



DULUTH AIRPORT AUTHORITY

Duluth Airport Authority

Meeting Minutes

December 19, 2023

MEETING LOCATION: Amatuzio Conference Room, Duluth International Airport

DIRECTORS PRESENT: Kim Maki
Kevin O'Brien
Jeff Anderson
Elissa Hansen
Dan Markham
Michael Henderson
Jason Crawford

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
Robb Enslin, Duluth City Attorney
Jack Carlson, Duluth Building and Construction Trades Council
Eric Monson, Lake Superior Helicopters
Don Monaco, Monaco Air Duluth
Kaci Nowicki, SEH
Scott Sannes, SEH
Shawn McMahan, SEH

OTHERS PARTICIPATING VIA ELECTRONIC MEANS:
Kathy Leon, DAA Confidential Bookkeeper
Dante Tomassoni, Cirrus
James Gibson, Cirrus
Paul Huston, HNTB
Adinda Van Espen, SEH
Matthew Stewart, SEH

CALL TO ORDER: Dir. Maki called the DAA board meeting to order at 8:00 a.m.

Dir. Maki presented Mr. Werner with a plaque for his AAE certification. She commended Mr. Werner on this achievement and recognized all his hard work and dedication to the Duluth International Airport.

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

I. *EXECUTIVE DIRECTOR'S REVIEW

- A. **Air Service:** Mr. Werner provided an update on the current air service with a presentation.
- Mr. Werner started that overall, 2023 was pretty comparable to 2022 and is expected to be about the same for 2024 and will be largely based on seats available on the market.



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- Mr. Werner noted that Year to Date enplanements are up from last year. The market is currently coming off the summer peak season and United is down to 2 flights per day. The Fort Myers route will be returning February thru April this year. Mr. Werner also shared that there is an estimated decrease of 1,000 air traffic controllers.
- Mr. Werner said his recent meeting with United went well. They will be looking to add capacity as their pilot numbers stabilize. They anticipate going back up to 3 daily flights next summer and possibly up to 4 flights per day August-October with additional flights to accommodate Great Lakes Cruising. They are also phasing out their 50 seat planes for 70 seat planes.

B. Operations/Construction/Planning: Mr. Papko provided the following updates:

- The Joint Airport Zoning Board's (JAZB) Board of Adjustment includes a representative appointed by the DAA Board of Directors. Mr. Papko shared that he will be looking for a nomination from the Board in January to fill that position in preparation for a variance request that will likely be presented to JAZB for the new Air Traffic Control Tower.
- Sky Harbor construction is continuing to move along nicely with the favorable weather and is hitting the expected timelines. The SRE project is wrapped up for the winter.
- The Air Traffic Control Tower preliminary site layout was presented. The current plan accommodates all requirements laid out by the FAA. This design can handle 90 inches of snow without hauling to a secondary location.

C. Business/Property Development: Ms. Kayser provided an update on the following:

- The Ranch Hangar projects are continuing, and Ms. Kayser shared recent photographs of the site. They are on track for a February completion to allow for Tenants to move in March 1st. There are no major issues with this project now.
- The RFP for NBDP and Midfield Hangars are in progress.
- Ms. Kayser had hoped the Car Rental Contract would be before the board today, however negotiations are still ongoing. There is a month-to-month provision in the contract. The new contract will come before the board in January.
- Dir. Anderson asked for clarification on the completion timeline for the Ranch Hangars and the process for selecting Tenants.
 - Ms. Kayser stated it is difficult to pinpoint a specific date with weather considerations but planning on mid-February completion date for a March 1st Tenant move in date. Ms. Kayser shared there is a lottery planned for any interested current tenants, then will move through the waiting list. The oldest name on the waiting list is from 2017 so, especially with the press surrounding this project, Ms. Kayser does not anticipate any issue in renting out all the hangar space.

D. Financial Update: Ms. Bodin provided an update on the following:

- ADK Compensation Survey Update: ADK is currently working on the study and are expected to have results back in early March.
- Staffing Update: Ms. Bodin shared that there is an employee on leave and the temporary (up to 12 months) position has been filled and will start in early 2024. In addition, the Financial Technician has resigned, so Ms. Delnay has been shadowing that role for potential growth.
- Storm Water Utility Update: After noticing a significant increase in these bills, Ms. Bodin has been working with the City to have lease lines so utilities can be assigned to those



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who are leasing the buildings. In addition, they are working on recommending changes to the City Code.

- Ms. Bodin shared that the 2024 Budget Presentation to the City Council on Monday December 11th went well and was unanimously adopted.

E. **Marketing/Communications:** Ms. Baker had nothing to report.

F. **Legislative Update:** Mr. Werner provided an update on the following:

- **State PFAS Transition Workgroup Meeting Recap:** Mr. Werner shared that this group is still in early stages, but has outlined its priorities, including decontamination of equipment and storage/disposal of PFAS. Current guidance shows that there will not be a way to decontaminate the current equipment, so will need to treat fluorine-free foam as if it were contaminated. This group is pushing for the state to set up a takeback program and funding for new equipment.
- **FAA Releases a New Air Carrier Incentive Program:** Mr. Werner shared that the DAA is reviewing these new requirements and will likely change the air carrier incentives at DLH moving forward. Mr. Werner stated there likely will be a new incentive program for the board to approve coming soon to remain compliant with these rules.

G. **Presentations/Tours/Travel Recap:**

- NSR

H. **Other:**

- Mr. Werner invited Mr. Don Monaco, President of the Monaco Air Foundation to share about the Monaco Air Foundation Merger with the Duluth Area Chamber Foundation.
 - Mr. Monaco stated that this merger is planned for the end of December. The Monaco Air Foundation was created in 2007 to support the aviation community. It is a 501(c)3 organization as a support organization to the DAA. There are IRS requirements to report back to the DAA Board, hence the monthly communications on Monaco Air Foundation activities.
 - Previous projects that the Foundation has helped with is bringing United Service to Chicago, F16 static display, Honor Flight (before they became a separate organization), Airport Tours with high schools and other groups and it is currently working with local high school students to bring aviation into their education.
 - There are some remaining funds, which will be transferred to the Chamber Foundation, since the two organizations have very similar goals.
 - Mr. Werner thanked Mr. Monaco for his years of leadership and the foundation for their continued support of the Duluth Airport.

- Dir. Maki thanked everyone for their reviews and moved to item II of the agenda.

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

A. Approval of November 21, 2023 Meeting Minutes

- Motion: Dir. O'Brien
- Second: Dir. Henderson
- Abstain: None



- Result: This resolution was adopted unanimously

III. *DAA CASH DISBURSEMENTS

- A. Operating Check Register Sheets #31-33 of 2023; Operating ACH Payment Register #35-38 of 2023; Construction ACH Register #10-119 of 2023.

IV. *CORRESPONDENCE

- A. DLH Construction Newsletter:
 - i. Dated November 17, 2023.
- B. DYT Construction Newsletter:
 - i. Dated November 17, 2023.
- C. November 30, 2023: SCASD Denver Grant Update.
- D. December 1, 2023: November 2023 Monaco Air Foundation Report.

V. OPPORTUNITY FOR PERSONS TO BE HEARD

- A. Mr. Jack Carlson signed up to be heard, but noted he would wait to speak until Resolution A.

VI. OLD BUSINESS

- A. None.

VII. NEW BUSINESS

- A. Resolution Supporting the Use of Project Labor Agreements as a Part of the Duluth International Airport's Air Traffic Control Tower Construction Project.
 - Mr. Werner stated that the Air Traffic Control Tower will be the largest building project since the Terminal, and he is excited for this project to get underway. He noted that we cannot do this project without the skill trade labor in our community. Mr. Werner introduced Mr. Jack Carlson, President of the Duluth Building and Construction Trades Council, to speak regarding Project Labor Agreements.
 - Mr. Carlson shared that he is looking forward to keeping this relationship moving forward to help the DAA get projects built. He stated that a Project Labor Agreement (PLA) is a valuable tool for project owners and helps smooth transitions between contractors and handle any issues ahead of time.
 - Mr. Carlson also shared that they have many lobbyists connected with them and their 17 affiliates. By pooling these resources, it helps with projects to be heard at the capital.
 - Mr. Carlson pointed out that one of the ideals of the PLA is that the workers are local, so those on the worksite will be the same individuals living in the community and spend their money in this community.
 - Dir. Maki entertained questions or a motion.
 - Motion: Dir. Hansen
 - Second: Dir. Henderson
 - Abstain: None
 - Dir. Anderson shared that this is a great step for the Authority on these projects. He has seen over the years how the PLAs work and contribute towards the success of projects. Dir. Anderson is particularly excited for the lobbyists to talk on behalf of this project.
 - Dir. Maki echoed Dir. Anderson's statements. She has also worked with many PLAs for years and it results in efficient and good projects that are



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done on time and to great standards. She appreciated the local workers doing the work on this project and expressed excitement to support this resolution and continuing this relationship.

- Result: This resolution was adopted unanimously.

B. Resolution to Approve the Duluth Air & Aviation Expo Air Show and Exhibition Agreement Between the Duluth Airport Authority and Kernz & Kompany.

- Ms. Kayser stated that the current airshow agreement covers the airshow in 2024, but they typically work 2 years in advance to secure acts/dates. This agreement will start in 2025 for one year, with two additional years built into the contract. Ms. Kayser noted that this is very similar to previous agreements but has some built-in flexibility for construction projects. The Fee Structure is the same as previous contracts and includes an escalator for union wage increases. Ms. Kayser noted that it was an easy negotiation process and is excited to keep the air show at DLH moving forward.
- Dir. Anderson expressed his gratitude for DAA admin staff and Mr. Welch's crew for the work that goes into the Air Show. He noted that it is impressive to hold the Air Show while also balancing the construction projects and encouraged everyone to attend.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. Crawford
 - Second: Dir. Henderson
 - Abstain: None
 - Result: This resolution was adopted unanimously.

C. Resolution to Approve Payment in the amount of \$77,950 to the City of Duluth for the 2024 Cost Allocation Fee.

- Mr. Bodin shared that this payment includes all the services that the City provides, including HR and Legal Services. This dollar amount requires board approval per Policy.
- Dir. O'Brien asked if there was a breakdown of these fees.
 - Ms. Bodin confirmed she has a breakdown, and the amount is similar to last year.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. O'Brien
 - Second: Dir. Markham
 - Abstain: None
 - Result: This resolution was adopted unanimously.

D. The Meeting Will Now Close to the Public Pursuant to Minn. Stat. 13D.05 Subd.3 (a) to Evaluate the Performance of Executive Director, Tom Werner. The Meeting Will Reopen to the Public at the Time Announced Upon Completion of the Evaluation. Members of the Public Will Need to Log Out or Be Removed During the Closed Meeting and Will Need to Log Back into the Meeting When it Reopens to the Public.

- Dir. Maki entertained questions or a motion.
 - Motion: Dir. Hansen
 - Second: Dir. O'Brien
 - Abstain: None
 - Result: This resolution was adopted unanimously.
 - The Meeting was closed at 8:42 a.m.

E. Regular Meeting Reopened to the Public Pursuant to Minnesota Statutes Chapter 13D.

- Dir. Maki entertained questions or a motion.



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- Motion: Dir. Markham
- Second: Dir. Hansen
- Abstain: None
- Result: This resolution was adopted unanimously.
 - The Meeting was reopened to the public at 9:05 a.m.

F. Summary of Year 2023 Performance Evaluation of Executive Director.

- Dir. Maki shared that the Board agreed that Mr. Werner's performance has been exceptional. She is grateful for Mr. Werner's work in managing finances, developing key airport staff, and being proactive about where the airport is going. Dir. Maki provided Mr. Werner a copy of the Board's responses.
- Dir. Anderson noted that the board management by Mr. Werner, including his intentional efforts to build relationships and communication, has been the best interactions he has experienced on any board.

G. Resolution Authorizing an Annual Salary Compensation of \$142,884, a Car Allowance of \$5,000 and a One-Time Incentive Payment of \$10,000 to Executive Director Thomas J. Werner Pursuant to Employment Contract.

- Dir. Maki stated that the Board would like to recognize Mr. Werner's hard work, but also looks forward to the results of the Compensation Study that is currently pending and may make additional changes based on those results. At this time, the Board is recommending a 4% increase in Mr. Werner's annual salary based on CIP, in addition to a one-time incentive of \$10,000 and the car allowance of \$5,000.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. O'Brien
 - Second: Dir. Crawford
 - Abstain: None
 - Result: This resolution was adopted unanimously.

H. Resolution to Approve Executive Director's 2024 Work Plan

- Mr. Werner stated that his Work Plan was included in the board packet and is aligned with the strategic plan and is looking forward to the big projects to come.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. Henderson
 - Second: Dir. Hansen
 - Abstain: None
 - Dir. Maki commented that Mr. Werner's priorities show where the organization is heading.
 - Result: This resolution was adopted unanimously.

I. *October 2023 Financial Reports

J. *December 2023 Accounts Receivable

K. *November 2023 Airline Statistics

VIII. DIRECTOR'S REPORTS

A. None

ADJOURN: The meeting was adjourned at 9:11 a.m.



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Respectfully submitted,

Jenny Delnay
Administrative Coordinator

Approved: _____
DAA Executive Director