not; staff who negotiated the loan did a great job in that the rate is fixed at 3.5% for the duration of the loan.

Motion: Vice Chair Winton Kemmis moved to approve the Financial Report as presented.

Second: Commissioner Shane Stack

Vote: Motion Passed Unanimously

#### DIRECTOR'S REPORT

Airport Director Brian Ellestad reported that the airport saw a 25% increase in passengers in July over last year. Brian also stated that he had met with congressional staff from both John Tester's office and Steve Daines' office. As the federal fiscal year comes to a close on September 30<sup>th</sup>, congressional staff expected there would be continuing resolutions to fund the federal government before a FY24 budget is passed.

Brian then reminded the Board that there will be an air service conference in Missoula in early October. He has confirmed ten airlines will be represented by 12 or so individuals. Brian will send out an email to the Board regarding opportunities for the Board members to interact with airline representatives.

Ground Handling Manager Andrew Bailey shared with the Board that his staff has received the 2023 Quarter 2 Customer Service Cup award from American Airlines. This award recognizes his staff for their operational excellence, strong safety record and superior customer service. Andrew's contact at American noted that this is the first time she's aware of that this award has been given to a vendor. The Ground Handling team had 60 more departures than the previous quarter and performed with no cancellations, zero station caused delays and exceeded American's goals for flight turn times and departure metrics. The staff also won the Summer Performance Contest for Allegiant. The contest metrics were based on on-time performance, number of mishandled bags, airport revenue, safety, and training compliance. In recognition of this, Allegiant provided the staff with Amazon gift cards totaling \$4,750.00.

Nikki Munro, newly hired HR Generalist, introduced herself to the Board.

Deputy Director Tim Damrow gave a construction update, noting that vertical construction on Phase 2 of the terminal project is underway, with structural steel being installed. The laydown yard/parking expansion is still underway and experiencing some delays due to weather. The deice ramp expansion is also progressing. They began paving and expect to have that completed in the next few days.

#### LEGAL REPORT

Administrative Manager Lynn Fagan explained that she had sent out questionnaires to airport tenants related to Airport Director Brian Ellestad's performance over the last year. As these questionnaires are returned, Lynn will forward them to Board members to assist in Brian's annual review.

Lynn then reported that Faber's minimum annual guarantee (MAG) for the food and beverage concession increased from \$300,000 for FY23 to \$493,000 for FY24. The MAG for FY24 is calculated at 85% of the rent paid in FY23.

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 August 29, 2023, to review the Board agenda.

Finance Committee: No Activity

Business Development: No Activity

Contract & Lease Committee: No Activity

Facility & Operations Committee: Met August 29, 2023, for a Master Plan update.

Marketing Committee: No Activity

General Aviation Committee: No Activity

Legislative Committee: No Activity

#### Presentation by MossAdams on Fiscal Year 2023 Audit process and procedures.

Ashley Osten from MossAdams presented information to the Board regarding the FY2023 audit. Ashley explained the auditor's responsibilities regarding required communications with the Board and performance of the audit. Ashley then explained the audit process. Her team will first review internal controls, including testing of key controls and information technology; they will then perform analytical analysis of revenue and expenses with a focus on trends, comparisons and expectations; substantive procedures include confirming account balances, examining objective

evidence and representations from attorneys and management. Ashley stated that they expect to conduct the field work for the audit through September and present the audit results to the Board before December 31<sup>st</sup>.

## UNFINISHED BUSINESS

### Contract with AirBadge

Administrative Manager Lynn Fagan explained that the Board approved the award of the Badging RFP to AirBadge at the June 2023 meeting. Staff has completed negotiations and presents the following contract documents:

- Agreement for Services;
- Required Federal Contract Provisions (FAA grant requirement);
- RFP for Badging Services (included in contract by reference);
- AirBadge proposal (included in contract by reference);
- AirBadge Terms of Service.

The effective date for the contract is February 1, 2024. It will take AirBadge some time to implement the new software. Additionally, this will provide some overlap time with our current system. The contract is for five years. AirBadge's original bid was for a three year contract but during negotiations they agreed to hold the same price for five years.

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

Motion: Commissioner Jeff Roth moved to authorize staff to execute the contract with AirBadge as presented.

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

### Martel Contract Amendment No. 25.1 – Adding electrical to MSO Parking Expansion and Service Access Road Modifications

Airport Director Brian Ellestad explained that this amendment is for the installation of the electrical components of the Laydown Yard and Fuel Truck Service Road project. This project was started when the Master Plan process was just beginning. As a result of that planning, additional site lighting, security cameras and future connections have been added to this project. Those components have been designed for expandability in the future in order to function as part of the immediate and long-term parking solutions for the Airport.

The electrical bidding package was priced with existing subcontractors associated with the East Concourse and Laydown Yard projects. The pricing set was reviewed and vetted by Martel Construction, Morrison-Maierle and Airport Staff to evaluate potential cost savings measures in preparation of the Guaranteed Maximum Price amendment. As a result of the electrical bid proposal, Martel Construction is proposing an increase to the GMP in the amount of \$361,090.00. This brings the total GMP for this project to an amount of \$2,486,379.50

Brian noted that staff is proposing to fund this project through the terminal project loan.

Chair Larry Anderson asked if there will be a safe way for passengers to get in and out of the new parking area. Brian responded that there will be separate access routes for passengers, Martel and the fuel road.

Larry asked if there were any further Board questions or public comments. There were none.

Motion: Vice Chair Winton Kemmis moved to accept the additive change order to increase the Guaranteed Maximum Price from Martel Construction in the amount of \$361,090 to Martel Contract Amendment #25.

Second: Secretary/Treasurer Deb Poteet

Vote: Motion Passed Unanimously

Award of Bid/Service Contract to Miller Roofing, Inc. for Forest Service Hangar Roof Overlay  
Facilities Manager Thad Williams explained that every year staff spends time and material reattaching the metal roof on the Forest Service hangar back to the structure to eliminate roof leaks at the hanger. These leaks come from the expansion and contraction of the metal roof and the uplifting effects from the wind as it puts pressure on the bottom side of the roof structure when the large hanger door is open. The effects from the above conditions have created large holes and tears at the fastener locations thus creating roof leaks inside the hanger. We would like to install a 20-year, 60 mil Thermoplastic Polyolefin Self-Adhered Membrane (TPO) roof overlay on the hanger to stop any more damage to the structure and aircraft below.

Chair Larry Anderson asked about the timing of the work. Thad noted that they have until June 2024 to complete the work, but that Miller Roofing is hoping to get the materials and complete the work in October.

Larry asked if there were any further Board questions or public comments. There were none.

Motion: Secretary/Treasurer Deb Poteet moved to award the contract to install a 60 mil TPO overlay with a 20-year warranty on the Forest Service Hangar to Miller Roofing Inc. in the amount of \$233,730.

Second: Commissioner Shane Stack

Vote: Motion Passed Unanimously

#### MCAA Resolution No. 24-01 Trespass on Airport

Administrative Manager Lynn Fagan stated that the Airport has experienced an increase in the unhoused population in the terminal building and on airport property, similar to other sites around the City and County. In combination with increased volumes of passengers, individuals who do not have business at the airport pose a safety and security risk. In response, the public safety department requested they be granted authority to remove individuals who are simply loitering on airport property. This Resolution provides the officers with authority to remove individuals who do not have legitimate airport business if they do not comply with verbal requests to do so.

Lynn explained that she removed the reference to criminal prosecution in the Resolution. Lynn reviewed the case law from the 9<sup>th</sup> Circuit and stated her legal opinion is that the Resolution does not violate the 8<sup>th</sup> Amendment's prohibition against cruel and unusual punishment.

Chair Larry Anderson asked if there were any Board questions or public comments. Commissioner Jeff Roth asked how many instances of unhoused individuals occur. Public Safety Officer Dyhlan Jodsaas responded that it is a daily issue, especially in the summer months. Honorary Commissioner Jack Meyer asked Dyhlan how they handle these situations. Dyhlan responded that they ask individuals if they are flying out, talk with the individuals and, if they are not flying out or here on other business, they ask them to leave. It is becoming a bigger problem now. Dyhlan also stated that almost always they agree to leave airport property. The officer will inform the individual when the next bus arrives. Discussion ensued regarding how officers respond to mental health issues and if the airport is treated as a public facility. Lynn explained that the courts grant government entities more discretion when they are acting as a proprietor rather than as lawmakers.

Motion: Secretary/Treasurer Deb Poteet moved to approve MCAA Resolution No. 2024-01 Resolution Regarding Trespass on Airport Property.

Second: Commissioner Jeff Roth

Vote: Motion Passed Unanimously

## NEW BUSINESS

### Award of Accounts Payable, Accounts Receivable, and Credit Card Expense digitization and automation to Bill.com

Director of Finance and Administration Will Parnell explained that MCAA has traditionally utilized manual, paper-dependent accounting procedures to achieve necessary control objectives. Manual, paper-dependent procedures require significant time, effort, and physical storage. In the past few years, a substantial part of the required time and effort was spread between four administrative staff. Currently, that time and effort is spread between three administrative staff. To maintain current staffing levels, reduce physical storage needs and save time and effort for those assigned to perform manual accounting procedures, the staff researched various accounting automation vendors. The staff evaluated the various accounting automation vendors based on quality, products, and pricing. Staff determined that Bill is the most advantageous to MCAA.

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

Motion: Vice Chair Winton Kemmis moved to authorize staff to accept the agreement from Bill for digitization and automation of accounts payable, accounts receivable, and credit card expenses.

Second: Commissioner Shane Stack

Vote: Motion Passed Unanimously

### Upgrade to Security Server

Deputy Director Tim Damrow told the Board that as part of the airport's access control and security system, the airport has a total of seven (7) servers that manage and provide storage for our 250+ security cameras. During the commissioning of the South Concourse, five (5) of these servers were replaced with new hardware that would be compatible with the new cameras that were

installed as part of the project. The remaining two (2) servers, originally purchased in 2011, are well beyond their recommended useful life of 5-8 years. These servers were not replaced as part of this project as they reside in a different facility and serve a different set of cameras.

After the recent TSA Cybersecurity mandate, the airport contracted with and underwent an extensive cybersecurity audit to help guide compliance with the amendment. This audit identified several areas/issues that will need to be remedied, the first, and most critical is the upgrade of our remaining two (2) camera servers. Replacing these servers to match our other existing servers will allow us to bring these machines up to date with the latest software and security updates. Finally, the newer servers will increase our video storage/retention capabilities and access the newest features to utilize the system to its fullest potential. MSO worked with our systems integrator, Integrated Security Solutions, to obtain a quote for the servers and installation. Staff have a budget available for maintenance of our system, but this replacement will exceed the amount available.

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

Motion: Commissioner Shane Stack moved to accept the quote from Integrated Security Solutions for 2 replacement camera servers in the amount of \$33,314.75.

Second: Vice Chair Winton Kemmis

Vote: Motion Passed Unanimously

#### Discussion Items

Chair Larry Anderson noted that there will be a Facilities and Operations Committee meeting following the Board meeting regarding a Master Plan update.

Chair Larry Anderson noted that the next Board meeting will be in the same hybrid format on August 29<sup>th</sup> at 1:30 p.m.

Meeting Adjourned.