



DULUTH AIRPORT AUTHORITY

Duluth Airport Authority Meeting Minutes February 20, 2024

MEETING LOCATION: Amatuzio Conference Room, Duluth International Airport

DIRECTORS PRESENT: Kim Maki
Kevin O'Brien
Dan Markham
Jason Crawford

DIRECTORS PARTICIPATING VIA ELECTRONIC MEANS:
Jeff Anderson

DIRECTORS ABSENT: Elissa Hansen
Michael Henderson

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
Don Monaco, Monaco Air Duluth
Shawn McMahon, SEH
Kaci Nowicki, SEH

OTHERS PARTICIPATING VIA ELECTRONIC MEANS:
Kathy Leon, DAA Confidential Bookkeeper
James Gibson, Cirrus
Horeya Czaplewski, EXP
Paul Huston, HNTB
Eric Monson, Lake Superior Helicopters
Matthew Stewart, SEH

CALL TO ORDER: Dir. Maki called the DAA board meeting to order at 8:00 a.m. Dir. Maki noted that Dirs. Hanson and Henderson are absent, and Dir. Anderson is attending remotely.

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 presented year-to-date numbers. United numbers are down, due to their capacity being down, but overall load factors are still high.
 - Renewed Business Case for Denver Service: A full update will be presented likely at the April Meeting, but this update is being done to ensure this route is still viable.



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- DL Up-Gauging aircraft in Support of Great Lakes Cruising: Delta is upgrading from their original jet to A319, which is great news for Duluth and adds 40 seats per frequency plus additional baggage capacity. Great Lakes Cruising has indicated that their passengers typically have a lot of baggage. A similar request has been sent to United and waiting to hear back.
- Mr. Werner shared that DAA has received an ATP Grant for \$10 million (the request was \$52 million, plus an additional \$14 million from the State). Regionally, the awarded amount was second only to MSP and tied with Fargo.
 - Towers were added later to this funding source, and 14 towers across the country received funding for about \$100 million total. DLH was tied for 5th largest award in this category.
 - Securing this funding was largely due to the work of the congressional delegation.
 - There will be at least two, possibly three, cycles of funding still to come, so DAA needs to be prepared to apply for those to stay competitive in all cycles.

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

- New Air Traffic Control Tower (ATCT) Update: Mr. Papko shared they are working on the design of the ATCT and recently had a 10% plan set deliverable meeting. The primary focus is twofold: External finishes/makeup of the structure, including cost estimations, and working with the City of Duluth for storm water, utilities, etc. A 25% deliverable meeting is scheduled for April.
 - Given the amount received from the ATP funding request, the team will need to decide how to put it to work now. They are in communication with the FAA regional office for how best to spend these funds.
 - CMAR RFP Update: 4 written submissions were received, and 3 interviews were completed. Working now on selection with a notification likely happening in the next day or two. Following contract negotiations, a new contract will come before the board either at the March Board Meeting, or at a Special Meeting before then.
- POTUS Visit: This was overall a good trip for POTUS. When he took off from the East Coast, there was total ice coverage on the runway. With the new de-icing trailer, DAA staff were able to clear the runway before he arrived.
 - Mr. Werner added that this new tool dramatically puts a dent in any weather-related delays. Without the trailer, there would have been issues/delays for POTUS's visit.
- Sky Harbor Terminal Update: Mr. Papko shared that the Terminal is now up, with final finishings being selected now. The team is gearing up for ribbon cutting/opening this spring and the first few events in the new building.
 - Snow Removal Equipment Building: No new updates. The building will be delivered in March or April and construction will restart at that time.

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

- The Ranch Hangar project is coming to a close with inspections this week. Tenants will move in March 1st. Four out of five hangars are currently rented, and Ms. Kayser is still working through the waiting list. Ribbon Cutting is planned for May, following some spring work on the site.
- NBDA Development RFP Update: The FAA is requiring this project go out for RFP, which was just approved by the FAA. The City will post this soon. This land is also under agreement with Monaco, however DAA is planning to buy out Monaco's interest



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at the March Board Meeting. Ms. Kayser thanked Mr. Monaco for allowing this to develop.

- Hydrosolutions of Duluth Termination Notice: This contract has been month-to-month for a long time. They have secured a new location and plan to vacate around May 1st.

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

- City of Duluth Property Insurance Renewal Update: This insurance renewal is being worked through as the City insures DAA properties. This will likely come before the board in March.
- Audit Preparation: DAA is proving audit information primarily virtually, but the auditors are also coming next Thursday. This is planned to be completed in March or early April.
- Parking System Update: There was an issue with the new parking system that went live in February 2023. There were a few complaints from customers that they were not being charged correctly. Hub audited the entire system and detected errors, including that the weekly rate discount was not being applied. There were overpayments totaling \$7,643 (0.5% of all funds collected). Everyone was refunded as of this morning. The issues should have been resolved, but Hub will continue to audit.
 - Mr. Werner added that this is an unfortunate issue. DAA plans to address it, fix it and move forward. There will be a press release about this coming out soon.
- Storm Water Charges Update: There is a class action lawsuit on Storm Water. There is a meeting soon to discuss the DAA's role in it.
- Title VI Plan: This is a new requirement from the FAA due April 1st. Ms. Bodin has been attending additional FAA trainings about this. This plan will need to be approved by the board after an FAA comment period, including a Community Participation plan.
 - Dir. Maki asked if this is the first time this has been required.
 - Ms. Bodin confirmed that it is.
 - Mr. Werner shared that this has been a multi-year effort by the FAA. Large and medium airports were required to complete this last year, and now all airports of DAA's size are going through this process.

E. **Marketing/Communications:** Ms. Baker provided an update on the following:

- Sky Harbor Naming Proposal Update: Ms. Baker is working with the Duluth Aviation Institute on this dedication. They will be presenting to the board next month.
- Sun Country Relaunch Giveaway: The online giveaway for a 3-night stay in Ft. Myers and \$500 flight voucher had over 6,000 entries. There was great feedback from the community. The winning name has not been released yet.
- Duluth and St. Louis County at the Capitol Days: DAA will be attending and lobbying for the ATCT. DAA booth will have a Plinko Put-Put game plus drawing for Club DLH passes and flight vouchers. The Chamber has also been looking at the organization of the Grand Reception and will be placing the DAA at a prominent location by the check-in and bar, alongside the 148th and DECC.
- UnWINEd Returning to Airport: This Hermantown Chamber of Commerce event is coming back to the airport. It was originally scheduled for April, but now is moving to September.
 - Mr. Werner added that this is a neat event with sampling of local food and beverage vendors and a silent auction. This is great exposure for the airport. DAA is also working on becoming a Title Sponsor for this event.



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

- **PFAS Transition Advocacy:** Meeting with MNDOT leadership to discuss their role in the transition. Other airports are doing legislative advocacy effort to get funded for their transition efforts.
- **FAA Reauthorization in Congress:** This has passed through the commerce committee. The current Resolution is through mid-March, which will likely have to be extended.

G. Presentations/Tours/Travel Recap: Mr. Werner provided an update on the following:

- **ACI's Air Service Development Conference:** A major discussion point at this conference was the use of cell phone data is becoming very prominent to help understand customers better. Airline Partners are still recovering from the pandemic and looking to see what happens with business travelers returning.
- **AAAE's Great Lake's Chapter Winter Board Meeting:** Featured the completion of strategic planning.
- **Cloquet High School Marketing and Tourism Class Presentation:** Mr. Werner presented the airport's role in tourism and jobs available at the airport to this high school class.

H. Other: Mr. Werner provided an update on the following:

- **City of Duluth Approval of Property and Sponsorship Transfer Update:** Mr. Werner shared that he is working with Mr. Enslin about tax exemption questions to ensure due diligence before approaching the City again about this.
- **Mr. Werner invited Mr. Don Monaco to give the board a Monaco Air Duluth Update:**
 - Mr. Monaco shared that the transition of Monaco Air Foundation to the Duluth Chamber Foundation is essentially completed, with the remaining funds closing out this month. Discussions are continuing regarding the Chamber Foundation taking over Honor Flights as well. The next Honor Flight is planned for May 31, 2025.
 - Mr. Monaco shared that he has decided to spend more time with family in Washington DC, so is in the process of unwinding his investments in Duluth over the next year. As part of that, Monaco Air Duluth will be going up for sale. He has engaged an outside consultant to help with the transition and will be including the Duluth Flying Club to be bought by a single entity.
 - The Duluth Flying Club is doing well and is now up to 5 aircraft to support the students. They are also adding operations in Eveleth to scout for the mines.
 - Mr. Monaco shared that he expects to have a report back from his consultant in the next month and start conversations with perspective buyers in March. He does not expect a transition to happen until late summer.
 - Mr. Monaco expressed that his priority is to preserve the legacy that Monaco Air Foundation has built, so he will be picky with the buyer, however long that takes. His highest priority is to deal with his employees in a fair way and to have the same principles and values in the new buyer.
 - Dir. Markham asked about the potential pool of buyers.
 - Mr. Monaco shared that there are some FBO owners who own a few operations and some of the smaller chains can be attractive. Overall, he is looking for someone who has experience with this type of business. Mr. Monaco noted that they are a unique FBO in terms of the breadth of



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services they offer, including military operations, customs facility, fueling and de-icing. He expects a good amount of interest in purchasing the business.

- Mr. Werner expressed his gratitude for Mr. Monaco's years of service. He thanked Mr. Monaco for everything he has done over the years and the legacy he is leaving behind.
 - Mr. Monaco also expressed that this was done in part due to the relationship between Monaco Air Foundation and the Duluth Airport Authority.

- 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 January 16, 2023 Meeting Minutes

- Dir. Maki entertained questions or a motion.
 - Motion: Dir. O'Brien
 - Second: Dir. Crawford
 - Abstain: None
 - Result: This resolution was adopted unanimously by roll call.

III. ***DAA CASH DISBURSEMENTS**

- #### A. Operating Check Register Sheets #2-4 of 2024; Operating ACH Payment Register #2-4 of 2024; Construction ACH Register #1-3 of 2024.

IV. ***CORRESPONDENCE**

- A. DLH Construction Newsletter:
 - i. Dated January 19, 2024
- B. DYT Construction Newsletter:
 - i. Dated January 19, 2024.
- C. January 2024: "Wingless Travel" Takes Flight at Regional Airports. AirportImprovement Magazine.
- D. January 12, 2024: Duluth air travelers prepare for layovers ahead of weekend snow storm. Northern News Now.
- E. January 24, 2024: Duluth Airport prepares to welcome President Biden. Northern News Now.
- F. January 10, 2024: Letter to IT Modernization Steering Committee. Minnesota's Local Air Service Action Committee.
- G. January 22, 2024: Mayor Roger J. Reinert announces the City of Duluth's top 2024 legislative bonding priorities. City of Duluth Communications Office.
- H. February 2024: Stronger Together! 27th Annual Duluth & St. Louis County at the Capitol Days, March 6-7. Chamber Xpress.
- I. February 7, 2024: Letter to Senator Klobuchar Re: FAA Reauthorization – Enhanced Qualification Program Amendment. Minnesota's Local Air Service Action Committee.
- J. February 7, 2024: Letter to Senator Smith Re: FAA Reauthorization – Enhanced Qualification Program Amendment. Minnesota's Local Air Service Action Committee.
- K. February 8, 2024: Senate Committee Approves FAA Bill. AAAE Federal Affairs Airport Alert.
- L. February 10, 2024: Duluth seeks replacement of outdated air traffic tower. Star Tribune.



V. OPPORTUNITY FOR PERSONS TO BE HEARD

- A. None.

VI. OLD BUSINESS

- A. None.

VII. NEW BUSINESS

A. Resolution to Approve Sponsorship Agreement Between the DAA and ALLETE Inc.

- Ms. Baker shared the agreement with Allete was previously a 10-year agreement. This is a 1-year agreement, with the option to extend it for an additional year.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. Markham
 - Second: Dir. O'Brien
 - Abstain: None
 - Result: This resolution was adopted unanimously by roll call.

B. Resolution to Award Contract in the Amount of 83,624.00 to Parsons Electric for the Reconstruction of the Runway 27 Precision Approach Pathway Indicator (PAPI) Lights.

- Mr. Papko shared this is a replacement of the critical visual aid to ensure alignment, which are airport owned.
 - Dir. O'Brien asked if this was for the unit themselves or also for electrical work.
 - Mr. Papko stated this was just for the units. The primary cabling is there but will be some work that needs to be done.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. Crawford
 - Second: Dir. Markham
 - Abstain: None
 - Result: This resolution was adopted unanimously by roll call.

C. Resolution to Approve Work Order 2024-1 between Short Elliot Hendrickson, Inc. and the Duluth Airport Authority for the Construction Administration of the Runway 27 PAPI Replacement.

- Mr. Papko stated this is part of their 5-year master agreement. This agreement also encompasses the necessary FAA required calibration of the units.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. O'Brien
 - Second: Dir. Crawford
 - Abstain: Dir. Anderson
 - Result: This resolution was adopted unanimously by all voting members by roll call.

D. Resolution to Approve the Vehicle Rental Lease and Concession Agreement Between the Duluth Airport Authority and Sonju Enterprises Inc. (Avis Rent-A-Car).

E. Resolution to Approve the Vehicle Rental Lease and Concession Agreement Between the Duluth Airport Authority and Krenzen Corporation (Budget Rent-A-Car).

F. Resolution to Approve the Vehicle Rental Lease and Concession Agreement Between the Duluth Airport Authority and Enterprise Leasing Company of Minnesota, LLC (Enterprise Rent-A-Car, National Car Rental and Alamo Rent-A-Car).



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- Ms. Kayser stated each of these contracts have a slightly different Minimum Annual Guarantee based on their volume, but otherwise the same. These contracts are for all vehicle rental agencies at the airport. It was previously signed in 2011 but needs to be updated with current language. The CFC increase approved by the board is also included in these contracts. All rental spaces remain the same. This contract also includes that the car rental companies will use DAA fiber internet.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. Markham
 - Second: Dir. O'Brien
 - Abstain: None
 - Result: Resolutions D, E, and F were adopted unanimously by roll call.

G. Resolution to approve Renewal Agreement between iFIDS and the Duluth Airport Authority.

- Mr. Papko shared that iFIDS is the system that displays information about flights, gates and baggage information throughout the terminal. This contract has been month to month and has not kept up with their rates. This contract includes tiered pricing to increase over three years to their current rate.
- Dir. Maki entertained questions or a motion.
 - Motion: Dir. Crawford
 - Second: Dir. Markham
 - Abstain: None
 - Result: This resolution was adopted unanimously by roll call.

H. *December 2023 Financial Reports

I. *February 2024 Accounts Receivable

J. *January 2024 Airline Statistics

VIII. DIRECTOR'S REPORTS

- A. Dir. Maki shared that this is Dir. Markham's last meeting with the DAA. He has tendered his resignation due to other obligations. Dir. Maki thanked Dir. Markham for his service to this board.

ADJOURN: The meeting was adjourned at 8:58 a.m.

Respectfully submitted,

Jenny Delnay
Administrative Coordinator

Approved: _____
DAA Executive Director