

MISSOULA URBAN TRANSPORTATION DISTRICT

Board of Directors Meeting Minutes

September 4, 2025

APPROVED

Members Present: Don MacArthur, Sam Oliver, Jason Weiner, Amy Cilimburg, Lisa Sheppard, Sebastian Strauss

Members Absent: Eva Rocke

Staff Present: Jordan Hess, Colin Woodrow, Allison Segal, Heather Halter, Frank Kuhl, Stephane Gariepy

Guests: Derek Hitt, Teamsters Local No. 2 Business Agent; Don Groves, Teamsters Local No. 2 Shop Steward; John Powers, Teamsters Local No. 2, Shop Steward; Kyle Druyvestein, DJ&A; Kyle Gauthier, DJ&A; Lindsay Brownschidle, Wendel Companies; Alan Bronec, Cushing Terrell; Steve Scharff, Baker Tilly Municipal Advisors; Courtney Ellis, Dorsey Whitney

1.0 Call to Order and Roll Call

12:01 p.m. Strauss called the meeting to order and asked for a roll call.

2.0 Public Comment

Hitt expressed frustration over a video depicting unsafe driving by a supervisor, arguing it reflects a double standard in accountability within the organization. He called for improvements in communication and training for staff and supervisors. Strauss responded that the board would review the matter and Halter added that an investigation was ongoing.

Powers asked about the timing of delaying the August board meeting until the first week of September due to a lack of quorum resulting from multiple vacation schedules. Hess pointed out that notices for meetings were posted for previous meetings as requested.

3.0 Approval of Minutes & Financial Statements

3.1 July 24, 2025, Board of Directors Meeting Minutes

Strauss moved to approve the minutes, Cilimburg seconded the motion, and it passed unanimously.

3.2 July 11, 2025, Special Board of Directors Meeting Minutes

Oliver moved to approve the minutes, Sheppard seconded the motion, and it passed unanimously.

3.3 June 2025 Financial Statements

Wiener said the financial statement represents the end of the FY25 budget year and shows a surplus due to unfilled positions and projects that did not start. The agency received a larger than budgeted remittance from the redevelopment agency. He moved for approval of the June 2025 financial statements, Strauss seconded the motion, and it passed unanimously.

4.0 Reports and Presentations

4.1 Agency Activity Report

Hess announced that the recreation shuttle pilot program will run from September 13 to the last weekend in October. He expressed gratitude for the team that included community partners for putting the shuttle pilot together so quickly.

Woodrow advised that the planning committee meeting will include a field trip touring the planned Route 15 as well as a review of the transfer center interior renovation project. Strauss asked about the proposed contract amendment with IMEG (the engineering team for the bus stops). Woodrow responded that the stop design for Route 15 required an amendment to the original scope because the lead cycle is between 18 and 24 months.

5.0 Regular Business

5.1 Maintenance Collective Bargaining Agreement Reopening Approval

Halter reported that the union had agreed to the 1.5% increase and advised that a subject wage increase negotiation would occur in June 2026. Cilimburg moved to approve the maintenance collective bargaining agreement 1.5% wage increase. Sheppard seconded the motion, and it was approved unanimously.

5.2 Diesel Bus Disposal

Gariepy explained that the buses in question were no longer operable and have been parted out as much as possible. Hess added that three of the buses may be transferred to the University of Montana. Strauss moved to approve disposing of the buses and Oliver seconded it. In addition, some of the oldest buses may go to a company that rehabilitates and refurbishes buses for other agencies.

5.3 Geothermal Design Contract with Cushing Terrell and Wendel Companies

Kuhl explained that the contract covered the design fees and scope with Cushing Terrell for the new facility's geothermal system at a cost of \$101,495. Bronec said the amendment was needed to take the geothermal system 30% design to the next level. Strauss moved to authorize the CEO and general manager to sign a contract option with Cushing Terrell and Wendel Companies for designing and engineering the geothermal plant to cover phase three at a cost of \$101,495. Sheppard seconded the motion, and it passed unanimously.

5.4 New Facility – 605% Cost Estimate and Critical Path Review

Olsen and Reiber of Quality Construction appeared in a video to explain the 60% design estimate at \$45.8 million, that now includes the Grant Creek infill for the building foundation. The estimate includes site development, some building infrastructure, the administration and maintenance buildings, service lanes and bus storage. They worked with the Wendel team to reconcile the estimates based on some of the trade figures and big-ticket items Wendel had not included.

Olsen said the two teams would meet in mid-September to determine the most economical path as the design proceeds to bid pack assembly. Woodrow pointed out that the bus storage building is estimated at \$11.7 million. MacArthur asked for clarification regarding the phased building approach with respect to the funding. Woodrow said the Federal Transit Administration will fund a standalone project with functional buildings and spaces. Hess said separating the projects timelines is necessary to move forward with FTA funds obligations. Woodrow announced that the conditional letter of map revision was awarded at the end of August, leading to potentially closing on the land purchase in the fall. The new facility project is anticipated to close at year end 2028. Ideally, the agency would like to submit a draft financing plan to the FTA in November or December 2025.

Woodrow said the agency will be letting out the general contractor bid for the shared infrastructure portion in late fall. A design workshop with Wendel and Quality has been scheduled for September 24. The timeline for a spring 2026 start is on schedule.

Strauss commented on the solar installation price of \$3 million. Woodrow answered that the staff needs a decision from the board regarding a LEED gold certification. Achieving this requires a power purchase agreement debt. If the board wants to reduce the cost, the required ten percent energy set aside for LEED certification would be the minimum amount possible while still obtaining LEED.

5.5 New Facility – Financing Options

Segal said the new facility cost reflects \$12.4 million of facility reserves funds and federal funding of \$41 million. Debt funding stands at \$21 million, including the \$3 million solar cost. The total new facility cost is close to \$66 million. March 2026 (or FY26 Q3) is when a majority of facility funds will be drawn.

Ellis explained that the district has express statutory authority to issue general obligation bonds or revenue bonds. General obligation bonds are payable and levied without limitation as to rate or amount across all taxable property within the district. It is a very secure form of financing that requires approval by election. Revenue bonds are paid from the issuer's revenue and require more covenants and security that the bonds will be paid back. Paying back those revenues requires payback as part of the budget. Setting up a special improvement district represents a third option for funding and could be used for the shared infrastructure portion. MacArthur expressed approval on the special district bond as opposed to the GO bond that required a more political process that might not fit the project timeline. Hess mentioned that the city and county leadership are aware of the GO bond option.

Scharff said timing is the most critical element to successful bond funding. Ellis pointed out that voter approval may be the best route to secure the financing. A GO bond would increase the taxpayer's burden by ten percent if the two projects (new facility and shared infrastructure) are not split. If the property infrastructure goes under county funding through a special district, the overall cost of funding would be lower. One advantage of revenue bonds over GO bonds is a longer repayment period (more

than twenty years), though a longer pay off period means paying more interest. Another is that no voter approval is required. The downside is that revenue bonds require revenues of 1.3 to 1.5 more revenues as debt service coverage. Strauss asked what percentage of revenue is required. Scharff replied the amount is usually one times the annual debt service payment. MacArthur asked if the deficit reflected in the pro forma would be acceptable. Scharff said a mill levy election to generate more revenue would eventually be required. Annual debt service payments would be around \$1.5 million. Wiener observed that the pro forma reflects a potential mill levy increase would not be significant but it would fund a good portion of the agency's strategic objectives. MacArthur expressed concern about the \$1.5 million annual loan repayment. Wiener pointed out that taking a revenue bond strictly for the facility prohibits the agency from using the funds for operating costs because the revenue does not support the covenants required to take on the debt. Hess said asking the voters to build the new facility that only supports the existing service instead of service expansion would not be tenable.

Scharff explained that working with the county to establish a special district to fund developing the property would benefit the agency. MacArthur said the agency could fund the infrastructure development for five years but does not want to fund it indefinitely. Woodrow said the landowners were amenable to considering a special district.

Hess said the next required step is to get the federal funds obligated to stay within the project schedule. Strauss said at some point the agency would have to ask the voters for more funding so it was vital to decide what to ask for and how soon. MacArthur said if the agency does not get the recently applied for grant, the new facility project would have to be redesigned on a different scale. Strauss said subsequent conversations with the consultants should focus on phasing.

Strauss noted that Item 5.8 would be struck from the agenda.

5.6 Resolution 25-05 Relating to the Financing of Certain Projects; Establishing Compliance with Reimbursement Bond Regulations Under the Internal Revenue Code

Segal explained that the resolution was necessary for compliance with federal funding requirements and establishes the agency's intention to fund the project. Wiener moved to approve the resolution, Cilimburg seconded it, and it passed unanimously.

5.7 Board Reserve Funds Policy Revisions and Reserve Balances Discussion

Segal explained that the board reserve funds policy required revisions regarding how funds are transferred. Strauss moved to approve the policy as revised, Oliver seconded, and the motion passed unanimously.

5.8 Automatic Passenger Count Contract Amendment

Strauss struck the item from the agenda as the issue was no longer relevant.

6.0 Adjournment

Strauss adjourned the meeting at 2:01 p.m.