



# DULUTH AIRPORT AUTHORITY

## DULUTH AIRPORT AUTHORITY MEETING MINUTES SEPTEMBER 19, 2023

**MEETING LOCATION:** **AMATUZIO CONFERENCE ROOM  
DULUTH INTERNATIONAL AIRPORT**

**DIRECTORS PRESENT:** Kim Maki  
Elissa Hansen  
Kevin O'Brien  
Michael Henderson  
Jason Crawford

**DIRECTORS PARTICIPATING VIA ELECTRONIC MEANS:**  
Jeff Anderson

**DIRECTORS ABSENT:** Dan Markham

**OTHERS PRESENT:** Tom Werner, DAA Executive Director  
Mark Papko, DAA Dir. of Operations  
Jana Kayser, DAA Dir. of Business Development  
Joelle Bodin, DAA Dir. of Finance and Administration  
Natalie Baker, DAA Dir. of Marketing and Communications  
Jenny Delnay, DAA Administrative Coordinator  
Steve Hanke, Duluth City Attorney  
Mike Magni, Monaco Air Duluth  
Kaci Nowicki, SEH  
Shawn McMahan, SEH  
Scott Sannes, SEH

**OTHERS PARTICIPATING VIA ELECTRONIC MEANS:**  
Kathy Leon, DAA Confidential Bookkeeper  
Matthew Stewart, SEH  
Don Monaco, Monaco Air Duluth  
Paul Huston, HNTB

**CALL TO ORDER:** Dir. Maki called the DAA board meeting to order at 8:00 a.m. Dir. Maki noted that Dir. Hanen is running a few minutes late (arrived at 8:06), Dir. Markham is absent, and Dir. Anderson is participating via electronic means.

Dir. Maki invited Mr. Tom Werner to provide the Executive Director's Review:

### I. EXECUTIVE DIRECTORS REVIEW

- **Air Service:** Mr. Werner provided an update on current air service with an air service presentation.
  - Total passengers at Duluth are up 8% year-to-date, although still down from 2019. Increased capacity on the market has allowed for growth since load factor is strong. It is trending in the right direction with peak season, however there will be a reduction in seats available in the fall. Nationwide, TSA has screened 102% of the passengers compared to 2019 levels.
  - Mr. Werner noted that as discussed at the recent Board Retreat, there is still no final decision by Sun Country about the returning of the Ft. Myers route. He also mentioned that he is continuing to build relationships with several airlines, including Avelo, Allegiant, and SkyWest.



- **Operations/Construction/Planning:** Mr. Papko provided the following updates:
  - Planning
    - New Air Traffic Control Tower (ATCT) Update
      - Mr. Papko shared that the DAA has not yet received the Requirements Workbook from the FAA yet, but it is expected no earlier than the end of September, possibly longer. He stated that his team is continuing to work through the pieces of work possible before receiving the Workbook, to determine what work could be completed to meet the amount and timing of funding received.
        - Mr. Werner shared that operational planning is concerned with the sequencing of projects as the funds are available, since bonding will likely not be available. He will continue to work with Dir. Anderson and the legislative team to see about the possibility of a cash bill.
      - Mr. Papko shared that EXP has a first draft of a design order but is waiting to deliver the final design until the Requirements Workbook is received. It is expected to be delivered in November.
      - Environmental Assessment (EA) Update: Mr. Papko shared that traditionally, the EA is started after receiving the full citing study and takes 6-9 months to complete. Thanks to the close relationship with the FAA, SEH was able to start a draft of the EA prior to receiving the full Citing Study. Now that the full Citing Study has been received, the public side of the EA can begin. Mr. Papko invited Ms. Kaci Nowicki to speak more on SEH's involvement in preparing the EA.
        - Ms. Nowicki shared that SEH has been working behind the scenes with the local district of the FAA to start the process on the EA. In August, they started the solicitation of view letters from the state and federal agencies. None of the agencies returned any concerns about this project. Now that the full Citing Study is received, the FAA is reviewing the full EA, which will take about 2 weeks. The EA is expected to be published prior to the next board meeting. There is no requirement for a public hearing, but there is an opportunity for anyone to request a public hearing.
      - 2024 CIP Approval Plan: Mr. Papko shared that we are on track to bring a draft before the board in October and will seek final approval in November.
    - Construction
      - Midfield Ramp: Mr. Papko shared that Phase 1 was completed this year and we have been awarded \$1 million in state funds for phase 2, so are starting to work on the design now.
        - Dir. Maki asked if this was out of sequence.
          - Mr. Papko said no. The midfield ramp has a lower priority, but this is more about the timing of state funds versus federal funds.
          - Mr. Werner shared that we wanted to be ready whenever the funds come in for this, since ramps can be a lower priority item.
          - Mr. Papko also shared that the next phases will be more complicated due to remediation that will need to be done based on previous military use.
      - Taxiway A Phase 2 + 4 Update: Mr. Papko was happy to report that the delay due to the duct bank went as well as possible. They are planning to start paving in the next couple weeks.
        - There is a 60-hour runway closure scheduled for October 6<sup>th</sup>-9<sup>th</sup>. It will close on Friday evening and reopen Monday morning. There will be open excavation happening, so once the closure starts, there is no way to re-open in the middle of that process. In addition, there will be some nightly closures leading up to that. Mr. Papko shared that he is working with tenants to minimize impact. Runway 3/21 will be available to use, and many planes will be coming in with lighter loads to use this option (less fuel, less passengers, less luggage).



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- Mr. Werner shared that the impact of the closure will also be dictated by weather. Bad weather may rule out using runway 3/21.
- Mr. Papko also shared that the DAA will be doing a review after these closures to see opportunities for improvement, which will be used to update processes and bidding contracts for the next round of closures in the coming years.
- Sky Harbor
  - New Sky Harbor Airport Terminal Update: Mr. Papko shared that the abatement process at the terminal building has been completed and the old building is coming down today. He stated it is exciting to see the end of an era and the start of a new one. He mentioned that there is a project camera on the terminal building to see the updates.
  - New Snow Removal Equipment Building Update: Mr. Papko shared that dirt will be moved starting this week for the new SRE building. Once that starts, there will be a better idea of scheduling, although it is expected to be completed in the spring.
- **Business/Property Development:** Ms. Kayser provided an update on the following projects:
  - Funding: The FAA recently gave some tentative information for eligibility for the Midfield Hangar, North Business Development Area and Hangar 104. While this is not official approval, the conversation did seem very positive.
  - MN Power Project on Stebner Rd: Ms. Kayser is working with the FAA on Section 163 to classify it for non-aeronautical purposes. There is a meeting in the next few weeks to update everyone on the process. The appraisal for this project is expected to come back by the end of the month.
  - Ranch Hangar: Digging on this project started on September 11<sup>th</sup> but has experienced slight rain delays. The timeline may be adjusted based on winter conditions. Originally was scheduled to be completed in November, but now is likely to be completed in January. Ms. Kayser has asked contractors to provide cost estimates for the additional charge of winter work conditions, if needed.
  - Car Rentals: Ms. Kayser shared that the contract with the three rental car operators expires at the end of the year. They have been presented with a new term sheet for the updated agreement, however there was significant pushback from one of the operators regarding the increase from 10% to 11% concession rate. Ms. Kayser noted that this is the only operator who is not local. Even though this fee is charged to the customer, not the operator, they are stating that it would have a ripple effect on them. Ms. Kayser is working with Mr. Werner to confirm what other options may be available. Ms. Kayser asked for board opinions on whether she should continue to pursue this change in rate or if this was too great of a risk of losing that corporate operator.
    - Questions arose about whether it was only one entity that was pushing back and clarifying the amount that would come from this fee.
      - Ms. Kayser clarified that it was indeed only one entity, however, that it was the largest entity. This increase in fee would result in about \$60,000 additional revenue for the airport, but about \$30,000 of that would be from this particular entity. If that entity chose to leave, the other operators would be able to absorb some of their business. Ms. Kayser also clarified that before arriving at this proposed change, she had checked with other airports through her AAAE connections to make sure our fees were in line with theirs. While it is difficult to compare airports directly, this change would be comparable.
      - Mr. Werner added that while this is not the forum to actively negotiate these terms, if any board member had specific questions, he would provide them a full update.
- **Financial Update:** Ms. Bodin provided an update on the following topics:
  - Concessionaire Audits Update: Notifications have gone out for auditing the operators at Sky Harbor. There has been some back and forth with some of the operators, especially the smaller ones since their financial controls are different than larger operations. Ms. Bodin stated that there has been some frustration in requesting additional information, however she emphasized that the



point of the audits is to help improve communications and clarity, not to seek additional funds from the operators.

- Budget Cycle Update: Ms. Bodin shared that they are currently working with a consultant for the rate models for 2024. The draft budget has been pushed back to October, with the final approval to come before the DAA board in November. It will then be presented to the City in early December.
- Ms. Bodin shared an update on Boris from Sky Harbor. His plane recently disappeared from the lot and his past due balance was officially sent to collections, due to no payment being made for several years.
  - Mr. Papko shared that Boris continues to be trespassed from Sky Harbor until his accounts are settled.
- **Marketing/Communications:** Ms. Baker provided an update on the following topics:
  - Sky Harbor Groundbreaking Recap: Ms. Baker shared that the groundbreaking went well and there was good media coverage of the event. She thanked everyone who was in attendance.
  - Board Retreat Recap: Ms. Baker also thanked those who attended the board retreat last week.
  - Duluth Chamber – Fuse Fest: Ms. Baker shared that DAA will be participating in this event tomorrow and donated some flight vouchers to support the Fuse program. She mentioned this is a great opportunity to market directly to young professionals.
  - Mr. Werner thanked Natalie for her recent hard work. He recognized that there have been multiple unique events that she had taken the lead on recently, including groundbreakings, tours, and the board retreat.
- **Legislative:** Mr. Werner provided an update on the following topics:
  - MN Senate Capital Investment Committee Tour:
    - Mr. Werner noted that there were lots of good conversations that happened at the recent Senate Tour and was a big credit to the staff for preparing for these tours. They were able to directly show the legislatures why the tower needs to be updated.
    - Mr. Werner shared that the House Capital meeting is happening next week. Mr. Werner expressed his excitement to repeat this tour. He stated that to have both the Senate and the House here is a testament to the support from the local delegations.
  - Air Traffic Control Tower Legislative Funding Request
    - Mr. Werner shared that he recently had a great call with Senator Klobuchar and has appreciated all of her efforts and advocacy on this project.
    - Mr. Werner shared a letter that was put out this morning signed by the entire delegation. It is a big compliment to all the work the congressional staff to help expedite the Requirements Workbook and help fund this project.
    - Mr. Werner shared that staff is busy working on the Airport Terminal Grant Request which is due on October 16<sup>th</sup>. He shared the competition for these funds is intense as there are lots of tower and terminal needs across the country.
- **Other:**
  - Mr. Werner shared that he recently returned from the National Airport Conference hosted by AAEE. There was much discussion about the FAA's new mandate about screening employees. Several small hubs are pushing back against this mandate. This change is not expected to impact Duluth yet. There was also lots of conversation with regional airports about pilot shortages and reduction in air services. Mr. Werner shared that Duluth seemed to be doing better than most similar airports.

## II. \*APPROVAL OF PREVIOUS MEETING MINUTES & OTHER CONSENT AGENDA ITEMS AS INDICATED BY \*:

### A. Approval of August 15, 2023, Meeting Minutes.

- Dir. Maki thanked everyone for their reviews moved to item II of the agenda.
  - Motion: Dir. O'Brien
  - Second: Dir. Henderson



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- Abstain: None
- Result: This resolution was adopted unanimously.

### III. \*DAA CASH DISBURSEMENTS

- A. Operating Register Sheets #22 - 24 of 2023; Operating ACH Payment Registers #22 - #25 of 2023; Construction ACH Register #7 of 2023.

### IV. \*CORRESPONDENCE

- A. DLH Construction Newsletter:
  - a. Dated August 11, 2023.
  - b. Dated August 18, 2023.
  - c. Dated August 25, 2023.
  - d. Dated September 1, 2023.
  - e. Dated September 8, 2023.
- B. August 2, 2023: Letter from the President/Founder of the Duluth Airshow.
- C. Tenant and Airfield User Notice, August 11, 2023: Cirrus Aircraft Innovation Center – Move project.
- D. August 22, 2023: Focus: US airline pilots fight their unions to increase retirement age.
- E. August 25, 2023: Giant Voices lands DAA account. Business North.
- F. August 30, 2023: Sky Harbor Airport to receive \$3.7 million upgrade. Business North.
- G. August 30, 2023: DAA breaks ground on new airport terminal at Park Point. Northern News Now.
- H. August 30, 2023: New Airport Terminal Announced for Sky Harbor. Fox 21 Online.
- I. August 30, 2023: Sky Harbor Regional Airport to undergo \$2.45 million project. WDIO.
- J. August 31, 2023: Sky Harbor Airport plans ascent with new, modern facilities. Duluth News Tribute.
- K. E-Mail from Monaco Air Foundation with Summary of August 2023 Activities; September 2, 2023.
- L. September 2023: Ground broken for five-bay airport hanger. Business North.
- M. September 2023: Newsmakers. Business North.

### V. OPPORTUNITY FOR PERSONS TO BE HEARD

- None

### VI. OLD BUSINESS

- None

### VII. NEW BUSINESS

- A. Resolution to Approve Employee Incentive Awards for Jana Kayser and Joelle Bodin in the Amount of \$1500 Each in Accordance with Operating Policy #5
  - Mr. Werner shared that there has been lots of hard work over the last 18 months, since the DAA has been short 1-3 employees over this time frame in key administrative functions. Ms. Kayser and Bodin have been working to cover these needs, while also giving their leadership in their respective areas. He noted that they are always positive and available to help, especially while now mentoring junior employees. Mr. Werner recommended approval of these incentives for these two great leaders of the organization.
  - Dir. Maki entertained questions or a motion.
    - The Directors thanked Ms. Kayser and Bodin for their dedication to the DAA.
    - Motion: Dir. O'Brien
    - Second: Dir. Hansen
    - Abstain: None
    - Result: This resolution was adopted unanimously.
- B. Resolution to Approve Terminal Office Space Lease Agreement between the Duluth Airport Authority and Short Elliot Hendrickson, Inc.



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- Ms. Kayser stated that this is the office lease space the SEH has had for a number of years. This is for a one-year renewal at the rate established by our Rates and Charges sheet that is reviewed annually in January.
  - Dir. Maki entertained questions or a motion.
    - Motion: Dir. Hansen
    - Second: Dir. Henderson
    - Abstain: Dir. Anderson
    - Result: All voting members said aye. This resolution was adopted.
- C. Resolution to Approve Concession Agreement between the Duluth Airport Authority and Smarte Carte, Inc.
- Ms. Kayser shared that this agreement is regarding the massage chairs in the terminal. There was confusion in the contract previously. Ms. Kayser stated that the DAA does get concessions from this agreement. The first month was in July for \$99, however that is expected to increase. There has been good feedback from customers. Ms. Kayser recommended approval for this agreement.
  - Dir. Maki entertained questions or a motion.
    - Motion: Dir. Crawford
    - Second: Dir. O'Brien
    - Abstain: None
    - Result: This resolution was adopted unanimously.
- D. Resolution to Approve the Updated Duluth Airport Authority Bylaws
- Ms. Bodin shared that Ms. Delnay did a lot of the work on this. They reviewed the bylaws due to changes requirements about in remote participation due to health reasons made by the state, but then also found other things that should be updated. She shared that the major changes included lots of formatting changes, job titles changed to match current positions, removing specific references to dollar values to instead reference policies and updating outdated procedures. Ms. Bodin noted that most of the changes were superficial and not very substantive changes. Ms. Bodin recommended approval of the amended bylaws.
  - Dir. Maki entertained questions or a motion.
    - Dir. Maki noted that she thought this was a good update after reviewing all of the changes. She noted that it is good to review these periodically to ensure they reflect our processes and regulations.
    - Motion: Dir. Henderson
    - Second: Dir. Crawford
    - Abstain: None
    - Result: This resolution was adopted unanimously.
- E. \*July 2023 Financial Reports  
 F. \*September 2023 Accounts Receivable  
 G. \*August 2023 Airline Statistics, Landline Statistics

## VIII. DIRECTOR'S REPORTS

- None

**ADJOURN:** The meeting was adjourned at 8:55 a.m.

Respectfully submitted,

Jenny Delnay  
Administrative Coordinator

APPROVED: \_\_\_\_\_

DATE: \_\_\_\_\_