

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
April 23, 2024
1:30 pm, Johnson Bell Conference Room

THOSE PRESENT

BOARD: Chair Winton Kemmis
Vice Chair Deb Poteet
Secretary/Treasurer Pat Boyle
Commissioner Larry Anderson
Commissioner Adriane Beck
Commissioner Shane Stack via MS Teams for first half hour
Commissioner Matthew Doucette
Alternate Commissioner Jack Meyer via MS Teams

STAFF: Director Brian Ellestad
Deputy Director Tim Damrow
Director of Finance and Administration Will Parnell
Legal Counsel Lynn Fagan
Business Development Manager Dan Neuman
Public Safety Chief Justin Shaffer
Ground Handling Manager Andrew Bailey
HR Generalist Nikki Munro
Compliance Officer Jesse Johnson
IT Specialist Dylan O'Leary
Accounting Clerk Brianna Brewer

OTHERS: Gary Matson, Runway 25 Hangars
Travis Frey, Martel Construction
Martin Kidston, Missoula Current
Nick Terlecki, Gallagher Insurance
Kim Zastrow, Gallagher Insurance
Bryan Burnett, LAZ Parking

Chair Winton Kemmis called the meeting to order and advised everyone that the meeting was being recorded.

Legal Counsel Lynn Fagan performed a roll call of Board members, staff members, and members of the public.

Chair Winton Kemmis noted that no Alternate Commissioner needed to be seated.

AGENDA

Chair Winton Kemmis asked if there were any changes to the agenda. There were none.

Motion: Commissioner Adriane Beck moved to approve the agenda.

Second: Vice Chair Deb Poteet

Vote: Motion Passed Unanimously

Vice Chair Deb Poteet introduced herself. Deb shared personal anecdotes about her family and discussed the importance of safety for workers and the public.

PUBLIC COMMENT PERIOD

Chair Winton Kemmis asked if there was any public comment on items not on the Board's agenda. There was none. Winton welcomed back Jack Meyer as an Alternate Commissioner on the Board.

MINUTES

Chair Winton Kemmis asked if anyone had questions, edits, or public comments regarding the minutes for the Regular Board Meeting dated March 26, 2024. There were none.

Motion: Vice Chair Deb Poteet moved to approve the minutes of Regular Board Meeting dated March 26, 2024.

Second: Secretary/Treasurer Pat Boyle

Vote: Motion Passed Unanimously

CLAIMS FOR PAYMENT

Director of Finance and Administration Will Parnell presented the Claims for Payment. Will first stated that there is no financial report this month as a result of moving the meeting up a week. Starting with project expenses, during the month of March 2024, MCAA incurred approximately \$1.5 million in project expenses. March project expenses will be paid in the next few days and are presented as accounts payable projects on the balance sheet. Of the \$1.5 million in project expenses, approximately 71% has been submitted to the FAA for reimbursement. The remaining project expenses of approximately \$446,000 will be paid with reserves and debt.

There were a few non-recurring and/or significant payables incurred over the reporting period. The first was related to Big Sky Kubota in the amount of \$22,591.82 for a utility vehicle used by the Ground Handling Department. As the cost of the asset is more than MSO's capitalization threshold, which is \$15,000, the Kubota will be capitalized and recorded as a fixed asset. The Board reviewed and approved the purchase during the January 2024 regular meeting. The second item is a payment to KONE in the amount of \$42,173.64 for an annual elevator and escalator maintenance agreement. The agreement is for the period of March 1, 2024, through February 2025. The expense is recorded as a prepaid asset and will be amortized over the term of the agreement. The final item is a payment to Northwest Energy in the amount of \$80,821.03, That is not all related to utility expense for the month of March; \$24,680 of that is related to time and labor for a new electric service related to the rental lot modification project. The amount will be recorded as construction in progress until the project is substantially complete.

Chair Winton Kemmis asked if there were any Board questions or public comments regarding the Claims for Payment. There were no questions or comments.

Motion: Secretary/Treasurer Pat Boyle moved to approve the Claims for Payment

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Airport Director Brian Ellestad presented his report to the Board. Brian stated that there was a great open house for the Master Plan. Close to one hundred people attended. Typically, at an airport master plan meeting, the attendance is between 10 and 20 people. Brian thanked all the Morrison-Maierle staff who attended the open house and did a great job.

Brian noted that Frontier will start its new service from MSO to Denver on May 2nd. Staff will send out a press release and media advisory. At 10 a.m., there will be a press conference up in the gate area and staff will escort media up there.

Deputy Director Tim Damrow attended an air service conference recently. One of the comments from a carrier was that they would not have considered MSO if they hadn't attended the Air Service Rendezvous. If you remember, our staff started the Rendezvous several years ago to actually get airline representatives out to Montana to see what the area has to offer. This comment just validates staff's belief in the importance of getting people here.

Deputy Director Tim Damrow gave a construction update. We are seeing big progress on the roof and exterior siding is well underway. Activity is now shifting towards the inside where we're starting to see more of the trades or electrical, mechanical, plumbing all coming together, getting all their particular components in. Work is also underway to resurface what was the old rental car lot and preparing that area for exit and access control systems.

Chair Winton Kemmis asked if there were any Board questions or public comments. There were no questions or comments.

LEGAL REPORT

Legal Counsel Lynn Fagan presented her report to the Board. Lynn updated the Board on her retirement plans. The Legal Counsel position has been posted and six applications have been received to date. Lynn stated that her plan was to stay on part-time beginning July 1st until the new hire is up to speed.

Lynn also mentioned that there is a Request for Proposals out for operating the ATMs in the terminal. Lynn also mentioned that next month will be a full agenda as staff will have the Fiscal Year 2025 budget on the agenda as well as annual rate increase resolutions.

Chair Winton Kemmis asked if there were any Board questions or public comments regarding the Legal Report.

There were no other questions or comments.

COMMITTEE UPDATES

Executive Committee: Met May 28, 2024, 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

Landlord's Release and Consent – East LZ Hangars

Legal Counsel Lynn Fagan presented this item to the Board. Homestead Hangars, LLC, owned by Todd Donahue, built a hangar on airport in 2016 on property leased from MCAA. The lease permitted Homestead to convert the individual hangars to condominium units and in 2017, the Lease was assigned to the East LZ Hangar Owners Association. One of the units was recently purchased by Hanson Properties, LLC. First Security Bank is financing the purchase and is requesting that MCAA consent to the Landlord's Release and Consent Agreement. This is a standard lender agreement which acknowledges the lender's superior security interest in the Collateral (the hangar) and requires MCAA to give notice to the Lender in case of default by the Lessee. Per the lease, the Lessee is not prohibited from granting consensual mortgages and/or liens on its leasehold interest and any structures placed on the Leased Property, provided that Lessee first obtains MCAA's written approval. Staff has no objection and is recommending approval.

Chair Winton Kemmis asked if there were any Board questions or public comments.

There were no other questions or comments.

Motion: Commissioner Larry Anderson moved to approve the Landlord's Release and Consent Agreement between MCAA and First Security Bank with East LZ Hangars Owners Association as the Tenant.

Second: Commissioner Matthew Doucette

Secretary Pat Boyle recused himself from the vote.

Vote: Motion Passed

Allegiant Ground Handling Contract Amendment

Ground Handling Manager Andrew Bailey presented this item. Missoula Airport has been ground handling Allegiant Airlines since 2009. In that time, we had various adjustments to the contract and contract price. The last rate adjustment to this contract was made in 2017. This amendment raises our current rate from \$590 to \$695 per turn and includes an hourly rate of \$185 for delays past one hour. Allegiant has approved this increase to be effective on June 1, 2024.

Chair Winton Kemmis asked if there were any Board questions or public comments. Commissioner Larry Anderson asked if it was standard to include a rate for delays. Andrew responded that it was. There were no other questions.

Motion: Commissioner Matthew Doucette moved to approve a contract amendment with Allegiant Air increasing the price to \$695 per turn.

Second: Vice Chair Deb Poteet

Vote: Motion Passed Unanimously

NEW BUSINESS

Sun Country Ground Handling Agreement

Ground Handling Manager Andrew Bailey presented this item to the Board. Missoula Airport has negotiated a contract to provide Ground Handling Services for Sun Country's entrance into the Missoula market in June of 2024. We have agreed to a turn rate of \$750. In addition, we have negotiated an hourly rate to cover late operations of \$185 per hour after the first hour of delay and also rates for deicing services.

Chair Winton Kemmis asked if there were any Board questions or public comments. Commissioner Matthew Doucette asked how staffing for the summer looked. Andrew replied that it looked good as he had hired 20 people in the last six weeks.

Commissioner Larry Anderson asked if the Sun Country flights were all mainline jets. Andrew responded that they were all 737s.

There were no other questions or comments.

Motion: Commissioner Matthew Doucette moved to approve a contract with Sun Country Airlines as presented.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

Chair Winton Kemmis noted that Commissioner Shane Stack had to leave the meeting early and requested a motion to seat Alternate Commissioner Jack Meyer.

Motion: Commissioner Matthew Doucette moved to seat Alternate Commissioner Jack Meyer.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

Award of Parking Management RFP

Airport Director Brian Ellestad presented this item. Brian explained that Republic Parking, our current parking concessionaire, has been under contract since 1999 and has had several extensions over the years with an end date of June 30, 2024. We went out for RFP and received 4 proposals. We received proposals from SP Plus Corporation, Republic Parking, LAZ Parking and Parking Concepts. Staff reviewed, shortlisted and brought in Parking Concepts and LAZ Parking for onsite interviews on April 8th. Both companies had very good proposals, but LAZ Parking is the staff's recommendation due to lowest cost, strong track record among peer airports and company resources. If approved, staff will follow up with contract negotiations and we will utilize LAZ Parking to help in the selection and implementation of new parking lot equipment. The contract will be brought to the Board next month. Brian also mentioned that Bryan Burnett from LAZ Parking was present at the meeting. Bryan is here meeting with staff and would be happy to answer any questions.

Chair Winton Kemmis asked if there were any Board questions or public comments. Commissioner Larry Anderson asked Bryan Burnett what he sees as the biggest challenge with

parking at airports. Bryan responded that the number one concern is how to spread the inventory through the different lots, long-term, short-term and economy. Pricing and signage are the two important factors to assist.

Commissioner Matthew Doucette mentioned that several years ago, Republic did a presentation for the Board and stated that public parking demand would be decreasing. The presentation mentioned self-driving cars and Uber as driving that decreased need. Matthew asked Bryan if he was aware of that study, because it seems as if MSO's parking needs have increased. Bryan responded that he was not aware of a study like that and their experience, operating in 33 airports nationwide, parking needs have certainly increased, even where enplanements have stayed steady. Bryan also opined that ride-shares were more affordable previously and their prices have increased over time.

Motion: Vice Chair Deb Poteet moved to award Parking Management RFP to LAZ Parking.

Second: Secretary/Treasurer Pat Boyle

Vote: Motion Passed Unanimously

Parking Rate Resolution

Deputy Director Tim Damrow presented this item. Republic Parking has had a lease agreement at MSO to operate the parking lot since 1999. Under that agreement, Republic and MCAA were required to review parking rates and mutually agree on increases. Those increases were brought to the Board for approval. Our parking rate base was last reviewed and modified in October 2022 when long term rates increased from \$9/day to \$10/day. During this review, the short-term parking rates were kept flat at \$15/day. Since then, there have also been several user behavioral changes affecting lot performance and ultimately passenger experience.

In response to passenger comments related to parking availability, the MSO team has focused extensively on increasing parking capacity and implementing enhancements to make parking easier at the airport. To date, MSO has invested over \$2M to expand and modernize the parking lot, culminating in a new economy lot coming online in late Spring. Future projects valued at an additional \$1.5M will implement new equipment and seek to repair pavement in our existing lot. These improvements bring heavy costs that have increased significantly over the last 10 years. Finally, future parking lot management will shift to a customer service centered focus to enhance and support more efficient parking operations and ultimately passenger experience.

With the Republic lease terminating, staff requests parking rate structures to be approved as "Not to Exceed" which will give staff flexibility to adjust during rate reviews. Changes made within this structure will continue to be communicated and promoted through the airport website, on-site signage, and monthly board updates. The revised rate structure will be accompanied by new technologies to better communicate lot status/availability and allow customers the ability to pre-pay parking for an additional discount.

<u>MSO Rate Structure</u>	<u>Current</u>	<u>Proposed</u>
Long Term Lot	\$10/Day	\$12/Day Maximum
Short Term Lot	\$15/Day	\$20/Day Maximum
Economy Lot	N/A	\$10/Day Maximum

Chair Winton Kemmis asked if there were any Board questions or public comments. Commissioner Larry Anderson asked what types of complaints have been received from

passengers. Tim responded that availability is the biggest complaint – passengers can not find spots. Chair Winton Kemmis asked if electronic signs with pricing will be installed. Tim responded that they will. Commissioner Adriane Beck noted that it's important to make sure the price differences between the lots are front and center, as they are not now.

Motion: Secretary/Treasurer Pat Boyle moved to approve MCAA Resolution No. 2024-03, Resolution Granting Authority to Set Public Parking Rates.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

Award of Insurance Broker of Record RFQ

Legal Counsel Lynn Fagan presented this matter. MCAA has used Payne Insurance as its broker for the last 16 years or so. It has been at least ten years since we went out to bid for another broker. Staff issued a Request for Qualifications for an insurance broker-of-record on March 6, 2024. Proposals were due on April 5, 2024. We received four proposals from MarshMcLennan Agency (formerly Payne Insurance), Gallagher Insurance, EBCO Aviation Insurance, LLC, and Avsurance Corporation. A review committee consisting of Vice Chair Deb Poteet, Finance and Administration Director Will Parnell, Legal Counsel Lynn Fagan and Deputy Director Tim Damrow, reviewed the proposals. MarshMcLennan and Gallagher were the two highest scoring proposals. After interviewing Gallagher, the committee determined that the proposal from Gallagher is the most advantageous to the airport and is recommending an award to Gallagher.

Chair Winton Kemmis asked if there were any Board questions or public comments.

There were no questions or comments.

Motion: Commissioner Adriane Beck moved to accept the committee's recommendation and appoint Gallagher as broker-of-record for MCAA.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

Discussion Items

Chair Winton Kemmis noted that the next Board meeting will be in the same hybrid format on May 28, 2024, at 1:30 p.m.

Meeting Adjourned.