

AIRPORT COMMISSION

MINUTES

**Wednesday, April 3, 2019 - 2:00 P.M.
Lindbergh Conference Room**

Members Present: Mr. Cantwell, Ms. Davis, Mr. Fitzgerald, Ms. Fowler, Dr. Gaal, Mr. Jenkins, Mr. Kling, Dr. Nemanick, Ms. Osborn, Mr. Sauget, Mr. Stelzer, Ms. Teitelbaum and Chairperson Hamm-Niebruegge

Members Absent: Mr. Bales, Ms. Green, Mr. Reed

Vacancy: One

Airport Staff: Black, Bollinger, Collins, Conner, Dillon, Glasener, Gooding, Hollenberg, Kinsey, Klein, Kulinsky, Link, Mansker, Ramos, Ruth, Ryan, Salarano, Spencer, Stella, Stoffel, Strong, Tiemann

Legal Department: Pandolfo, Diekhoff, Emmel

Guests: Maurice Falls, Board of Aldermen; James Garavaglia, Comptroller's Office; Brandon Geier, First Rule; Duane Huesmann, TSA; Tom Malecek, St. Louis County Executive's Office; Kathleen Strout, Civic Progress

Media:

The Meeting was called to order at 2:02 P.M.

1. **MINUTES**

Approval is requested for the Minutes of the March 6, 2019 Airport Commission meeting.

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

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

2. **OPERATIONS**

- A. Approval of the First Amendment to the Service Agreement with Millstone Weber, LLC to provide the Airport with Emergency Pavement Repair Services. The Agreement started on October 1, 2016 and will now end on September 30, 2020. The Not-To-Exceed Contract amount will be increased by \$350,300 from \$947,500 to \$1,297,800. The First Amendment extends the term of the Agreement by 12 months and increases the Not-To-Exceed Contract amount by \$350,300.

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

Mr. Stella 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 First Amendment extends the current Agreement, which covers emergency repair work on the airfield and the roadways around the Airport. The rates for this extension will remain the same as the Year 3 rates on the current Agreement. However, the total not-to-exceed amount increased 13%, or \$40,000, to include additional maintenance responsibilities at the St. Louis Air Cargo Building, for which the Airport is now responsible.

In response to questions regarding the MBE/WBE participation numbers being low, Mr. Stella explained that although the Airport and the Business Diversity Development (“BDD”) office continue to seek participation opportunities on every contract, there are certain work situations under this Agreement, which make it very difficult to get minority participation. When an emergency situation arises, and the work must be completed quickly, minority participation may not be available. The Airport continues to work with the contractors and the BDD office to locate certified companies that would be available on all aspects of this and other contracts.

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

- B. Approval of the First Amendment to the Service Agreement with ICON Window Cleaning, to provide Lindbergh Tunnel Cleaning Services at the Airport. The Agreement began on July 1, 2016 and will now end on June 30, 2020. The Not-To-Exceed Contract Amount will be increased by \$32,500 from \$95,000 to \$127,500.

Mr. Stella 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 First Amendment extends the Service Agreement, which covers the annual cleaning and power-washing of the Lindbergh Tunnel. While the Not-to-Exceed amount remains the same as Year 3 of the current Agreement, the rates for this Amendment increased 2% or \$623.

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

3. **FINANCE AND ADMINISTRATION**

Approval of the Airport Budget Request - Fiscal Year 2019-2020

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

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

The Airport's budget for FY 2019-2020 will be approximately 2.37% higher overall than FY 2018-2019. The Operations and Maintenance costs will increase 5.54% and the Debt Service will decrease 2.36%.

Revenue

Overall revenues will decrease approximately .04%, in part due to higher landing fees. Landing fees revenue for signatory airlines may increase .2% (due to issuance of new bonds) and revenue from non-signatory airlines may decrease 6.2% due in part to the addition of several airlines becoming signatory airlines.

Rents for signatory airlines decreased 14.2%. The \$90 million bond refunding planned during FY '20 will lead to lower terminal rental rates. The rents for others will increase 11.3% in that the Airport will be assuming ownership and maintenance on the St. Louis Air Cargo Building and will be receiving revenue from both FedEx and UPS shipments.

Revenue from Utilities will increase by approximately .3%. All Utilities are charged to the tenants/airlines.

Concession revenues increased approximately 5.9%.

Parking revenues decreased approximating 1.1%.

Expenses

The Operations & Maintenance expenses will increase approximately 5.54%. This will include the replacement of several items that have reached the limit of their life cycle (i.e. mobile radios, networks, boilers, HVAC units); the installation of a new accounting software and the Customs & Border Patrol for international flights beyond their normal work hours (Volaris handles a flight outside those hours).

Nine new positions are being added to the budget, for a total of 539 positions. As the Airport expands its operations, and prepares to begin the maintenance of the St. Louis Air Cargo Building and the Missouri Air National Guard facility, the amount of overtime being paid to the current employees is becoming quite large. Several positions are being added to help reduce the amount of overtime being paid. The Airport is currently facing a 14%-17% vacancy rate.

The Airport's Debt Service is expected to decrease by 2.36% after the refunding to the 2009A-1 Revenue Bonds in mid-to-late 2019. Depending on the outcome of the refunding transaction, that amount may increase.

Medical insurance costs are anticipated to increase by 10%

The budget amount for Legal Services is increased 76.19% due to several large legal matters involving the City/Airport. One such matter is the culvert that collapsed on the airfield and another is the suit against the City, the State and Federal Government regarding the radioactive matter in the landfill. The City/Airport has hired outside counsel to handle both of these matters.

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

4. **PROPERTIES**

A. Cargo Facility Lease Agreement with United Parcel Service Inc. (AL-096)

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

Mr. Stoffel provided the details of the Cargo Facility Lease Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

The Cargo Facility Lease Agreement grants the exclusive use of 17,619 sq. ft. of cargo building space, the preferential use of 97,730 sq. ft. of vehicle parking space and 266,340 sq. ft. of aircraft apron to UPS. It also includes preferential use of the glycol recovery system for aircraft deicing operations. Revenue to the Airport will be \$446,461.67 annually.

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

B. Cargo Facility Lease Agreement with Federal Express Corporation (AL-097)

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

Mr. Stoffel provided the details of the Cargo Facility Lease Agreement as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This Cargo Facility Lease Agreement grants the exclusive use of 77,447 sq. ft. of cargo building space, preferential use of 162,786 sq. ft. of vehicle parking space and 232,330 sq. ft. of aircraft apron to FedEx. Revenue to the Airport will be \$1,214,818.86 annually.

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

C. Lease Agreement with Federal Aviation Administration (AL-099)

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

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

This Lease Agreement will cover 28,096 sq. ft. of undeveloped land owned by the Airport which will be used by the FAA for the construction of a Low Level Windshear Alert System (LLWAS). The Airport will receive no revenue from the FAA for the use of this land.

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

D. First Amendment to St. Louis Lambert International Airport – Airline Operating Agreement and Terminal Building Space Permits

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

Mr. Salarano provided the details of the Airline Operating Agreement and Terminal Building Space Permits as set out in the Executive Summary included with the agenda items and recommended approval of the motion.

This First Amendment extends the current Airline Operating Agreements until June 30, 2021, which will coincide with the end date of the Airport Use & Lease Agreements.

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

5. **OTHER BUSINESS**

Strategic Plan Update

The Chairperson provided an update to the 5-year Strategic Plan Report for Fiscal Year '18 (*all increases/decreases in this section are compared to FY '17 numbers unless noted otherwise*).

The total passenger numbers increased 5.9%. The cost per enplaned passenger decreased 20.1% and the Revenue Per Enplaned Passenger increased 7%. Total aircraft operations (for both commercial and cargo) increased .6%

Non-aeronautical revenues increased 23.9% overall. This includes luggage cart rentals, wireless, parking and food & beverage sales.

While there were no bond refundings in FY '17, the Airport did receive its best ratings in a decade:

Moodys: A2 (up from A3) with Stable Outlook
Standard & Poor: A- with a Stable Outlook
Fitch: A- with a Positive Outlook.

The anticipated refunding of \$190 million in bonds during FY '19 is expected to generate a potential savings to the Airport of approximately \$22 million-\$25 million.

The number of non-stop markets grew 6.2% with 74 Non-Stop destinations. The number of non-stop flights into the Top 40 markets decreased slightly. Airlines are flying less frequently into these markets; however, the planes are larger and hold more passengers, thereby increasing the passenger numbers.

The Airport received the following awards:

- 1) American Institute of Architects – St. Louis Chapter: 2018 Distinguished Building Award – Exceptional Stewardship of Terminal One
- 2) Missouri Water Environments Association – 2017 Gold Award for Water Pretreatment
- 3) St. Louis Chapter American Society Heating, Refrigerating and Air Conditioning Engineers (ASHRAE) 2018 Technology Award – First Place, VALE & East Colling Plant Improvements
- 4) Airports Council International – 2018 Marketing & Communications Awards:
 - a. Honorable Mention Customer Service Program, Medium Hub Airports
 - b. Honorable Mention Public Relations Campaign, Medium Hub Airports

There were 269 construction jobs created and 178 permanent jobs created during this period.

Employee of the Quarter

Mendi Dillon – Security Operations

Mendi is a Lead Trainer in the Security Operations Department. She was nominated for being reliable, honest and respectful to all co-workers, contractors and the hundreds of customers requiring badging each month. Mendi also received training in the operation of the fingerprinting section and during several vacancies in the office, she performed those duties in addition to her own.

Supervisors of the Quarter

Carrie Bagwell – Supervisor – Business Diversity Development Office

Carrie developed a computer program in order to streamline the compliance system in the BDD office. She provides training to the employees on and maintains the software on the system. Carrie promotes collaboration and encourages the employees of the BDD office to offer new ideas and strategies surrounding the compliance program.

Doug Mansker – Supervisor – Airfield Maintenance Section

Doug was nominated for both his pleasant demeanor and accommodating nature while handling requests from all Airport departments. Doug also devised a plan to reorganize the layout of the snow removal equipment in the parking area greatly increasing the efficiency during snow emergencies.

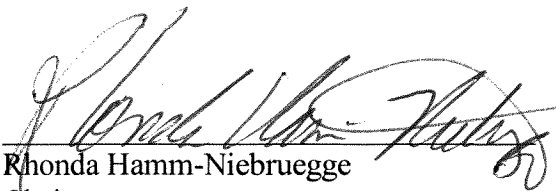
6. **NEXT MEETING**

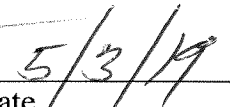
Wednesday, May 1, 2019 at 2:00 P.M.

7. **ADJOURNMENT**

The meeting adjourned at 3:45 P.M.

The foregoing was approved by the Airport Commission at its meeting on Wednesday, May 1, 2019.


Rhonda Hamm-Niebruegge
Chairperson


Date