



DULUTH AIRPORT AUTHORITY

Duluth Airport Authority

Meeting Minutes

December 17, 2024

MEETING LOCATION: Amatuzio Conference Room, Duluth International Airport

DIRECTORS PRESENT: Kevin O'Brien, President
Michael Henderson, Vice President
Jeff Anderson, Secretary
Elissa Hansen
Jason Crawford
Sandy Hoff
Briana Johnson

DIRECTORS PARTICIPATING VIA ELECTRONIC MEANS:

DIRECTORS ABSENT: Dir Hansen arrived at 8:24 AM.

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 Finance Technician
Aimee Bone, DAA Administrative Coordinator
Rob Missinne, Monaco Air

OTHERS PARTICIPATING VIA ELECTRONIC MEANS:

Robb Enslin, City Attorney
Horeya Czaplewski, EXP
Paul Huston, HNTB
Shawn McMahan, SEH
Kaci Nowicki, SEH

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

Dir. O'Brien 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:
 - Strong progress post-pandemic with 8% YTD enplanement increase, November increased 29% for the month versus 2023 with Delta at an 8% increase, and United at an 86% increase.
 - Load factors remain strong, with at Delta 83%, and United in the high 80s.
 - United (44%) is close to Delta (55%) in market share.



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- Seat capacity, strong for both carriers, Delta up 7%, United up 99% from last year, Delta up 6% YTD, United 28% YTD.
- Monthly average available seats per year-improvement to 14,000 per month for 2024, on right track for recovery, 2024 16% decrease compared to 2019. Airline partners say crew/pilot shortages are subsiding.
- DLH had a small community air service grant meeting with DOT and discussed how to repurpose funds within the confines of original proposal, such as a western destination with a low-cost carrier. Mr. Werner will work with Ms. Baker and send it back to the DOT for further progress and will approach local stakeholder groups during the process.

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

- The new ATCT 100% design for bid plan set has been received, focusing on funding aspect now, and will continue with small tower projects to keep grants intact in respect to the timeframe to maintain grant availability.
- Customs and Border Protection (CBP) Federal Inspection Services: DLH drafted a letter in response to their request to update space and stated its position on the requests and CBP will respond shortly.

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

- Lifelink Hangar: DLH has solidified funding eligibility with FAA and is working on getting an agreement in place with rent terms finalized; bids anticipated at the end of March 2025.
- MN Power: progress continues to build a new service center and add utilities on Stebner Road to support future development. The City of Rice Lake received an EDA grant to aid in the extension of the utilities which includes water and wastewater infrastructure improvements. MN Power is expecting construction to start in 2029.
- The summer DLH internship position has been posted.

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

- Information was received from the city about cost allocation and Ms. Bodin will review it before paying the 2025 fee.
- There will be a stormwater meeting in early January to discuss billing maps.
- The airport budget was approved at the December 9, 2024, city council meeting.

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

- Planning for Duluth & St. Louis County Days which will be February 12-13, 2025.
- Ms. Baker, Ms. Delnay, and Ms. Bone participated in the Duluth Area Chamber of Commerce Holiday After Hours. There were several advertising inquiries, and the event provided strong engagement with community members.
- Aircraft Viewing Area: Ms. Baker received an inquiry from a trust manager who would like to implement an aircraft viewing area and Ms. Baker is working on feasibility.

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

- Mr. Werner met with a representative of Congressman Pete Stauber in Washington, DC, to discuss ATCT funding and sourcing for additional federal funding. There is one more airport terminal grant cycle, with \$11 million dollars in grant funds secured thus far. Within the IJA (Infrastructure law), there is also a portion of unencumbered funds and the first \$100 million is allocated to contracted staffed tower projects around the country.



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DLH is working on language in funding allocation to include locally owned, federally staffed, and there is low competition for the grant money and district allotment.

- Lifelink project is very close to reaching funding goals, exploring funding allocation.

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

- NSR

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

- Monaco Air: Vantage Aviation Letter of Intent for purchase, currently negotiating, expects to close Q1 2025, updates at upcoming board meeting.

- Dir. O'Brien 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 19, 2024 Meeting Minutes

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

III. *DAA CASH DISBURSEMENTS

A. Operating Check Register #30; Operating ACH Payment Registers #30-31; Construction ACH Register #16.

IV. *CORRESPONDENCE

- A. November 15, 2024: Plane Makes Emergency Landing at Duluth Airport. WDIO.
- B. November 25, 2024: Duluth Airport Sets Traffic Record. Business North.
- C. November 25, 2024: Grand Rapids Area Chamber of Commerce Letter of Support for the Duluth Airport Authority Tower Upgrade. Letter. GRACC.
- D. November 25, 2024: DLH Achieves Record-Breaking Operations in September 2024: A Call for Continued Funding Support. Press Release. DAA.

V. OPPORTUNITY FOR PERSONS TO BE HEARD

A. None.

VI. OLD BUSINESS

A. None.

VII. NEW BUSINESS

A. Resolution to Approve the Duluth Airport Authority's Air Carrier Incentive Agreement Template.

- Mr. Werner shared the FAA updated their guidance to airports on air carrier incentives. Highly regulated and there are new recommendations from the FAA to use a contract to memorialize the relationship between the airport and the air carrier in terms of incentives and articulates what is required, etc.



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- Dir. O'Brien entertained questions or a motion.
 - Motion: Dir. Henderson
 - Second: Dir. Hansen
 - Abstain: None
 - Result: This resolution was adopted unanimously.

- B. Resolution to Approve a Professional Services Agreement and Statement of Work for Audit Services Between the Duluth Airport Authority and CliftonLarsonAllen, LLP.
 - Ms. Bodin shared a follow-up on the audit services RFP process and CliftonLarsonAllen, LLP was awarded the contract and will be fulfilling the same obligations as the state auditors.
 - Dir. O'Brien entertained questions or a motion.
 - Motion: Dir. Hansen
 - Second: Dir. Johnson
 - Abstain: None
 - Result: This resolution was adopted unanimously.

- C. Resolution to Approve Service Agreement Between the Duluth Airport Authority and Marsden Central, LLC for Janitorial Services at Duluth International Airport.
 - Mr. Papko shared the janitorial RFP process recap and Marsden was awarded the contract and will start March 1, 2025, if approved. Mr. Papko added that it's likely that current janitorial staff at DLH will transfer over to Marsden.
 - Dir. O'Brien entertained questions or a motion. Dir O'Brien asked what other local contracts Marsden has, and Mr. Papko confirmed that they have several local contracts.
 - Motion: Dir. Hoff
 - Second: Dir. Johnson
 - 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. O'Brien entertained questions or a motion.
 - Motion: Dir. Anderson
 - Second: Dir. Henderson
 - Abstain: None
 - Result: This resolution was adopted unanimously.
 - The Meeting was Closed at 8:40 AM.

- E. Regular Meeting Reopened to the Public Pursuant to Statutes Chapter 13D.
 - Dir. O'Brien entertained questions or a motion.
 - Motion: Dir. Crawford
 - Second: Dir. Hansen
 - Abstain: None
 - Result: This resolution was adopted unanimously.
 - The Meeting was reopened to the public at 9:14 a.m.



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F. Summary of Year 2024 Performance Evaluation of Executive Director.

- Dir. O'Brien shared that Mr. Werner had strong reviews from all board members. Dir. O'Brien provided Mr. Werner a copy of the Boards responses. Dir. O'Brien discussed Mr. Werner's "dedication to staff development, forward thinking in all aspects of what's important for the airport, showing up every day and hitting it out of the ballpark."

G. Resolution Authorizing an Annual Salary Compensation of \$185,560, 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 O'Brien stated that the Board would like to recognize Mr. Werner's hard work. At this time, the Board is recommending Mr. Werner's annual salary of \$185,560 in addition to a one-time incentive of \$10,000 and the car allowance of \$5,000.
- Dir. O'Brien entertained questions or a motion.
 - Motion: Dir. Johnson
 - Second: Dir. Crawford
 - Abstain: Dir O'Brien
 - Result: This resolution was adopted unanimously.

H. Resolution to Approve Executive Director's 2025 Work Plan.

- Dir. O'Brien entertained questions or a motion.
 - Motion: Dir. Henderson
 - Second: Dir. Hoff
 - Abstain: None.
 - Result: This resolution was adopted unanimously.

I. *October 2024 Financial Reports

J. *December 2024 Accounts Receivable

K. *November 2024 Airline Statistics, Landline Statistics

VIII. DIRECTOR'S REPORTS

- A. Dir. O'Brien mentioned that he and Dir. Hansen will meet about the board attendance policy and follow up accordingly.

ADJOURN: The meeting was adjourned at 9:19 AM.

Motion: Henderson

Second: Johnson

Respectfully submitted,

Aimee Bone

Administrative Coordinator

Tom

Werner

Digitally signed by

Tom Werner

Date: 2024.12.30

13:53:51 -06'00'

Approved: _____

DAA Executive Director