

AIRPORT COMMISSION

MINUTES

Wednesday, December 2, 2020 - 2:00 P.M.

Meeting was held via Teleconference/Zoom

Members Present: Mr. Bales, Mr. Cantwell, Ms. Davis, Mr. Fitzgerald, Dr. Gaal,
By Teleconference: Ms. Green, Mr. Jenkins, Mr. Kling, Dr. Nemanick, Ms. Osborn,
Mr. Stelzer, Ms. Teitelbaum and Chairperson Hamm-Niebruegge

Members Absent: Ms. Fowler, Mr. Reed, Mr. Sauget

Vacancy: One

Airport Staff: Bagwell, Beckmann, Lyles-Wiggins, Kinsey, Kulinsky, Salarano,
Spencer, Stella, Strong

Legal Department:
Via Teleconference: Pandolfo, Emmel

The Meeting was called to order at 2:01 P.M.

1. **MINUTES**

Approval is requested for the Minutes of the November 4, 2020 Airport Commission meeting.

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

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

2. **ORDINANCES**

- A. An Ordinance approving an Air Service Incentive Program for FY 2021 through FY 2023. The benefits conferred under the Incentive Program may not exceed \$2,400,000.

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

Mr. Kinsey 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 provides for the fifth Air Service Incentive Program, which includes six separate programs of varying lengths, dependent upon the type of flights (seasonal or daily) and whether the airlines are adding flights to a currently served market or beginning service to a new market. Previous programs included a 12-month period in which the airlines could not serve a given market and still receive benefits. Due to reductions in service this year, that period has increased to 24 months.

This Incentive Program is for three years, competitive with other medium hub airports throughout the country and funded through the Airport Development Fund ("ADF"). To date, over 53 markets have received benefits from the Incentive Program.

After further discussion, a vote was taken and the motion carried unanimously.

- B. An Ordinance funding in part the Air Service Incentive Program for Fiscal Years 2021 through 2023 ("Incentive Program") by transferring \$1,000,000 from the Airport Development Fund to the Airport Contingency Fund and then from the Airport Contingency Fund into the Airport Revenue Fund in an amount not to exceed \$1,000,000 to make funds available for payments to airlines as authorized under the Incentive Program. The benefits conferred under the Incentive Program may not exceed \$2,400,000. The Ordinance also authorizes supplemental transfers, when authorized by ordinance, as funds become available to continue the Incentive Program.

A motion for approval was made by Dr. Nemanick and seconded by Mr. Kling.

Mr. Strong 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 approves the initial transfer of \$1,000,000 from the Airport Development Fund to the Airport Contingency Fund and then from the Airport Contingency Fund to the Airport Revenue Fund to make funds available for the Air Service Incentive Program discussed above. Additional appropriations, as needed, must be approved by the Airport Commission.

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

3. **OPERATIONS**

- A. Approval of a Service Agreement to Allied Services, LLC, d/b/a Republic Services, to provide Solid Waste & Recycling Services for the Airport. The Agreement will commence March 1, 2021 and will end February 29, 2024. The total Contract Not-To-Exceed Amount is \$1,090,000.

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

Mr. Stella 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 three-year Service Agreement will cover the removal of solid waste and international waste (which must be recycled separately) and also provides for the recycling of paper, glass, plastic, yard waste, cardboard, scrap metal and rubber tires.

While the rates for container rental (which are maintained and replaced when necessary) increased 17%, amount of tonnage serviced increased 19% and international trash collection increased 7%, the total not-to-exceed amount of this Agreement remains the same as the previous Agreement due to a reduction in trash collected during COVID-19.

All trash and recyclables collected under this Agreement are properly disposed of at either designated landfills or Republic's two local recycling centers.

After further discussion, a vote was taken and the motion carried unanimously.

- B. Approval of the Professional Service Agreement with Vanderlande Industries, Inc. to provide Airport Baggage Handling System Services. The Agreement will commence on January 1, 2021 and will expire on December 31, 2023. The total Contract Not-To-Exceed Amount is \$9,142,314.

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

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

This Professional Service Agreement provides for the operation, maintenance and repair of the baggage systems located in both terminals and the Customs area. Under this Agreement, the hourly labor rates increased by .25% the first year and will increase 2% each year thereafter. The annual encumbrance for Year One is approximately 6.5% lower than the previous Agreement taking into consideration the reduction of baggage operations due to COVID-19. However, over the three-year period, the not-to-exceed amount of the new Agreement will be 6.75% higher than the current Agreement. As an added scope of work under this Agreement, a condition assessment will be performed in Year Two, at the Airport's discretion. This assessment will determine the remaining useful life of the equipment and the effectiveness of on-going preventive maintenance.

Commissioner Stelzer inquired as whether Vanderlande was the lowest bidder. The Chairperson explained that this Agreement was a Request for Proposals, as opposed to a Request for Bids. In a Request for Bids, the lowest and best bidder is chosen. Under a Request for Proposals, the bidder that submits the best proposal is selected and fees are then negotiated. A five-member Selection Committee chose Vanderlande, which has many years of experience and is the incumbent, as the most experienced and having submitted the best proposal.

After further discussion, a vote was taken and the motion carried with Commissioner Gaal and Commissioner Stelzer voting nay.

4. **PROPERTIES**

- A. First Amended and Restated Food and Beverage Concession Agreement with OHM Concession Group, LLC (AL-120)

A motion for approval was made by Mr. Kling and seconded by Mr. Cantwell.

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

This First Amended and Restated Food and Beverage Concession extends the current Agreement 35 months to end concurrently with the Host International Master Agreement. This First Amended Agreement covers 1,525 sq. ft. of space located in Terminal 2, used for the operation of a combined Pasta House/Schlafly concept. The Amendment also contains one two-year renewal option.

Revenue to the airport is the greater of a Minimum Annual Guarantee (“MAG”) of \$375,000 or percentage fees applied to Gross Receipts (10% food; 10% non-alcoholic beverages; 15% alcoholic beverages; and 20% approved merchandise)

Also included in this First Amendment is MAG abatement language. The MAG will be reduced in 5% increments in any calendar month where enplanements fall a minimum of 30% of the corresponding calendar month in 2017. However, at no time will the MAG abatement be more than 50%. The requirement that the Concessionaire prepay the MAG has also been eliminated.

Following a discussion regarding the reasoning of the 50% abatement limit, the Commissioners were advised that this percentage was reached in negotiations between the Airport and OHM. This Concessionaire does not pay a rental fee for the leased space, and as business returns post-COVID, it is anticipated that the Concessionaire will be able to meet this obligation.

After further discussion, a vote was taken and the motion carried with Commissioner Fitzgerald voting nay.

- B. Space Permit with Outfront Media (AL-159)

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

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

This three-year Space Permit is for three billboards located on Airport Road on the north side of Airport. Annual revenue will be \$7,621.20, plus 20% of gross revenue received over \$38,000.

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

- C. Assignment and Assumption of Interest in Lease Agreement AL-230 and Consent of the City of St. Louis with Spire CNG, Inc., Assignor, and Spire Missouri Inc. Assignee

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

Mr. Salarano provided the details of the Assignment and Assumption of Interest in Lease Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This Agreement provides for approximately 50,000 sq. ft. located on Cypress Road for a Compressed Natural Gas (“CNG”) dispensing station. The lessee pays the current annual rent of 38¢ per square foot, plus 10¢ per gasoline gallon equivalent of CNG dispensed. The terms of the Agreement and the revenue generated will not change under this Assignment. The Assignor will remain responsible for all obligations and liabilities prior to the Closing. The Assignee will then assume all rights, interests and obligations under this Agreement.

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

- D. First Amendment to the Airport Use and Lease Agreement with Signatory Airlines

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

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

This First Amendment to the Airport Use and Lease Agreement will extend the current Use & Lease Agreement by one year, until June 30, 2022. The current Use and Lease Agreement, which includes 11 different signatory airlines, was due for renegotiation during 2020. However, with the uncertainty around COVID, it was determined that it was not an opportune time to negotiate a new Agreement.

The First Amendment also includes a one-year renewal option at the end of the term and increases the Signatory Commitment to \$1,200,000 over the term of the Agreement, up from \$1 million. All other terms, covenants and conditions remain unchanged.

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

- E. Approval of the Management and Operating Agreement to SP Plus Corporation to provide Management & Operations of Parking Facilities Services for the Airport. The Agreement will commence on March 1, 2021 and will end on February 29, 2024.

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

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

Jason Finch, Senior Vice-President and Eric Louden Vice-President and Regional Manager, both with SP Plus, were on the Zoom call and were introduced to the Commission.

This three-year Management and Operating Agreement will cover the parking garages of both Terminals, Lots A, B, C, D and E, the shuttles servicing all of these parking areas, as well as the intra-terminal shuttle ("Premises).

The management fee to be paid to SP Plus for operating these premises will begin at \$755,000 during Contract Year 1, increase to \$855,000 in Contract Year 2 and end at \$905,000 in Contract Year 3.

A Request for Proposals ("RFP") process was used for this Management and Operating Agreement and SP Plus was unanimously chosen by the Selection Committee, which was comprised of representatives of the Mayor, Comptroller, Board of Aldermen and Airport. Many of the staff presently employed with the current contractor will be retained by SP Plus during the term of this Agreement.

As part of the Proposal process, bidders were asked to present specific ideas regarding the use of valet parking at Terminal 2. Once passenger and traffic numbers return to the volume previously seen at Terminal 2, these ideas regarding valet parking will be reviewed for possible implementation.

The FAA decreed that parking operations would fall under federal concession ACDBE goals rather than local MBE/WBE goals. Therefore, the goal under this Agreement was 5.32%, whereas SP Plus has committed to 15.15%, which will be based on SP Plus' entire operating budget.

After further discussion, a vote was taken and the motion carried unanimously.

5. **OTHER BUSINESS**

Briefing on New M/WBE Rules and Procedures [No Vote Required]

Ms. Lyles-Wiggins, of the Business Diversity Development Office at the Airport, addressed the Commission regarding the new Rules and Procedures for the City's MBE/WBE requirements.

Ordinance 70767, enacted on October 1, 2020, covers MBE/WBE participation for construction and goods & service contracts. This Ordinance replaces Mayor's Executive Order #28, as amended, which had been in effect for over 20 years. Several contracts will remain under Mayor's Executive Order #28, as amended, until the expiration date of those contracts.

Under Ordinance 70767, the goals are as follows:

- African American - 21%;
- Hispanic - 2%
- Asian - .5%
- Native American .5%
- Women 11%

Bidders must present, along with the bid documents, proof of goal attainment for each of the eligible groups. If, however, bidders are unable to meet the goals, they must provide documentation of good faith efforts. Firms certified as both MBE & WBE do not qualify for both; they may only be counted for one category.

Ordinance 70767 established a 5% bid discount on MBE/WBE prime contractors for construction, goods & service contracts \$300,000 or less. The 5% bid discount, applied during the evaluation stages, reduces the bid amount but not the contract amount.

Professional Services Contracts will remain at 25% MBE and 5% WBE. However, a 15% incentive credit for prime MBE/WBE contractors may be applied as part of the total points evaluated on their proposals. This could potentially alter or adjust the ranking of the prime MBE/WBE firms submitting proposals.

Under Ordinance 70767, subcontractors have the ability to request 5% mobilization through the prime. When the prime receives a request for mobilization from a subcontractor, they will submit the subcontractor's request to the City. Mobilization payments assist small MBE/WBE subcontractors with paying front-end costs associated with their work on a project.

Ordinance 70767 requires verification of payments to subcontractors monthly through a web-based program. Currently, the Airport utilizes a web-based program, B2G, to track payments to/from contractors. Prime contractors must upload payment information for the subcontractors by the 15th of each month. BDD staff monitors those payments, tracks payment disputes and issues notices to the prime contractor if payments have not been made timely.

Payment disputes on City Contracts will be resolved through the City's Board of Public Service and the Minority Business and Compliance Office. Airport payment disputes will be resolved through the Airport department issuing the contract, the BDD Office, the prime contractor and the subcontractor.

Liquidated damages can be assessed upon the prime contractor for failure to meet MBE/WBE goals, but such liquidated damages shall not exceed the difference between the participation goal and the actual amount paid to all MBEs/WBEs.

Public works, tax increment financed (TIF) and City-bonded projects estimated at \$1 million or more now contain the following goal requirements:

20% of all labor hours performed by apprentices enrolled in a training program approved and recognized by the US Dept. of Labor, Employment Training Administration Office of Apprenticeship;

25% of all labor hours performed by minorities;

7% of all labor hours performed by women;

23% of all labor hours performed by residents of the City of St. Louis.

Failure to submit required documentation, perform good faith efforts and attempt to resolve issues shall be considered a breach of contract, resulting in debarment from participating in said public works contracts for a period of one year, and liquidated damages.

The MBE/WBE program shall be staffed by a director and a minimum of four compliance and certification officers. Annual training and seminars for employees that focus on "how to do business with the City" must be provided.

Ordinance 70767 establishes a Business Advisory Council (BAC) consisting of five to nine members appointed by the Mayor and approved by the Board of Aldermen. BAC will advocate for MBEs/WBEs in order to increase access to the City's procurement process.

Ordinance 70767 establishes annual reporting to the Mayor and the Board of Aldermen by January 31st of each year. A public forum shall be held no later than February 28th each year detailing the participation of MBEs/WBEs on City procurement contracts.

Other:

Thanksgiving Sunday showed the heaviest passenger load since March 2020. For the month of November, there were approximately 100,000 passengers in Terminal 1 and approximately 95,000 in Terminal 2.

The new entrance to the Terminal 2 parking garage, accessed by drivers traveling from the east, opened at the end of November. The new U-shaped drive, used by terminal shuttles and off-airport parking shuttles, also opened during that time. These should alleviate some of the traffic concerns at Terminal 2.

The annual audit of the Airport is nearing completion. After the conclusion of the audit, meetings will commence with the airlines to determine the final rates and charges due.

A mock snow call session, held in anticipation of the approaching winter season, ensured that the equipment was functioning and the staff was properly trained.

Proposed legislation regarding the HEALS Act is still being discussed in Washington.

The Airport continues to review all revenue and expenditures and fill only those positions deemed critical.

The Commission meetings will continue as virtual meetings until March 2021, at which time a decision will be made regarding the return to in-person meetings.

6. **NEXT MEETING**

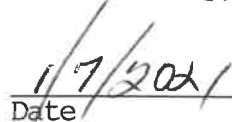
Wednesday, January 6, 2021 at 2:00 P.M.

7. **ADJOURNMENT**

The meeting adjourned at 3:43 P.M.

The foregoing were approved at the meeting held on Wednesday, January 6, 2021.


Rhonda Hamm-Niebruegge, Chairperson


Date

