

MISSOULA COUNTY AIRPORT AUTHORITY
Regular Board Meeting
May 28, 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
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
Director of Maintenance Nate Cole
HR Generalist Nikki Munro via MS Teams
Compliance Officer Jesse Johnson
IT Specialist Dylan O'Leary via MS Teams

OTHERS:

Accounting Clerk Brianna Brewer
Gary Matson, Runway 25 Hangars
Travis Frey, Martel Construction
Martin Kidston, Missoula Current
Cole Jensen, Martel Construction
Chris Howley, LAZ Parking
Nick Lynn, Neptune Aviation
Jen Ewan, Sova Partners
Donna Gaukler, City of Missoula Parks Dept.
Zac Covington, City of Missoula Parks Dept.
Nathan McLeod, City of Missoula Parks Dept. via MS Teams

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

PUBLIC COMMENT PERIOD

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

MINUTES

Chair Winton Kemmis asked if anyone had questions, edits, or public comments regarding the minutes for the Regular Board Meeting dated April 23, 2024. There were none.

Motion: Commissioner Larry Anderson moved to approve the minutes of Regular Board Meeting dated April 23, 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. Starting with project expenses, during the month of April 2024, MCAA incurred approximately \$1.9 million in project expenses. April project expenses will be paid in the next few days and are presented as accounts payable projects on the balance sheet. Of the \$1.9 million in project expenses, approximately \$1.1 million has been submitted to the FAA for reimbursement. The remaining project expenses of approximately \$800,000 will be paid with reserves and debt.

There were a few non-recurring and/or significant payables incurred over the reporting period. Will explained that the \$19,667.26 check to CHS Mountain West Co-op (dba Cenex) is for fuel for the on-airport rental car companies. This was previously purchased directly by the rental car companies. MCAA adds a \$0.07 cent per gallon administrative fee to the cost. A \$14,176 check to DFW Fire Training Center is for training for our Public Safety Officers. Miller Roofing check for \$129,980 is for roofing of the Forest Service hangar. This was approved by the Board in August 2023. Finally, a check for \$16,002 to Rodda Paint was for airfield painting supplies.

Chair Winton Kemmis asked if there were any Board questions or public comments regarding the Claims for Payment. Commissioner Larry Anderson asked why MCAA is now purchasing the rental car fuel. Director Brian Ellestad explained that the previous supplier went out of business and the rental car companies asked for MCAA's assistance.

There were no questions or comments.

Motion: Commissioner Matthew Doucette moved to approve the Claims for Payment

Second: Vice Chair Deb Poteet

Vote: Motion Passed Unanimously

FINANCIAL REPORT

Director of Finance and Administration Will Parnell presented the Financial Report. Noted variances include that parking revenue has increased by approximately \$210,000 or 25% as compared to the same period last year. Ground handling revenue has decreased by 28% year over year. The decrease is a result of reduced deicing operations, which are down by 65% as compared to last year.

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

Motion: Commissioner Shane Stack moved to approve the Financial Report

Second: Commissioner Matthew Doucette

Vote: Motion Passed Unanimously

DIRECTOR'S REPORT

Airport Director Brian Ellestad presented his report to the Board. April ended with an increase of 4.1% over last April. Brian expects double-digit increases in May as Frontier reentered the market with direct flights to Phoenix Sky Harbor and Denver. Allegiant restarted their Oakland and Orange County service mid-May and United will restart San Francisco and Chicago service this week. American also added a second Dallas flight in May and will restart their Los Angeles and Chicago service in early June.

Brian stated that he attended a large air service conference this month and met with eight airlines. Tim and Brian attended the American Association of Airport Executives National Conference in Nashville in May and noted that they met with numerous vendors and attended industry updates.

Finally, Brian mentioned that MCAA hosted Secretary of Transportation Pete Buttigieg and had a well-attended press event. The Secretary was extremely impressed with the terminal project.

Deputy Director Tim Damrow gave a construction update. Tim noted that a fence was just installed in front of the Phase 2 construction which blocks a lane of traffic and will put pressure on the front curb. This will be in place throughout the summer and possibly into the fall. There is a lot of work on the exterior and interior of the building.

Parking continues to be expanded. Tim noted that another 150 spots have been added to the new Economy lot, bringing the total spots in that lot up to 400. Anticipating a busy summer, we have increased our public safety officer presence on the front curb and are looking to hire parking compliance agents. Tim emphasized that all our staff is helping out front with parking and the front curb, including himself, Brian, Will, and building and airfield staff.

Tim then briefly discussed the new equipment for the parking lot that staff is asking the Board to approve.

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. Ten applications were received for the legal counsel position. Lynn and Brian will be conducting preliminary interviews this week

with six of the candidates. Finalists will then be brought in for interviews with management staff. Lynn noted that only one proposal was received in response to the ATM Request for Proposals. The proposal was from Rocky Mountain ATMs, who have operated the ATM concession at the airport for the last ten years or so. That will be on the June agenda for approval by the Board. Lynn also mentioned that she had just returned from the Airport Council International's annual legal conference. There were excellent sessions on FAA reauthorization, the FAA's new Land Use Policy, first amendment issues and updates on current airport litigation.

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

Phase 2 FFE/Signage Package

Deputy Director Tim Damrow presented this item. The Phase 2 FFE (Furniture, Fixtures and Equipment) Signage package covers all ADA and code required signage and placarding in addition to navigational wayfinding elements throughout the building. The scope of work was divided into two divisions, Signage/Wayfinding and Environmental Graphics. The team reached out to 5 local providers and received three quotes to supply and install the respective elements of the signage and wayfinding packages. FastSigns of Missoula provided a complete quote to supply and install the 160 signs in the Signage/Wayfinding Package. SignPro of Missoula provided a quote to supply and install the required vinyl for the Environmental Graphics package. Both FastSigns and SignPro worked on the first project phase and are familiar with the facility and scope of work involved. The Missoula Airport team will be coordinating installation of this package as part of the final FFE (Furniture, Fixtures and Equipment) phase of the project and have included a 6% contingency on this quote to cover any additional product adjustments that may occur between now and final installation. The required amount for this package is on budget with project allowances and design team estimates.

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

Motion: Secretary/Treasurer Pat Boyle moved to approve Phase 2 FFE Package 2 with FastSigns and SignPro in the total amount not to exceed \$180,372.53

Second: Commissioner Shane Stack

Vote: Motion Passed

Martel Contract Deductive Change Order

Deputy Director Tim Damrow presented this item. The Temporary Rental Car Facility Contract was opened back in January of 2022 to construct a temporary facility for rental cars during terminal construction. With final closeout elements of the project wrapping up a few months ago, we were left with a small leftover contingency balance. Similarly, the Fuel Truck Access Road Contract was completed earlier this Spring and under the expected contract value. Both respective projects had several allowances and material quantities that came in under the budgeted amount leading to the contract underruns. Each of the respective contracts below requires a deductive change order that will close the project out and reconcile unused budgets.

Martel Contract #22 – Temp Rental Car Facility – Deductive Change #1 = (\$439.90)

Martel Contract #25 – Fuel Truck Access Road – Deductive Change #3 = (\$211,919.75)

Total Deductive Change Orders = (\$212,359.65)

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

Motion: Commissioner Larry Anderson moved to accept the deductive change orders to Martel Construction Contracts #22 and #25 in the amount of \$212,359.65.

Second: Commissioner Matthew Doucette

Vote: Motion Passed Unanimously

Martel Contract Amendment No. 26 – Phase 3 Guaranteed Maximum Price

Airport Director Brian Ellestad presented this item. In continuation of the phased construction approach to this project, Martel Construction has provided a GMP to complete the construction for Phase-3 of the New Passenger Terminal Building. The bid package was publicly advertised and bids were received and opened on May 8, 2024. Multiple bids from every division of work for the project were received and evaluated. Martel Construction, Morrison-Maierle and Airport staff reviewed, vetted bid proposals and evaluated cost savings measures in preparation of the Guaranteed Maximum Price. A copy of the summarized divisions of work are attached. Individual bid proposals from all submitters are on file with Martel Construction, Morrison-Maierle and the Airport. As a result of the bid opening, Martel Construction is proposing a GMP of \$7,915,240 to complete the construction for the project. This project will begin immediately with shop drawings and continue through October 2025.

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

Motion: Vice Chair Deb Poteet moved to accept the Guaranteed Maximum Price from Martel Construction in the amount of \$7,915,240 for the construction of Phase-3 of the New Passenger Terminal Building and accept Contract Amendment No. 26.

Second: Commissioner Matthew Doucette

Vote: Motion Passed Unanimously

Morrison-Maierle Task Order No. 62 – Phase 3 Construction Management Services

Airport Director Brian Ellestad presented this item. In continuation of the phased construction approach to this project, Morrison-Maierle is submitting the most recent Task Order to provide services for on-site construction observation for the project. On-site observation will be part-time observation covered by the Engineer and Architect throughout construction. Morrison-Maierle will also handle the project closeout services associated with the FAA grants. The project consists of multiple components built within one construction schedule. Notice to Proceed will begin in June 2024 with the review of shop drawings and will last until October 2025 before project closeout procedures begin.

Chair Winton Kemmis asked if there were any Board questions or public comments. There were none.

Motion: Secretary/Treasurer Pat Boyle moved to Approve Task Order No. 62 with Morrison-Maierle in the amount of \$562,500 contingent on the completion of an Independent Fee Estimate.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

Parking Management Contract – LAZ Parking

Legal Counsel Lynn Fagan presented this item. Staff published a Request for Proposals for parking management services on January 26, 2024. Proposals were received from 4 companies on March 12, 2024. A committee recommended award to LAZ Parking and the Board awarded the proposal to LAZ Parking at the April meeting. This agreement will cover LAZ's management of the parking facilities for a term of 3 years with an option to add an additional two years. LAZ is responsible for collecting all money connected with the operation and submitting those payments to the airport monthly. The Airport has agreed to pay LAZ an annual management fee and reimburse LAZ for its staffing costs at an agreed upon hourly rate. Additionally, the airport will be leasing LAZ a Kubota for \$4,500 per year. The agreement includes specific obligations relating to operation and staffing and a customer call center as well as penalties for failure to perform. Chris Howley, LAZ's vice president of business development, is here if there are any questions for him.

Chair Winton Kemmis asked if there were any Board questions or public comments. There were none.

Motion: Commissioner Matthew Doucette moved to approve the Parking Management Agreement with LAZ Parking as presented.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

NEW BUSINESS

MCAA Resolution No. 2024-04 Setting Ground Rent for Aviation Leases

Legal Counsel Lynn Fagan presented this matter. 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 provides the lessees an opportunity to address the Board

on rent increases. The last increase was July 1, 2023. This Resolution increases the ground rent by half of a cent per square foot - from \$0.175 to \$0.18 per square foot. Lynn noted that the lease agreements limit increases in ground rent to 3% annually.

In 2023, the airport land rates in the state's commercial service airports ranged from \$0.14 per square foot (Great Falls) to \$0.41 per square foot (Kalispell) so these rates are still at the lower end.

Lynn also noted that she provided all the aviation lessees with notice of the proposed increase and the Board action.

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

Motion: Commissioner Larry Anderson moved to approve Resolution No. 2024-04 setting ground rent for aviation leases on airport at \$0.18 per square foot.

Second: Commissioner Matthew Doucette

Vote: Motion Passed Unanimously

MCAA Resolution No. 2024-05 Non-Signatory Use Fees

Legal Counsel Lynn Fagan presented this matter. Based on the fiscal year 2025 budget, the rates for use for both signatory and non-signatory airlines will increase. Per the Airline Use Agreement, signatory airlines receive a copy of the budget and the proposed rates and have 30 days to comment to those. Non-signatory airlines rates are set by Resolution. MCAA Resolution No. 2024-05 Terms and Conditions Governing Use by and Setting Fees for Commercial Air Service Providers at the Missoula Montana Airport ("the Use Resolution") is attached. The Use Resolution is for air service providers who have not executed MCAA's current Airline Use Agreement. These non-signatory rates are 30% more than the rates paid by the signatory airlines. The Use Resolution provides that the Board may change terminal use and landing fees on an annual basis as calculated in that year's budget.

Per the FY2025 budget, rates set forth in this Resolution for non-signatory airlines are \$2.75 per enplaned passenger and landing fee rates of \$1.95 per 1,000 pounds for non-signatory air carriers. The per enplaned passenger fee increased from \$2.60 to \$2.75. The landing fee did not change.

Landing fees for cargo, charter, and other non-scheduled aircraft exceeding 9,000 pounds are \$3.00 per 1,000 pounds. Previously, aircraft less than 12,500 pounds were exempt and the fee per 1,000 pounds was \$2.48.

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

Motion: Vice Chair Deb Poteet moved to approve Resolution No. 2024-05 Terms and Conditions Governing Use by and Setting Fees for Commercial Air Service Providers at the Missoula Montana Airport.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

Fiscal Year 2025 Budget

Director of Finance and Administration Will Parnell presented the Fiscal Year 2025 Budget. The budget model is used for the budgeting of operating revenues and expenses based on best estimates of the airport staff. It is also used to calculate the terminal rental rates, use fees, and landing fees charged to the air carriers for the upcoming year. Will highlighted significant operating revenues and expenses and discussed changes between the 2024 budget and the 2025 budget. Staff is projecting an 11% increase in operating revenues and a 9% increase in operating expenses. Will noted that the airport is required to have a debt service ratio of 1.25; the rate based on the fiscal year 2025 budget is 1.75.

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

Motion: Commissioner Matthew Doucette moved to approve the budget for Fiscal year July 1, 2024, to June 30, 2025.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

State Audit Contract and Engagement Letter

Director of Finance and Administration Will Parnell presented this item. The annual audit process includes the approval and execution of an Audit Engagement Letter and Standard Audit Contract which outlines the responsibilities of both the Auditors and the Authority. Fees for the services will be \$71,400. This is broken down as follows:

- Financial statement audit \$52,500
- Single audit (includes one major program) \$8,400
- Passenger facility charge audit \$5,250
- Assistance in drafting the financial statements \$5,250
- The Airport will also be billed for travel expenses, not to exceed \$7,500

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

Motion: Secretary/Treasurer Pat Boyle moved to approve the execution of the annual Audit Engagement Letter & Standard Audit Contract.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

Parking Equipment Purchase

Deputy Director Tim Damrow presented this item. Since 1999, Republic Parking has served as the parking vendor for the Missoula Airport. During this time there have been relatively limited investments in the parking lot beyond civil site work with most of the parking equipment aged at over 20 years. During this same period there have been several advancements in parking technology to help improve lot management in addition to several customer service features. With a new vendor coming on board in July and with parking volume at all-time highs, we believe now

is the time to re-invest in our parking lot, the largest source of airport revenue. This purchase will cover the equipment, installation and training of a new parking access control and revenue management system (PARCS). Beyond the access and revenue control benefits, the new system will offer customers a multitude of options for access and payment including ticketless entry, NFC payments and online reservations. The equipment also offers capabilities to help the airport transition to cashless or cashier less environments in the future by utilizing a real time call center for error resolution. The purchase will also cover the purchase of a Kubota RTV that will be leased to the vendor to allow staff to easily transit the lot and assist passengers. The airport has included an 8% contingency to cover potential scope misses or unforeseen site conditions due to the age of the current equipment.

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

Motion: Vice Chair Deb Poteet moved to approve parking equipment contract and purchase of related equipment in the amount not to exceed \$694,495.

Second: Commissioner Larry Anderson

Vote: Motion Passed Unanimously

Veoci contract renewal

Compliance Officer Jesse Johnson presented this item. Since early 2016, the Missoula Airport has been utilizing VEOCI ("V O C") to digitize and automate several tasks across various departments. Initially used to digitize paper forms for Public Safety, the system has been used for a multitude of tasks ranging from customer surveys, employee payroll, vehicle maintenance to emergency management. The team has received several comments during FAA inspections complementing our documentation and record organization by utilizing VEOCI which has helped lead to multiple flawless inspections. To further increase the utility of VEOCI, we are looking to implement a Safety Management System (SMS) module to help support an additional FAA requirement for the airport to implement an SMS system. The goal of SMS is to help document and identify root causes of potential or actual safety issues at the airport. The information gathered from this system will help the airport build appropriate risk profiles and develop proper staff training to reduce associated risk. This is a new requirement for all Small Hub Airports for which MSO now qualifies because of increased passenger traffic. This action item covers the yearly renewal of the system and one-time buildout fee for the SMS module, both of which were included in the FY 2025 budget.

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 approve amendment 2 with VEOCI in the amount of \$45,137.

Second: Vice Chair Deb Poteet

Vote: Motion Passed Unanimously

Approval for Airport Director to accept FAA Grants AIP-088 and AIP-089

Airport Director Brian Ellestad presented this matter. The FAA will be releasing FY 2024 Entitlement & Bipartisan legislative Law grants in short order. Grant 88 is planned to be \$3,429,370 & grant 89 is expected to be \$2,674,918, both will be used for new terminal construction. Because of 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 the grant offer. Both these grants will require a 10% local match.

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

Motion: Commissioner Mathew Doucette moved to pre-authorize the Airport Director to accept upcoming AIP Grants 88 & 89 for this FY 2024 fiscal year.

Second: Commissioner Adriane Beck

Vote: Motion Passed Unanimously

Information and Discussion Items

Airport Director Brian Ellestad introduced Donna Gaukler, Zac Covington, and Nathan McLeod from the City of Missoula Parks Department. Brian reported that airport staff and the parks staff have been discussing the Parks interest in purchasing a 28-acre parcel of land at the south end of airport property that formerly was the Milwaukee railroad right-of-way. Donna, Zac and Nathan then gave a presentation about the trail system, the rails to trails program, and the Great American Rail Trail, which will run from Washington D.C. to Seattle, Washington. The Parks staff explained that the parcel that the airport owns would eventually be connected to the Great American Rail Trail and in the meantime, there are many local benefits to the trail. Airport staff reiterated that they believe the best and highest use of this parcel is for a trail. Board discussion followed. The Board directed that a Facilities and Operations committee be scheduled to further this project.

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.