

ST. LOUIS AIRPORT COMMISSION

Wednesday, April 7, 2010 - 2:00 P.M.
JoAnne Wayne Conference Room

Members Present: Mr. Bales, Mr. Esterline, Ms. Green, Mr. McKinney, Mr. McNutt, Ms. Morrell-Charles, Mr. Nash, Ms. Osborn, Mr. Reed, Mr. Sauget, Mr. Sonderegger Mr. Stelzer, Ms. Teitelbaum and Chairperson Hamm-Niebruegge

Members Absent: Mr. Clark, Mr. Kennedy, Mr. Lipman

Airport Staff: Beckman, Brown, Glasener, Kopinski, Linton, Mason, Mays, Salarano, Slay, Spencer, Taylor, Ware, White, Yochum and Zell

Legal Department: Niemann & Pandolfo

Guests: Lou Aboussie, Congressman Clay's Office; Marvin Anderson, Stern Brothers; Kara Bowlin, Mayor's Office; Patrick Brown, Mayor's Office; Linda Macey, Southwest Airlines; Ivy Neyland-Pinkston, Comptroller's Office; Stephen Rhodes; Richard Ryffel, Edward Jones; Tom Shepard, Board of Aldermen; Judie Wise, Bookmark-InMotion

News Media: Erica Byfield, KMOV; Elliott Davis, KTVI-FOX 2; Mike Garrity, KSDK; Dan Gray, KTVI-FOX 2/KPLR-News 11; Kevin Killeen, KMOX; Ken Leiser, Post-Dispatch

The Meeting was called to order at 2:05 p.m.

1. Approval is requested for the Minutes of the Wednesday, March 10, 2010 Airport Commission Meeting.

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

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

2. ORDINANCES

- A. Draft Ordinance authorizing a First Amendment to Section One of the Airport Schedule F CIP Project Ordinance increasing the total estimated cost of the Airport Projects by \$64,676,000 to \$200,000,000. This draft Ordinance also authorizes a Fifth Supplemental Appropriation in the total amount of \$17,500,000 from the Airport Construction Fund Sub-Account for the 2009 Series A-1 Bond

(OVER)

Issue into the Airport Schedule F CIP Project Ordinance 67357 to be expended for payment of costs for work and services authorized therein.

A motion for approval was made by Ms. Teitelbaum and seconded by Ms. Green.

Ms. Kopinski provided the details of the Ordinance as set out in the Executive Summary included with the agenda items and recommended approval of the motion. This First Amendment to the Airport Schedule F CIP Ordinance 67357 increases the total estimated cost of the Airport Projects by \$64,676,000 from \$135,324,000 to \$200,000,000 and appropriates \$17,500,000 of the proceeds from the sale of revenue bonds in 2009 (2009 Series A-1 Bond Issue) to fund some of the capital improvements planned for the terminal.

Commissioner Reed entered the meeting at this time.

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

- B. Draft Ordinance transferring One Million Seven Hundred Thousand Dollars (\$1,700,000) from the Airport's Development Fund into the Airport Contingency Fund and further authorizing transfers of funds to the Airport Revenue Fund in the total amount not to exceed One Million Seven Hundred Thousand Dollars (\$1,700,000) during Fiscal Year 2011 as are required for the purposes of making funds available for the Air Service Incentive Program for the Airport adopted by the City.

A motion for approval was made by Ms. Teitelbaum and seconded by Ms. Green.

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

The Airport's Air Service Incentive Program, which was approved in 2009, requires annual funding and this ordinance approves the funding for the second year of the program.

Chairperson Hamm-Niebruegge advised the Commissioners that the Air Service Incentive Program has proved to be a successful endeavor in that it provided the means by which to attract airlines to pick up a number of the flights that were discontinued by American Airlines. She also advised the Commissioners that many other airports have instituted a similar program.

Commissioner McNutt inquired whether the funds previously allocated to the Air Service Incentive Program had been used to date. Chairperson Hamm-Niebruegge advised that the funds allocated in Fiscal Year 2010 have been used or committed and, pending this approval, the funds being allocated for Fiscal Year 2011 are committed to future flights anticipated by the airlines. For instance, Midwest Airlines began service from St. Louis to Milwaukee this week and will take advantage of this program as it begins that service.

Commissioner Morrell-Charles entered the meeting at this time.

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 Hunter Engineering Company (“Hunter Engineering”) and the execution and delivery of the Quit Claim Deed necessary for the sale and transfer of approximately 1.4 acres of surplus property. This Draft Ordinance also provides for the relinquishment by St. Louis of St. Louis’ rights to the Easement Area, previously granted by Hunter Engineering to St. Louis under that certain Easement Agreement between St. Louis and Hunter Engineering, by authorizing the execution and delivery by St. Louis of the Release and Quit Claim Deed at the Closing. The total Purchase Price for the surplus property including the Release is \$427,329 and is to be paid to St. Louis at the Closing.

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

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

This Ordinance allows the sale of 1.4 acres of surplus property. The Airport previously sold 2.41 acres in 2008 and 3 acres in 2009 to Hunter Engineering. Eleven percent of this property was funded by passenger facility charge (PFC) funds; therefore, approximately eleven percent of the proceeds of this sale will be deposited into the PFC Fund account. The balance will be deposited into the Airport Development Fund.

In response to questions by Commissioner Teitelbaum and Commissioner Sonderegger, Ms. Kopinski and Mr. Pandolfo reported that the property was acquired as part of the expansion program. After the Airport obtained an appraisal as to the property’s fair market value, the Purchase Price of \$427,326, which significantly exceeds the appraised amount, was negotiated.

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

- D. Draft Ordinance authorizing the execution of the Agreement and Contract of Sale between the City of St. Louis (“St. Louis”) and David Shupp & Charlene Shupp, husband and wife (“Buyer”) and the execution and delivery of the Quit Claim Deed necessary for the sale and transfer of approximately 5,500 square feet of surplus property. The total Purchase Price for the surplus property is \$8,000 and is to be paid to St. Louis at the Closing.

A motion for approval was made by Mr. Stelzer and seconded by Ms. Green.

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

This property was purchased through the Airport Noise program. It encompasses 5,500 sq. feet of surplus property. It was purchased with federal grant and PFC funds. A portion of the proceeds will be returned to the FAA land account to be used for future noise projects. The remainder will be deposited into the PFC Fund account.

In response to questions by Commissioners Teitelbaum and McNutt, this surplus property is currently vacant, is adjacent to the Buyer's business, is of no use to the Airport, and the Purchase Price of \$8,000 was determined by an appraisal.

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

3. **OPERATIONS/MAINTENANCE**

- A. Award and approval of a Service Agreement to Huff Sealing Corporation to provide Joint Sealing Services for the Airport. The Agreement will commence July 1, 2010 and will end on June 30, 2013. The total Contract-Not-To-Exceed amount is \$450,000.

A motion for approval was made by Mr. Reed and seconded by Ms. Teitelbaum.

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

This Agreement covers the maintenance of all concrete expansion joints at the Airport.

Ms. Osborn questioned whether the Airport had previously conducted business with this company because of the significant differences in the prices quoted for the project by bidders. Mr. Korte advised that the joint sealing on the East Terminal (Terminal 2) airfield ramps was performed by this company. Chairperson Hamm-Niebruegge also advised that in today's economy, many projects are being bid at lower rates than in prior years.

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

- B. Award and approval of the Service Agreement to Continental Maintenance Contractors, Incorporated, d/b/a ICON Window Cleaning to provide Lindbergh Tunnel Cleaning Services for the Airport. The Agreement will commence June 30, 2010 and will end on June 29, 2013. The total Contract-Not-To-Exceed amount will be \$92,418.

A motion for approval was made by Ms. Teitelbaum and seconded by Ms. Green.

Mr. Slay provided the details of the First Amendment to the Service Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This contract covers the annual cleaning of the Lindbergh Tunnel. MODOT inspectors will be present with the workers at all times for safety and security concerns.

Mr. Esterline left the meeting at this time.

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

- C. Award and approval of the Service Agreement to ESRI, Incorporated to provide Computer Equipment & Software Maintenance Services for the Airport. The Agreement will commence May 1, 2010 and will end on April 30, 2011. The total Contract-Not-To-Exceed amount will be \$11,386.31.

A motion for approval was made by Mr. Reed and seconded by Mr. Stelzer.

Mr. Slay provided the details of the First Amendment to the Service Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This computer software service will replace the software currently being used which was purchased in the early 1990's. Many municipalities and utility companies are using this operating system.

Mr. Esterline returned to the meeting at this time.

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

4. **FINANCE/ACCOUNTING**

- A. Approval of the Airport Budget Request - Fiscal Year 2010-2011.

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

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

Ms. Kopinski commended members of the Airport's Finance Department, especially Henrietta Brown, Theresa White and Brian Yochum, and all of the other Airport departments for their efforts to bring about the budget for Fiscal Year 2010-2011 (FY '11) under difficult economic conditions.

The major increases in the FY '11 budget are for utilities and the capital equipment budget. Rate increases from both AmerenUE and Laclede Gas are anticipated during FY '11. Although the

various Airport departments have extended the length of time equipment and vehicles are being used, some have become too expensive to maintain and will need to be replaced, creating an increase in the capital equipment budget. Also, some of the debt service from the 2009 bonds will come due during FY '11.

In addition, the Airport is preparing for Fiscal Year 2012 when there will be a significant decrease in revenues after June 30, 2011 at which time the current Airline Use and Lease Agreement ends and American Airlines vacates terminal space for which rents are currently being collected.

Commissioner Osborn questioned the method by which the revenue forecast is estimated. Ms. Kopinski advised the Commissioners that costs for the airfield are recovered from the airlines by a residual method, under which all of the costs of operating the airfield are paid through landing fees charged to the airlines on the basis of each airline's use of the airfield. The landing fees in the budget are based on what the Airport Authority believes airfield costs are likely to be in FY '11. Chairperson Hamm-Niebruegge added that the actual fees generated are reconciled annually and if the landing fees received at that time are not sufficient to cover these costs, the landing fees will be raised for the airlines. If, however, additional landings occur, the fees will then be reduced and credited back to the airlines.

Commissioner Osborn asked whether the landing fees at the Airport are competitive. Chairperson Hamm-Niebruegge stated that while the Airport's landing fees are on the high side, every effort is being made to bring in more flights, which will reduce the landing fees. Other sources of airfield revenue, such as cargo flights, are being developed which would also help lower the landing fees for the commercial airlines.

Ms. Kopinski reported that concessions will be down due to the loss of connecting traffic from American Airlines. The parking fees are not decreasing because of a rate increase in parking last year. Chairperson Hamm-Niebruegge stated that there is a marketing effort to encourage the public to come to the Airport for reasons other than air flight. Chairperson Hamm-Niebruegge advised that HMS Host is being encouraged to market the Missouri Vineyards facility, and its adjoining conference room, for outside activities, such as meetings, parties, etc. The SuperPark lots are owned by the Airport and the revenues from these parking lots directly benefit the Airport.

Commissioner Osborn commented about the lack of parking at the East Terminal. Ms. Kopinski advised that the overflow from the East Terminal is directed to the SuperPark intermediate lot and there is an express shuttle to the East Terminal available from that parking lot.

Commissioner Esterline advised that there was a meeting between the mutual aid responders and the Airport administration regarding the closing of the south firehouse at the Airport. He advised that the mutual aid responders had concerns about public safety regarding the closure of that firehouse. A document outlining these concerns will be sent to the Airport for the record.

However, he supports the adoption of the budget and advises that the surrounding districts will support the Airport.

Chairperson Hamm-Niebruegge advised that a meeting took place between the St. Louis Fire Chief, the City of St. Louis' Director of Public Safety and Airport staff in which it was determined that the Fire Department will be able to transfer the firefighters into other City firehouses through attrition.

Commissioner Reed expressed concerns regarding the City's ability to absorb the \$1.1 million needed for the firefighters into its budget by September 1, 2010, which is the date set out in the FY '10 vs. FY '11 Budget Comparison information, since the City is also facing dire monetary constraints.

Chairperson Hamm-Niebruegge advised that, after a thorough review of all aspects of the closing of the south firehouse and its affect on the City's budget, the City of St. Louis' Director of Public Safety and the St. Louis Fire Chief have agreed that these firefighters can be absorbed into the general ranks of the St. Louis Fire Department within that timeframe. The Fire Department has announced that the class for new firefighters, which was proposed for May, 2010, has been cancelled. That new class would have trained and added approximately 20-25 new firefighters to the City's firefighting force and the south firehouse contains 17 employees, which will be available to fill the vacancies in other City firehouses. Chairperson Hamm-Niebruegge advised that, while the south firehouse will be closed at the end of August, if it appears that, through attrition alone, all the firefighters cannot be reassigned, the remaining firefighters will be assigned to the other two firehouses located at the Airport until such time as they can be reassigned to other firehouses in the City.

Commissioner Reed requested that some language be added to the budget stating that there is a plan in place to extend the timeframe in case the attrition rate does not proceed as expected.

Commissioner Green suggested that the budget be approved and submitted with a note explaining the process being discussed and that Chairperson Hamm-Niebruegge attend the Board of Estimate and Apportionment (E&A) committee meetings to further explain how the closure will take place and the timeframe being extended if needed. Chairperson Hamm-Niebruegge agreed that she would attach a notation to the budget and appear before E&A to explain the plan.

There was a discussion regarding the wording of the notation to accompany the Airport's budget for FY '11 and the Airport Director agreed that the notation would be to the effect that:

The Airport plans to move forward with the closure of the south firehouse. The scheduled release to the City of the firefighters currently assigned to that firehouse is effective September 1, 2010. However, if at such time the City is not able to accept those firefighters, the Airport will, on a month-to-month basis, continue those positions at the Airport.

Chairperson Hamm-Niebruegge said that the closure of the south firehouse will not negatively affect public safety. After the move of the firefighters from the south firehouse, 62 firefighters, including 10 captains, will remain at the Airport, more than are required under FAA guidelines. The airlines have been consulted on this matter, are satisfied that public safety will not be compromised by the closure and have sent a letter supporting the closure.

Mr. Nash amended his motion to submit the budget along with a notation as set out above. Mr. Bales seconded the motion as amended.

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

5. **OTHER BUSINESS**

Chairperson Hamm-Niebruegge offered condolences to Commissioner Clark upon the passing of his wife.

Chairperson Hamm-Niebruegge briefed the Commissioners on the outcome of her recent trip to China where meetings took place with the officials of six Chinese airlines regarding the possibility of cargo flights between China and St. Louis. Four of those airlines expressed an interest in the program and will be arriving in St. Louis in May or June to take part in the feasibility study being conducted on this matter. The goal is to have some cargo flights from China in place by the end of 2010.

Commissioner Osborn requested that, due to the many recent changes and losses of flights by American Airlines from the Airport, a report outlining the airlines and flights no longer operating from the Airport, and the airlines now flying to those destinations, be provided to the Commissioners. Chairperson Hamm-Niebruegge stated that such a list will be provided to the Commissioners. *(Note: this report was provided to the Commissioners subsequent to the meeting and a copy is attached to the official minutes)*

6. **NEXT MEETING**

Wednesday, May 5, 2010 at 2:00 P.M.

7. **ADJOURNMENT**

There being no further business, the meeting adjourned at 3:20 p.m.