

**HELENA REGIONAL AIRPORT AUTHORITY
MEETING MINUTES
MAY 24, 2022**

MEETING

In Attendance:

Mike Murray, Chair
Tom McGree, Vice Chair
Mike Muscarelli, Secretary
Dave Simkins, Immediate Past Chair
Debbie Havens, Commissioner
Bob Heberly, Commissioner
Bill Burkland, Commissioner
Jeff Wadekamper, Airport Director

Others Attending:

Cory Kesler, Morrison Maierle Engineers
Ross Marty, Assistant Airport Director
Connie Lundin, Financial Manager
Amber Huggett, Office Manager

Attending via Zoom:

Greg Gould, Jackson, Murdo & Grant, P.C.

Excused:

Nick Enblom, Morrison Maierle Engineers

PUBLIC COMMENT PERIOD

None.

MINUTES

MOTION was made by Vice Chair McGree, seconded by Secretary Muscarelli to approve the Meeting Minutes from the April 19, 2022, Authority Meeting and April 26, 2022, Budget Work Session.
The motion carried unanimously.

AIRPORT IMPROVEMENT PROGRAM PROJECTS

AIP-57 (Cares Funds)

Consider Recommendation to Award a Bid to Helena Sand & Gravel for Pavement Replacement Projects in the Amount of \$734,634.00 – Jeff reviewed the pavement replacement bids to be funded with the CARES Funds. The project was advertised, and one bid was received. Helena Sand & Gravel was the sole bidder. The various scopes of work were broken into various schedules to provide us as much flexibility as possible with the available funds. The bids for each schedule were as follows:

<u>Schedule</u>	<u>Engineer's</u>	<u>Estimate Helena Sand & Gravel</u>
Schedule I	\$429,854.00	\$415,000.00
Schedule II	\$140,055.00	\$100,736.65
Schedule III	\$261,328.50	\$173,629.30
Schedule IV A	\$464,225.00	\$396,132.00
Schedule IV B	\$167,500.00	\$110,750.00
TOTAL BID	\$1,462,962.50	\$1,196,247.95

RECOMMENDATION - We have \$734,634 available for construction, so our recommendation is to award schedules I and II and a modified schedule IV A (\$218,837.35). Schedule I is Skyway Drive and Kelleher Lane, and schedule II is the section of Skyway from the FAA Building to just past the Tennis Center. Those areas are the more critical areas needing replacement. Schedule IV A is the straight section of the driving track, which is the area of the track with the greatest need for replacement. The other schedules include the remainder of Skyway from the terminal to the fire training center and the rest of the driving track. While those all would be great areas to replace, they are in much better shape and not at the end of their life yet, so they represent a lower priority.

MOTION was made by Immediate Past Chair Simkins seconded by Commissioner Havens to approve Award of Bid to Helena Sand & Gravel for Pavement Replacement Projects in the Amount of **\$734,634.00**.
The motion carried unanimously.

AIP-64 (ARFF Truck, Tool Acquisition)

Consider Quotes for ARFF Tools and Equipment – Quotes for the ARFF tools associated with the new fire trucks were solicited from three suppliers and we received a single quote from one supplier: Municipal Emergency Services of Vancouver, Washington. Nick Enblom's analysis and letter of recommendation is included in the packet. While the quote we received was slightly higher than our estimates, it is still within the AIP project budget, and we are recommending approval of the quote from Municipal Emergency Services in the amount of \$88,453.00.

MOTION was made by Commissioner Heberly, seconded by Vice Chair McGree to approve Award of ARFF Tools and Equipment to Municipal Emergency Services in the Amount of **\$88,453.00**
The motion carried unanimously.

AIRPORT AUTHORITY ISSUES

Consider Bids for Rental Car Concessions for Fiscal Years 2023-2027 – The current five-year rental car contract expires on June 30, 2022. We typically bid those concessions out for five-year terms, and you may recall the Commissioners decided at the March meeting to proceed with a new five year bid as opposed to an extension for a year or two. We advertised the bid opportunity along with an updated concession agreement and bidding instructions. We clarified

the language in the contract regarding waiver of the minimum annual guarantee (MAG) if 85% of the passenger traffic went away (such as what occurred during the pandemic), so there was no room for varying interpretation. Greg Gould reviewed the documents to ensure legal parameters were covered. The rental car bid process involves advertising the opportunity, which we did for several weeks on the website, and in the newspaper. A pre-bid meeting was held to provide interested bidders a chance to see the onsite facilities and ask any questions. Following that meeting, we had a two-week period for interested bidders to submit questions and feedback. Following that the airport responded to the questions/feedback and issued an amended RFP and contract. There was then a three-week period for the bidders to prepare their bids and submit their responses. We have determined that maintaining three concessionaries, with the ability to dual brand makes the most sense. We received three bids, with two of them choosing to dual brand. The results are shown below.

HELENA REGIONAL AIRPORT AUTHORITY - RENTAL CAR BID TABS (2022-2027)

Name of Bidding Company	Enterprise RAC Company of Montana/Wyoming, LLC	Avis Budget Rental Car, LLC	Overland West, Inc.
Brands Included In Bid	Enterprise National	Avis Budget	Hertz
Year 1 MAG	\$55,001.00	\$101,000.00	\$70,000.00
Year 2 MAG	\$55,101.00	\$102,000.00	\$75,000.00
Year 3 MAG	\$55,201.00	\$103,000.00	\$75,000.00
Year 4 MAG	\$55,301.00	\$104,000.00	\$75,000.00
Year 5 MAG	\$55,401.00	\$105,006.00	\$75,000.00
5 YEAR TOTALS	\$276,005.00	\$515,006.00	\$370,000.00

These are the same three firms that we have currently, although this time around Enterprise bid with the Enterprise and National brands as opposed to the last cycle where they operated their National and Alamo brands. There was not a 4th concessionaire in the bidding process, which doesn't necessarily surprise us in a market our size, but one cannot be certain if a new entrant may submit a bid.

RECOMMENDATION – Based on the bids, Jeff recommends award of the rental car concession

bids to all three of the bidding entities we received including: Enterprise Rental Car Company of Montana/Wyoming, LLC, Avis Budget Rental Car, LLC, and Overland West Inc. dba Hertz Rental Car.

MOTION was made by Vice Chair McGree, seconded by Immediate Past Chair Simkins to approve Award Bids for the Operation of Rental Car Concessions as recommended for Fiscal Years 2023-2027.

Consider Ground Transportation Provider Use Agreements and Fee Schedule – Our current ground transportation agreements expire on June 30, 2022. These agreements include the taxi, Uber, Lyft, and shuttles such as Helena Town Car. Traditionally, we have awarded a five-year contract along with charging a flat fee of \$25/month. The real reason for an agreement is to ensure that all operators are operating in a uniform manner and picking up/dropping off passengers in a designated area, carry liability insurance, and follow airport rules and procedures. Most other airports have gone to a per trip fee as opposed to a flat fee. The flexibility with a per trip fee provides more revenue when more operations are done and less when the traffic is less so that is a benefit to both the operator and the airport.

RECOMMENDATION - Jeff believes we would benefit by a per trip fee and would collect more revenue overall. Jeff proposes a \$2 per trip fee and a year-long contract that automatically renews each year unless cancelled by the Airport or the vendor. That way we are not locked into a five-year cycle if we find that this doesn't end up working and could modify it the next year. Jeff also proposed we include as part of the contract, an ad for each ground transportation provider on the phone board in the baggage claim. We have always offered to allow the transportation companies to purchase an ad on our ad boards and occasionally one or two have, but most airports you visit have a "Ground Transportation" display in the bag claim that provides travelers information on those services. Our thought is to provide those entities who have current contracts in place with us an ad space as part of the "package" for paying the per trip fee.

MOTION was made by Commissioner Burkland, seconded by Commissioner Heberly to Approve the Ground Transportation Provider Use Agreement and Fee Schedule.

Consider Final Draft of FY 2023 Airport Budget – Since the budget work session in April, Connie Lundin has received more concrete numbers with respect to all the lines of insurance including health care. She also has another month of revenue to help determine where we will end up by year end. Connie has highlighted the changes in the budget that is included in the packet.

Overall, our insurance costs are rising 26% this year (not including health care). The cost for liability, property, auto, earthquake, and director and officer in this package will now total \$183,000/year.

We also updated the Capital Improvement Budget with a few more line items once we saw how everything else is coming out. We did not include as many capital purchases this year as we

strive to be cautious with the uncertainty of the industry.

It is a conservative budget that considers stagnant airline traffic numbers and rising costs due to inflation.

Commissioner Heberly stated how much he appreciated the special budget work session meeting to be able to go through the budget in detail.

MOTION was made by Vice Chair McGree, seconded by Secretary Muscarelli to Approve the Final FY 2023 Airport Budget as presented.

Restaurant Committee Update and Options Regarding Lessee Nonpayment of Rent – The Restaurant Committee met recently and discussed the current situation with respect to the Smokejumper Restaurant (Flying Ace LLC). They are currently past due on rent (February and April). The lease requires that they pay the previous month's rent by the 10th of the following month. In addition to being past due for those months, they have been late paying almost every other month the past year.

The Committee collectively agrees it doesn't sound like Paul has any intentions of re-opening the public side space anytime soon or taking over the catering. As mentioned last month, we have had several inquiries for the room going forward. Aside from that, they are late on payment and Greg has confirmed that would constitute a default in the lease agreement. The Committee recommends that we go in a different direction and based on the default status of the rent, we terminate the contract effective immediately.

The Committee makes the recommendation to terminate the lease based on the default status of the rent.

MOTION was made by Immediate Past Chair Simkins, seconded by Secretary Muscarelli to approve Restaurant Committee Recommendation Regarding Lessee Nonpayment of Rent to Terminate Effective Immediately Upon Notice.

The same members of restaurant committee (Dave Simkins, Tom McGree, Mike Muscarelli) agreed to continue serving to assist with the process to secure a new long-term concessionaire.

ASSISTANT AIRPORT DIRECTOR'S REPORT – Ross Marty

- ➔ Monthly passenger operations for April of 2021 are still down compared to April of 2019 by **-18.24%**.
- ➔ **FAA Approach Procedures** - Several weeks ago, Buck Zimmerman, the recently retired FAA Air Traffic Control Tower Manager called to let us know that the FAA has completed the design of the new approach patterns to Runway 27, which is our primary runway used over 90% of the time, approaching from the east. This new procedure was done to

make the approach procured more efficient.

- **FAA Drone Response Plan** - Late last month we met with Helena Police, the new Air Traffic Control Tower Manager, and TSA to get the details of the newly created FAA Drone Response Plan finalized. As previously reported, the FAA had put this out as a mandatory new policy creation in response to rising numbers of Unauthorized Unmanned Aerial Vehicles (drones) that all airports must adopt.
- **TSA Inspection Update** - I had reported last Authority meeting on our upcoming TSA Inspection – it was rescheduled to later this month due to scheduling conflicts.
- **TSA Innovation Task Force** - We recently learned that we were named as a new airport in TSA's "Innovation Task Force" group of airports. What that means is that we will be one of 29 airports around the country acting as a testbed site for next generation TSA screening technology. It was very surprising to hear of the news as every other airport with exception of one are large-hub sized airports such as Seattle, Denver, San Francisco, Los Angeles, Las Vegas, Dallas, Boston, Detroit, Charlotte, Pittsburgh, and Miami to name a few. While those airports experience as many passengers that we see in a year, in a mere week, the technologies they implement are intended for all airports regardless of size, so it is fantastic to be that tester for the immense amount of other non-hub airports. Technology that they look at ranges from AI implementations during different screening operations to next generation screening equipment to reduce the number of bags they must physically inspect with exact imaging of what is in the bag.
- **Chamber Visitors Kiosk** - Late last year we met with the Chamber and Tempest Technology who approached us with an idea of putting an interactive marketing kiosk in the baggage claim area by the brochure rack and other visitor information. They had seen examples of similar kiosks at other airports and had federal funds from one of the rounds of economic stimulus released last year for similar informational projects related to Chamber of Commerce's Visitors Centers marketing endeavors. Two weeks ago, the kiosk finally arrived and was installed – look next time you're in the baggage claim area of the terminal.

Secretary Muscarelli asked what is the minimum altitude the jets must maintain crossing the Elkhorn Mountains and will they still be able with this reduced arc to comfortably descend and come around to runway 27?

Ross replied yes that is absolutely what the flight check makes sure of, as far as the minimum altitude over terrain, I believe they need at least 2,000 feet but they will capture that comfortably.

Secretary Muscarelli asked if they flight check in a specific type of jet?

Ross explained that last time they were in a Challenger 300, so a small business jet. They have used Lear jets as well. The special separation is safe regardless of airline type.

LEASES

None

CONSENT AGENDA

Review of Income and Expense Reports – Income is slightly under budget; expenses are also below budget to provide a balanced net income.

Review of Past Due Accounts

MOTION was made by Immediate Past Chair Simkins, seconded by Commissioner Heberly to approve the Consent Agenda.
The motion carried unanimously.

OLD BUSINESS.

None.

DIRECTOR'S COMMENTS.

- ➔ American – We expect to receive a letter supportive of switching the American's service destination from Phoenix, AZ to Dallas, TX. As soon as we receive that letter (was expected within a week) we will reach out to the federal Department of Transportation and see if they are receptive of the change.
- ➔ **Resiliency Project Update** - The week of May 2 the Value Engineering Exercise associated with the Resiliency project was conducted. Due to the substantial number of team members and stakeholders, the decision was made to complete this exercise virtually. The exercise took three days to complete. The value engineering process was done to compile all of the ideas suggested by each stakeholder. Each idea was discussed and analyzed to determine feasibility. At the end of the exercise, the remaining ideas were the ones deemed most feasible and likely to move ahead.
- ➔ **Staffing Update** – We are making progress on our staffing plans approved in the mid-year FY2022 Budget. We recently selected Eric Cech from our Operations Department to transfer to the new maintenance position. We also advertised for the Maintenance & Operations Manager position through a variety of venues including locally, and in the national and northwest regional chapters of the American Association of Airport Executives. We conducted interviews and selected Sam Schultz. Mr. Schultz currently works for the Bozeman Yellowstone International Airport and has a well-rounded background so we believe he will be a good fit for the position. He will start on May 23.
- ➔ **Runway Painting** – We are planning a series of night runway closures to allow for the second coat of paint to be applied to the primary runway. It has been challenging to find a time when the FAA Tech Ops can turn off the Instrument Landing System that coincides with the availability of the painter, and good weather, but it looks like June 20 - 29 will be the time we get the painting completed. That time will also be used to finish grooving the short intersections from the primary runway to runway 17/35 which were not able to be completed last year. The paint contractor has reported that they have our paint on hand so that is at least half the battle. They expect to get all the work completed at night, so we do not impact any daytime operations or airline flights (or fire tankers).
- ➔ **FAA Runway Safety Action Team (RSAT) Meeting** – The annual FAA RSAT Meeting is

scheduled for June 15 at 10:00 a.m. The FAA Air Traffic Control Tower will facilitate the meeting, but we are hosting it at Station 1. The FAA will cover runway safety topics and I will provide an overview of current airport projects and events. We invite all our stakeholders with an emphasis on the pilots who use the airfield and those who work on the ground as well. The past 2 years have been done virtually, but this year the FAA moved back to in-person. Following the event, the FAA Tower is providing a free lunch with BBQ hamburgers and hotdogs.

Secretary Muscarelli asked if you have seen passenger numbers that support American's proposal or what was the reason they gave to start in Dallas?

Jeff replied the biggest reason is connectivity, it is not necessarily to Dallas, but all the different connections Dallas can offer as their biggest hub. They also mentioned in the last couple years they have seen some interesting trends between Montana and Texas.

Secretary Muscarelli asked if it was faster to connect through Dallas to get to east coast rather than Denver or Salt Lake City?

Jeff explained that it could be, not faster in the amount of flying hours but it opens a whole bunch of possibilities as far as lay overs and connections.

Secretary Muscarelli asked if it is a two-hour flight to Dallas?

Ross said it is about an hour longer than the other two flights out of Helena.

Commissioner Burkland said so it's a little like flying to Seattle to get anywhere on the east coast. Which always seems dumb that you must fly to the west coast to get to the east coast, but that's a hub and spoke system.

Secretary Muscarelli asked if American seems happy with the Dallas service out of Bozeman?

Ross replied yes, American said this is their blueprint in entering any other city in Montana. They like to see how the numbers are for Dallas, then expand.

Commissioner Burkland asked about the Resiliency Project. He said he would really like to be on board with the project, but "I keep stumbling how it appears like they are setting the system up like it appears to be super-efficient in the summertime and not work very well in the winter, and maybe create a bunch of extra work for an already small and busy airport staff. So, I just must throw it out there, that it's going to work really well in the summer and not very well in our winter. It's not going to produce power, it's not going to shed snow, it's going to create headaches for the airport staff when they are already busy plowing other snow. I think it's a great project, but it doesn't seem like they are making it for our airport. So, I just have those concerns as the train keeps roaring ahead. I would really like to get behind it, but I would like to see some more effort on their part, and I don't know if that came out of the three-day meeting. It seems like we should push harder to make it fit our airport, not a great solution for Texas."

Jeff thanked Commissioner Burkland for the feedback and explained that he has placed this item on next month's agenda to give an in-depth explanation on what was done in the three-day meeting with the value engineering study. The design team will present the outcomes and answer any questions the Commissioners may have. There are a lot of details involved and to explain it thoroughly will take some time. Jeff also clarified the proposal includes the private entity being responsible for the ongoing maintenance of the systems and snow off the solar panels, not the airport staff. Jeff stated that there will be a significant piece of the June meeting agenda set aside for discussion on this project.

REPORTS PRESENTED FOR REVIEW:

Director's Report and Board Report – Jeff Wadekamper
Assistant Director's Report – Ross Marty
Fiscal YTD Financials – Connie Lundin
FAA Funded Airport Improvement Project Report – Nick Enblom

EXECUTIVE SESSION

Discussion of Airport Director's Annual Performance Review

"At this time, the Commissioners:
will consider a matter relating to individual privacy. As the presiding officer of the Authority, and with advice from Airport legal counsel, I have determined that that the demands of individual privacy clearly exceed the merits of public disclosure, and the individual about whom the discussion pertains has not waived their right of individual privacy. Therefore, as permitted in section 2-3-203(3), MCA, we will now close the meeting during this discussion".

/s/ Mike Murray
Mike Murray, Chair

ATTEST:
/s/ Mike Muscarelli
Mike Muscarelli, Secretary

(SEAL)