

SCRAA Airport Authority Committee – Meeting Minutes

Thursday, July 1st, 2021 (3:30 PM)

- Board:** King Banaian, Jami Bestgen, Marshall Grams, Kurt Hunstiger (until 4pm), Brian Myres, Angela Olson, John Quade, David Weeres
- Staff:** DeAnna Fah – Assistant Finance Director, Tracy Hodel – Public Services Director, Lynn Hoff – Airport Secretary, Matt Staehling – City Administrator, Bill Towle – Airport Director
- Additional:** Michelle Baird – Mead and Hunt

The in-person and virtual Microsoft Teams meeting was called to order at 3:33 pm.

Agenda Items:

- 1) Call to Order
- 2) Additions to the Agenda
- 3) Public Comment Period
 - a. Mr. Myres shared email from Mark Priglmeier, who shared Lynn’s recent email of 30+ on the hangar waiting list. T-hangars will be studied, but nothing will be done before year-end. There’s an opportunity to build hangars on airport land, which could coincide with water and sewer going in this summer/fall. Lease structure and rates will be reviewed by the sub-committee. It was recommended to note different hangar arrangements and sizes on future airport tours.
- 4) Consent Agenda – Minutes
 - a. Mr. Weeres moved to approve last meeting’s minutes. Ms. Olson seconded. Motion carried unanimously.
- 5) Discussion of Various Reports
 - a. Financials
Revenues and expenditures were presented. The Ops sub-committee will cover these in more detail and make recommendations. There’s a need to evaluate city services provided by other departments (i.e.: finance, fire). Ms. Hodel suggests creating a timeline and plan for transition regarding topics like staffing, consultants, bank accounts, audits, outsourcing, positions, and parking (tracking transactions/receiving payments). What are the current tasks of Finance and how can duties be segregated? Ms. Fah suggested it’s a less-than-half-time position initially, with federal grants and structures being the most difficult aspect. There are no processes documented but finance will provide a list of current duties provided. An audit is required for grants received over \$750,000. Payroll and A/P could be outsourced but cash application is different. Would folks currently involved be available on a consultant basis? Shawn Dobberstein/Fargo is in the process of changing their financial software and might be a good resource as to what STC should use. Duluth/Rochester/Fargo have an in-house finance person, but Fargo still outsources a portion of it. Recent audits were distributed in meeting packet.

b. Airline Operations

Allegiant didn't fly in May. Mesa's numbers are steady. There were two back-to-back AZ flight cancellations in June due to crew issues. Destin is struggling. Ms. Hodel experienced a Destin cancellation. TSA and airport issues arose as Destin service increased, and possibly Allegiant looks to impact the fewest amount of PAX possible. Announcing Destin June service in April could be grant related to meet minimum flight requirements. AAY is starting service to MSP, LAX, PGD, AVL (NC) and Tampa, FL. Patti Gartland (MAC board and GSDC) called Bill when MSP was announced and shared that MAC wasn't pursuing Allegiant service and seemed unaware, only getting an 11-day notice of consideration. Sun Country responded to Allegiant's announcement and moved their service to similar locations up a month. MSP is willing to communicate with AAY. Could they possibly be a future stakeholder in the strategic planning process, including the MAC, Mayor, and Allegiant? STC doesn't have a lot of leverage but is still the only place in MN that had Allegiant service before MSP. What are airport fees in MSP? Allegiant tends to chase the cheapest avenue, but they've slightly changed their business model recently. Mr. Grams inquired how much revenue is generated from Allegiant. It's about \$25-30K of STC's \$1M budget. After 10K passengers, STC is eligible for \$1M in federal funding, which is another reason to get another carrier, preferably a legacy carrier. Should we invite other airlines to the strategic planning process? Sun Country is in Duluth and Rochester, providing competition to Allegiant. Daily service with a different airline might be possible. Allegiant's cost structure is low at STC. Social media doesn't help them, especially when other carriers don't accept Allegiant's tickets.

c. Aircraft Operations

Numbers were good in May. There's more GA traffic with increased flight training, business, and recreational use.

d. Construction Projects

- i. Water and Sewer: Project to start mid-July with R L Larson. Preconstruction meeting held. Security training pending. Cost is \$1.5M, all local option sales tax.
- ii. Taxiway C Reconfiguration and Taxiway D Reconstruction: Cost is close to \$5M, 100% paid by grant, which was received earlier than the typical August/September. Notice to Proceed needed. Contractor is JR Ferche. Electrical can/light fixtures are on backorder 12-14 weeks. Can other phases be done first? Project will start this year, but probably trickle into next construction season.

6) Old Business

a. Airport Parking

Memo was provided to Mayor Kleis by Mr. Myres. He doesn't have issue with the idea of pay-for-parking as much as the timing with the current parking issues under the same structure in downtown St. Cloud. They'll revisit it next month. It was recommended to provide a grace period of winter should it get too late in the year to implement.

b. Committee Structure

Mr. Myres complimented board members on nicely splitting up on the sub-committees. Bill will survey and send out meeting notices for the committee meetings. Thursdays at 2:00 pm and 3:00 pm in-person meetings seem to work for most, but it's nice to have flexibility with technology and provide a virtual option as well.

- c. Life Link Hangar
Mr. Marty Sayre and Mr. Towle met with representatives of Life Link and they are still interested in selling the hangar. The Airport and SCPD will obtain an appraisal and then negotiate a value with Life Link based on additional improvements that need to be made to the building. Timing could possibly be next year after a short rental period if SCPD wants to purchase the building with 2022 funds.
- d. Strategic Plan Proposal
This was approved by City Council. Mead and Hunt will hold a kickoff meeting. It is expected to take several months, but if time is invested now, it may pay dividends later.
- e. Consultant Selection (Ms. Bestgen, Mr. Glaesman, Ms. Hodel, Mr. Grams, Mr. Towle)
Bill created the Solicitation for Qualification, which was submitted to FAA for comment. Advertisement will start Sunday and Bill personally sent to consultants. It expects to be a two-month process not including interviews if needed.
- f. Airport Authority Process Update
FAA's monthly meeting was cancelled and the next one is scheduled for mid-July. Draft schedules will be available late September/October. Most things relate to property and Exhibit A. Things like changing the DUNS number and getting a new SAM (System for Award Management) registration can't be done until ownership transfers. It takes about a month to change a number to a new entity, which is required for grant awards. Ms. Fah will work between parties to help separate items for an easier transition.

Mr. Myres asked if there's any items that absolutely need to be handled before January 1, 2022, like bank accounts and legal matters? Topics might include financial backing and the ability to tax, naming all agreements in one legal document, and using a chart of accounts with the same revenue codes. Mr. Towle will reach out to Duluth and Fargo airports. He thinks most airports break their budgets down by cost centers, different from the current reporting.

- 7) New/Other Business
 - a. Allegiant's condensed flight schedules were available. Good customer service is a large part of providing this air service.
- 8) Adjournment
 - a. Ms. Bestgen made a motion to adjourn at 4:38 pm, Mr. Quade seconded. Motion carried unanimously.
- 9) Next Board Meeting - Thursday, August 5th, 2021 at 3:00 pm

Respectfully submitted,
Lynn Hoff, Airport Secretary