

## **ST. LOUIS AIRPORT COMMISSION**

**Wednesday, December 3, 2008 - 2:00 P.M.**

**JoAnne Wayne Conference Room**

Members Present: Mr. Bales, Mr. Esterline, Ms. Green, Mr. Lipman, Mr. McKinney, Mr. McNutt, Ms. Morrell-Charles, Mr. Nash, Ms. Osborn, Mr. Saracino, Mr. Sonderegger, Mr. Vaccaro, Ms. Young and Chairman Hrabko

Members Absent: Mr. Reed, Mr. Sauget, one vacancy on Commission

Airport Staff: Bradley, Kinsey, Kopinski, Korte, Lea, Mays, Salarano, Slay, Spencer, Ware, Wright and Zell

Legal Department: Niemann & Pandolfo

Guests: Lorenzo Boyd, Stifel, Nicolaus; Kevin Cahill, Edward Jones; Tim Embree, Mayor's Office; Candace Gordon, Comptroller's Office; Audrey Jones, PCA, Inc.; Ivy Neyland-Pinkston, Comptroller's Office; Mike Reid, Senator John Loudon's Office; Rich Ryffel, Edward Jones; Steve Salemi, Enterprise; Dorothy Spates, Ollie Dowell & Associates; Laura Timm, Enterprise; Brian Tournier, Stern Brothers & Co.; and Judie Wise, Bookmark-InMotion

News Media: Ken Leiser, St. Louis Post Dispatch; Kevin Killeen, KMOX Radio

The Meeting was called to order at 2:00 P.M.

Chairman Hrabko thanked the Commission members for attending the annual luncheon. The new Pasta House Restaurant, which has been open in the Main Terminal for approximately three weeks, catered the luncheon.

1. Approval is requested for the Minutes of the Wednesday, November 5, 2008 Airport Commission Meeting.

A motion for approval was made by Mr. Bales and seconded by Mr. Vaccaro and the motion carried unanimously.

### 2. **ORDINANCES**

Approval is requested for the following draft Ordinance:

- A. Draft Ordinance ratifying and adopting the action of the Mayor and the Comptroller of the City of St. Louis ("City") in accepting the execution on behalf of the City, FAA Grant Agreement No. 3-29-0085-114-2008 dated June 11, 2008. The Grant Agreement obligates the federal government to reimburse the City up to \$2,383,328 for direct costs

associated with the rehabilitation of Taxiway D (N to M and L to K)  
Phase 3.

A motion for approval was made by Mr. Vaccaro and seconded by Mr. Saracino.

Ms. Kopinski provided the details of the draft Ordinance as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

Phases 1 and 2 have been previously approved. The total amount of the project was \$3,177,770 with the FAA paying 75% of that cost. The remaining 25% - \$794,442 - is the local match, which will be paid with the Passenger Facility Charge (“PFC”) funds which were recently approved by the FAA.

There being no further discussion, a vote was taken and the motion carried unanimously.

- B. Draft Ordinance authorizing a Third Supplemental Appropriation in the amount of \$1,775,000 from the Airport Development Fund into the Airport Engineering Assistance Program Ordinance approved June 5, 2006.

A motion for approval was made by Mr. Nash and seconded by Mr. Saracino.

Ms. Kopinski provided the details of the draft Ordinance as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This ordinance funds the architectural, mechanical, electrical, civil, structural and survey on-call design contracts managed by Planning & Engineering. The original ordinance had a cap of \$5.4 million and the approval of this final appropriation ordinance would extend the amount appropriated to that \$5.4 million cap.

There being no further discussion, a vote was taken and the motion carried unanimously.

- C. Draft Ordinance authorizing the execution of the Agreement and Contract of Sale between the City of St. Louis (“St. Louis”) and Drury Displays, Inc. (“Drury”) substantially in the form set out in **EXHIBIT “1”**. This draft ordinance also authorizes the execution of the following companion or attendant permits, agreements, and instruments to the Agreement and Contract of Sale: a) the Special Use Permit, ATTACHMENT “2”, b) the Billboard Lease Agreement AL-502, ATTACHMENT “3”, c) the Access Permit, ATTACHMENT “4”, d) the Utility and Sight-Line Permit, ATTACHMENT “5”, e) and the Special Warranty Deed, ATTACHMENT “6”.

A motion for approval was made by Mr. Saracino and seconded by Mr. Lipman.

Mr. Salarano provided the details of the draft Ordinance as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

Chairman Hrabko commended Rich Bradley and Mario Pandolfo for the amount of work they put into this project in order to avoid condemnation proceedings against Drury.

Ms. Osborn asked whether the deal was a swap of land with Drury, whether it was correct that Drury was paying \$431 per year for rental of the billboard land, the amount that the Airport paid to purchase the land, and if the billboard would be placed on the land that the Airport purchased.

Mr. Salarano explained that the Airport is buying approximately 1.69 acres of land known as the Roadway Property from Drury for \$295,000.00. The City is also going to lease a small piece of land on Airport property to Drury to erect a billboard. The billboard lease area is not within the Roadway Property that the City is purchasing from Drury but is on Airport Property and the right to erect a billboard was part of the negotiations with Drury to complete this transaction.

Mr. McNutt asked why this particular land was vital to the Airport. Mr. Salarano explained that part of the Instrument Landing System, the localizer, needs to be relocated off of Runway 12L 30R and as part of that project McDonnell Douglas Boulevard needs to be relocated. In order to complete the relocation of McDonnell Douglas Boulevard, the City needed to acquire the Roadway Property and Special Use Permit from Drury.

Ms. Young asked how many billboards are actually on Airport property. After a discussion on the matter, Mr. Slay answered that there are three billboards currently erected on Airport property.

Mr. Bales inquired as to the reason for the relocation of the landing system. Mr. Bradley stated that the system needs to be 1,000 feet outside the runway for safety reasons and currently it is within that area.

Commissioner Green entered the proceedings at this time.

Mr. McNutt asked how the annual rent of \$431.25 for the Billboard Lease was arrived at. Mr. Salarano explained that it is a standard amount based on a non-aeronautical ground rent rate of \$.33 per square foot. Chairman Hrabko explained that the reason for the low rent amount is that the Billboard Lease area is a very small area of land, just enough on which to place a billboard.

There being no further discussion, a vote was taken and the motion carried unanimously.

- D. Draft Ordinance authorizing the City to enter into a grant agreement substantially as set out in Exhibit A offered by the Missouri Highways and Transportation Commission (the "Highways Commission") to reimburse the City for expenses relating to the development of air service improvements, including marketing strategy development for air service promotion and related undertakings (the "Project"). The Grant Agreement obligates the Highways Commission to reimburse the City up to Six Hundred Forty Six Thousand Eight Hundred Fifty Dollars (\$646,850) for direct costs associated with the Project.

Chairman Hrabko explained that this Project is the result of Missouri Senate Bill 930 which was passed this year. Aviation Trust Fund money from the State of Missouri, not the Federal Government, is now available to commercial airports for air service development.

A motion for approval was made by Mr. Vaccaro and seconded by Ms. Esterline.

Mr. Kinsey provided the details of the draft Ordinance as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

Trust Fund money is collected from the fuel tax paid by the airlines in Missouri. Of the approximately \$8.5 million collected per year, \$6 million is available only to non-commercial airports in Missouri. The remaining \$2 million is to be divided among the commercial airports. Lambert Airport was awarded \$646,850 in state money. This would be the first time that Lambert can build its marketing program with state grants as there were no funds available for that purpose in prior years.

Chairman Hrabko thanked Mr. Bales for his assistance in getting this bill passed.

There being no further discussion, a vote was taken and the motion carried unanimously.

### 3. **OPERATIONS/MAINTENANCE**

Approval is requested for the following item:

- A) Award and approval of a Service Agreement with The Flag Loft to provide for Flag Cleaning Services for the Airport. The Agreement will commence February 1, 2009 and will end on January 31, 2012. The total Not-To-Exceed Contract Amount will be \$18,000.00.

A motion for approval was made by Mr. Saracino and seconded by Ms. Osborn.

Mr. Slay provided the details of the Service Agreement as set out in the Executive Summary included with the agenda materials and recommended approval.

There being no further discussion, a vote was taken and the motion carried unanimously.

### 4. **OTHER BUSINESS**

Chairman Hrabko reported that InMotion has opened its new store on the E-Concourse, which offers books and electronics for sale.

Chairman Hrabko also advised that enplanements are down 5% this year and the Airport is looking for ways to reduce costs and increase revenues.

Mr. Slay informed the Commissioners that on December 8, 2008 approximately 12 gates on the D-Concourse (Gates D-12 – E-24) will be closed. This will save the Airport approximately \$893,000 per year. Chairman Hrabko advised that there would be a dividing wall put up at one

end of the Main Terminal. A removable barricade will be put up at the other end so that in the event that a gate is needed at the East Terminal the barricades can be removed. Surveys were taken of this area and very few passengers use this walkway. The tenants were advised of this decision.

Other cost reductions taken by the Airport this year total \$2.7 million. These included personnel freezes, closing of the valet service at the Cypress parking lot, equipment holds and a cut-back on security guards. Chairman Hrabko assured the Commissioners that the security at the Airport meets all criteria and is not being negatively affected by the cuts in security guards.

Mr. Sonderegger asked for a clarification of the cut-back on security. Mr. Slay responded that each security post is being evaluated and some security guards will be cut. For example, on the top level of the East Terminal Garage the guard posts were removed and 26 parking spots were added, thereby increasing revenue in the garage and reducing security guard costs.

Mr. McNutt stated his support of the cut-backs within D-Concourse and inquired whether there could be other revenue sources placed in that space. Mr. Slay responded that as there are not a great number of people moving through that area, the stores there have already closed. Chairman Hrabko explained that other revenue sources are being explored for developing the space available in the Main Terminal.

Mr. Vaccaro stated his support of the efforts of the Airport in finding ways to cut expenses.

Mr. Bales questioned the amount of effort needed to bring this area back to useable space if another airline were brought in. Mr. Slay explained that there will be a pull-down gate which can be moved to access the gates if needed. The closing of this space will not affect the existing airlines.

Ms. Osborn inquired about the status of a replacement for Jack Thomas of DBE. Ms. Kopinski advised that at the January meeting a contract will be brought before the Commission for approval of a consultant to step in for five to six months until a replacement is found. Chairman Hrabko stated that a national search is being conducted to find his replacement.

5. **NEXT MEETING**

Wednesday, January 7, 2009 at 2:00 P.M.

6. **ADJOURNMENT**

There being no further business, the meeting adjourned at 2:32 p.m.