Missoula Urban Transportation District
Board of Directors Meeting Minutes
January 23, 2025

APPROVED

MEMBERS PRESENT	MEMBERS ABSENT	STAFF PRESENT
Don MacArthur	Lisa Sheppard	Jordan Hess
Eva Rocke		Colin Woodrow
Sam Oliver		Allison Segal
Jason Wiener		Heather Halter
Amy Cilimburg		Jen Sweten

GUESTS
Kyle Gauthier, DJ&A
Kyle Druyvestein, DJ&A
Flint Olsen, Quality Construction
Eric Reiber, Quality Construction
Ronald Reekes, Wendel Companies
Jeana Stright, Wendel Companies

1.0 Call to Order and Roll Call
12:01 p.m. – MacArthur called the meeting to order and asked for a roll call.

2.0 Public Comment on Items Not on the Agenda
None.

3.0 Approval of Minutes & Financial Statements

3.1 December 19, 2024, Board Meeting Minutes – Wiener moved to approve the minutes, Oliver seconded, and the motion carried.

3.2 November 2024 Financial Statements – Strauss reported expenses continue to post lower than budget due to budgeted expenditures that have not been completed yet. There is no reason to expect a tax revenue shortfall despite county revenue showing up later than in previous years. Wiener moved to approve the financial statements as recommended by the finance committee. Strauss seconded and the motion carried.

4.1 Agency Activity Report – Hess explained that the former general manager's report had been changed to more accurately describe the staff's activities during the month. He invited board members to ask questions, but the senior leadership team would no longer reiterate what was written in the report.

5.1 Legislative Update – Hess advised that the agency is learning the implications of the administration's recent executive order through consulting with the Federal Transportation Administration Region 8 staff and industry trade association reports.

A small staff team has been set up to review proposed legislation in coordination with the city, county, community groups and housing advocates. Hess said his recent visit to meeting with local legislators was fruitful. Though there are a few proposed property tax bills, they likely won't solidify into an actionable bill until the session is almost over.

5. 2 Grant Creek Realignment Cost Share Agreement – Woodrow explained there is a $557,000 gap between the estimate for realigning Grant Creek and grant requirements. The agency's share of that gap (a three-way split with the sellers and adjacent property owners) is $125,396.42. Strauss said he was concerned about the indemnification provision because it was very broad and did not protect the parties adequately. He also said the timeliness provision did not protect the agency if the City of Missoula is delayed in completing the project. Woodrow confirmed that the cost discrepancy was attributable to the delay between when the city received the original cost estimate from one firm and now another firm is engineering the project. The cost of the required fill dirt for creek reconstruction has risen dramatically.

Wiener moved to authorize the general manager to execute the cost share agreement, provided the provision is changed to remove indemnification against willful misconduct. MacArthur suggested replacing that phrase with standard language indemnifying and holding harmless the other parties to the extent of state law. Wiener then restated the motion for approving the cost share agreement amending clause six to state each party shall indemnify, defend and hold harmless the other party from claims, liabilities, or damages to the extent required by law in connection with the agreement. Strauss seconded the motion, and it carried unanimously.

5.3 New Facility Off-Site Improvements – Woodrow explained the shared infrastructure agreement that accompanied the purchase agreement for the land requires a subcontract with Wendell for developing the initial infrastructure. Strauss asked how the scope addresses the fill material settling over time. Gauthier explained that the entire creek will be filled in on the north and west sides of the property and built in such a way that adds more usable space to the property. He said the additional 12.5% fee is typical based on the project's complexity and the municipal requirements. MacArthur asked how the fixed-fee proposal addresses potential scope changes. Gauthier said though the scope is thorough enough to mitigate risk without a major scope change. Cilimburg moved to authorize the general manager to sign a professional services agreement with Wendel Companies in an amount not to exceed $1,035,017 for design and construction management services for the new facility off-site improvements. Oliver seconded and the motion carried unanimously.

5.4 New Facility 30% Design & Cost Estimation Review – Woodrow said the goal is to ensure that the board agrees with the 30% design cost estimation and establishes clear priorities. The staff will then present a proposal for approval at the February board meeting that reflects those priorities. MacArthur asked for clarification of the actual grant total awarded. Woodrow responded that the total project is estimated at $65 million, including the $39 million award and a $15 million loan from a Transportation Infrastructure Finance and Innovation Act (TIFIA) loan that provides credit assistance for large-scale transportation projects. Hess emphasized that the agency is not recommending taking on a $23.5 million debt and adjustments will need to be made to avoid that. Woodrow said the potential for receiving additional funds through the shared infrastructure agreement is not factored in because the timing for receiving those funds is unknown. Wiener confirmed that the goal is to drive short-term debt to zero and lower the TIFIA loan to $15 million.

Segal said the reserve fund status at the end of the fiscal year will dictate how much can be allotted to the project now that the new shared infrastructure portion is required. MacArthur emphasized that the building construction, vehicle charging and electrification elements are the only parts of the project where the agency has any control over costs.

Woodrow said the FTA will have to approve the property acquisition and building the project through an administrative settlement and that is the only part of the project where federal funds can be used. The local match funds will be used for the shared use infrastructure shortfall.

Woodrow confirmed that the total funds ($39 million award and local matching funds) cannot be used for the shared infrastructure. MacArthur wanted clarification on how the awarded funds can be used if there is not a TIFIA loan. Woodrow said the local matching funds should be allocated to the land acquisition based on the final appraised value. MacArthur said it appears as if the agency will have to pay cash for the offsite improvements and wanted to understand those costs.

Olsen that his team built an estimate separately from Wendel's that the two teams then reconciled to determine an accurate estimate based on the 30% design drawings. The $50 million figure includes contractor's and owner's contingencies and will require continuous fine tuning. MacArthur confirmed that $50 million is the number the board should see on bid day in six to eight months. Strauss asked what the contingency amount was. Reiber responded the construction contingency is $3.5 million. Woodrow said the owner contingency is almost $3.5 million. MacArthur asked what the agency should carry to deal with change orders. Olsen replied $3.5 million which is higher than normal. Stright said it should cover the inevitable change orders that will arise but does not include some of the board's requests such as the microgrid. Though there may be an opportunity to partner with the Missoula Electric Cooperative on that element of the project.

Stright reviewed areas where the board could decide to scale the project such as changing the electrical approach, building a canopy, installing a geothermal system, or removing bus storage lanes. These items represent the essence of what the agency requested for the new facility with minimal compromise.

MacArthur requested a chart showing how much debt service would be required for different construction amounts. Segal responded that if $7.5 million is taken off the total project cost, the TIFIA loan would be about $9 million with $6.5 million in near-term debt. The total debt would be about $14-$15 million. In five years, that would cost about $1 million annually in combined debt service.

Strauss asked about the cost of retaining the paratransit services at the existing base over five years and ten years. Hess said the staff had not contemplated those scenarios but it is something to consider.

MacArthur said the challenge is continuing to deliver transit service while serving the debt. Giving up improving service delivery while paying on a loan is not the goal.

The Wendel team will follow up with return-on-investment scenarios for a geothermal and traditional HVAC system with a sustainability report at the February board meeting.

MacArthur requested a meeting to discuss and understand the various tradeoffs thoroughly enough to make informed decisions.

Strauss asked whether photovoltaic solar (PV) was included in the current estimate. Woodrow replied it was not.

MacArthur asked if there was a limit to the TIFIA loan amount. Segal replied there are no parameters, so it was important to be confident in knowing exactly what to request in the loan. MacArthur asked why the whole project couldn't be built using TIFIA loan funds. Woodrow replied that the shared infrastructure project would not qualify based on the strict federal requirements.

Cilimburg suggested that the estimate should include PV solar because it is an inexpensive power source. MacArthur concurred and asked that the next review contain an estimate for making the building net zero because PV represents a better return on investment. Cilimburg said the PV solar option depended on partnering with the MEC. MacArthur asked to see another $7 million cut in the next review at the February board meeting.

5.5 2022 Low-No Charger Procurement – Woodrow explained the need for the chargers. MacArthur asked if the chargers had a lifespan. Sweten said the life expectancy is about ten years. Woodrow said the goal is to maximize infrastructure costs at the current base that avoids additional cost at the new facility. Wiener moved to authorize the purchase of four new chargers in an amount not to exceed $472,200. Cilimburg seconded the motion, and it carried unanimously.

5.6 Surplus Bus Disposition – Sweten explained it was time to dispose of the buses that had been used for parts to keep other buses running. If the reserve scrap price is not met, the buses will be salvaged. Cilimburg moved to authorize the disposition of buses 425 and 427. Oliver seconded the motion, and it carried unanimously.

Hess acknowledged Sweten’s 18 years of service to the agency.

6.0 Adjournment – MacArthur adjourned the meeting at 2:13 p.m.