

Metropolitan Airports Commission



Full Commission

Regular Monthly Meeting Agenda

Monday, January 23, 2012

1:00 pm

Metroairports.org

www.metroairports.org

FULL COMMISSION

Dan Boivin, Commission Chair
Lisa Lebedoff Peilen, Commission Vice Chair
Carl Crimmins
James Deal
Gregory Foster
Timothy Geisler, Chair F&A
Pat Harris, PD&E Vice Chair
Rick King, M&O Vice Chair

Mike Landy, M&O Chair
Michael Madigan
John McClung
Tammy Mencil
Don Monaco
Paul Rehkamp, PD&E Chair
John Williams, F&A Vice Chair

**METROPOLITAN AIRPORTS COMMISSION
NOTICE OF REGULAR MEETING OF THE
FULL COMMISSION
Monday, January 23, 2012, 1:00 p.m.
Room 3048A - Terminal 1- Lindbergh
Minneapolis-St. Paul International Airport**

AGENDA

OPEN FORUM

The Open Forum is a portion of the Commission meeting where persons will be allowed to address the Commission on subjects which are not a part of the meeting agenda. Speakers are asked to limit their remarks to two minutes each. Persons wishing to speak must complete a sign-up card prior to the start of the meeting. The sign-up card should be given to any staff person. The Commission may take action or reply at the time of the statement or may give direction to staff at the end of the meeting regarding investigation of the concerns expressed.

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Management and Operations Committee

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NEW BUSINESS

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OLD BUSINESS

ANNOUNCEMENTS

Materials for this meeting are available at the following website:
www.metroairports.org/mac/meetings/fc.aspx

MEMORANDUM

ITEM 1

TO: All Commissioners

FROM: Steve Busch, Deputy Executive Director -
Finance and Administrative Services (612-726-8148).

SUBJECT: REPORT
1. Monthly and Year-to-Date Passenger Activity Report

DATE: January 17, 2012

Passenger and Operations Summary

In November, revenue passenger levels at MSP decreased 0.16% compared to the same month a year ago. Nationwide, Airports Council International reported that the level of domestic passengers on North American airlines increased 0.70% year over year in November 2011. MSP operations decreased for the month of November 5.88% compared to the same month a year ago.

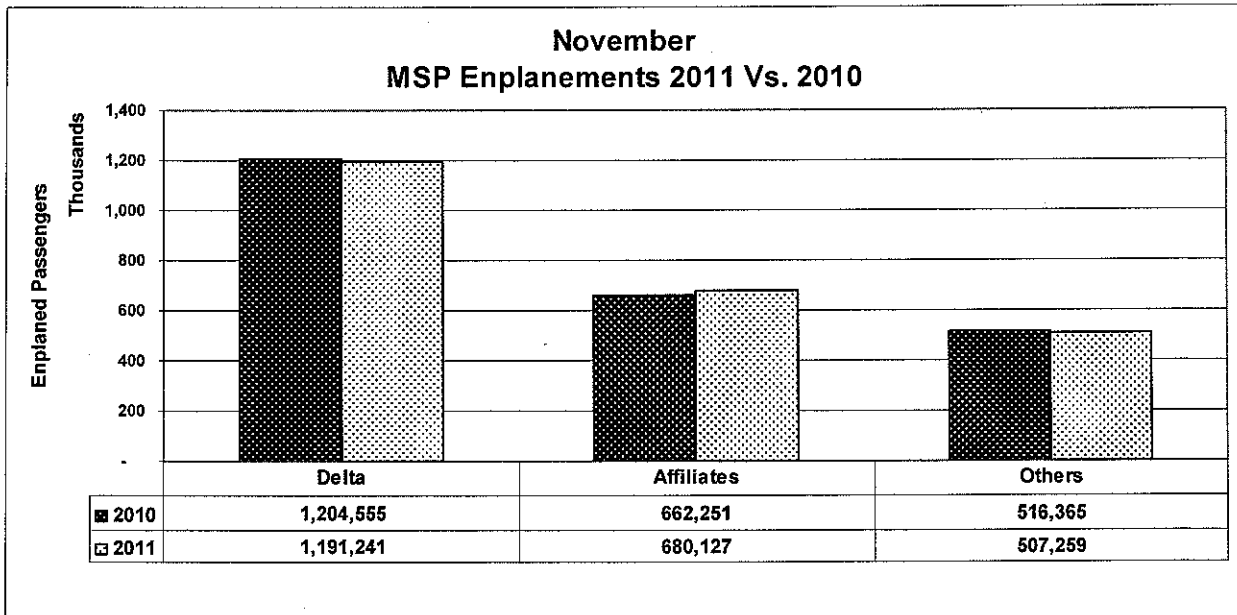
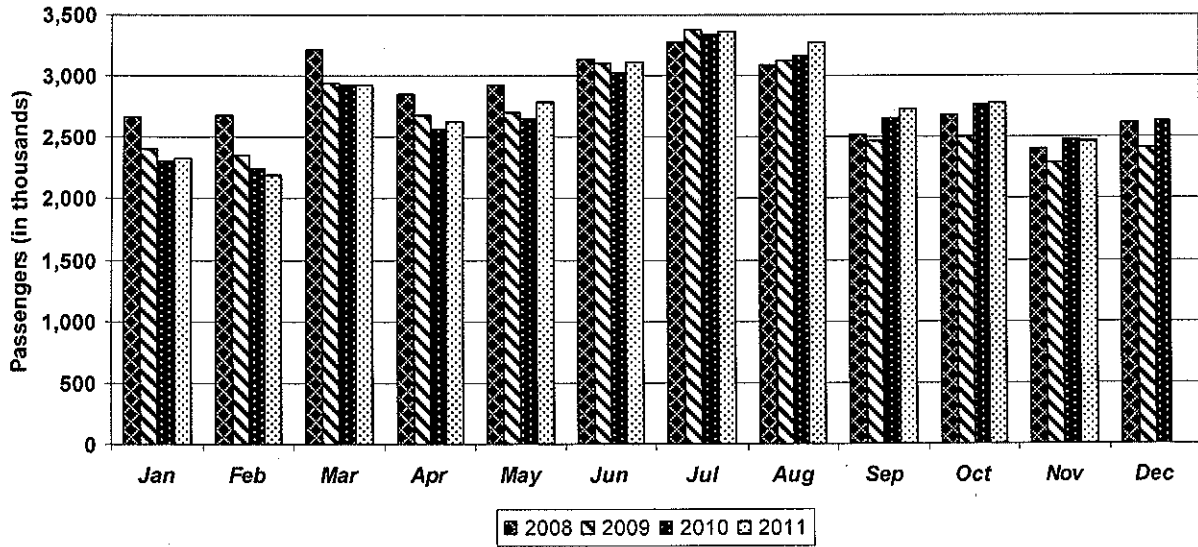
MSP Passengers and Operations Summary November 2011

| | Deplane | Enplane | Monthly Total 2011 | Monthly Total 2010 | % change | Y-T-D 2011 | Y-T-D 2010 | % change |
|-------------------------------------|------------------|------------------|-----------------------|-----------------------|---------------|-------------------|-------------------|--------------|
| PASSENGERS | | | | | | | | |
| Major | 810,947 | 819,461 | 1,630,408 | 1,643,018 | -0.77% | 20,571,567 | 21,093,002 | -2.5% |
| Regional | 374,535 | 373,684 | 748,219 | 740,153 | 1.09% | 9,011,820 | 8,089,074 | 11.4% |
| Charter | 623 | 778 | 1,401 | 589 | 137.86% | 14,979 | 9,272 | 61.6% |
| TOTAL REVENUE PAX | 1,186,105 | 1,193,923 | 2,380,028 | 2,383,760 | -0.16% | 29,598,366 | 29,191,348 | 1.39% |
| NON-REVENUE PAX | 41,166 | 40,970 | 82,136 | 89,224 | -7.94% | 1,051,647 | 1,020,170 | 3.09% |
| GRAND TOTAL | 1,227,271 | 1,234,893 | 2,462,164 | 2,472,984 | -0.44% | 30,650,013 | 30,211,518 | 1.45% |
| OPERATIONS | | | | | | | | |
| | Landing | Departure | Monthly Total 2011 | Monthly Total 2010 | % change | Y-T-D 2011 | Y-T-D 2010 | % change |
| Major | 6,681 | 6,795 | 13,476 | 14,642 | -7.96% | 165,517 | 177,234 | -6.61% |
| Regional | | | | | | | | |
| <i>Smaller than 70 seats</i> | 4,758 | 4,765 | 9,523 | 10,848 | -12.21% | 125,570 | 113,498 | 10.64% |
| <i>Larger than 70 seat aircraft</i> | 3,394 | 3,402 | 6,796 | 6,661 | 2.03% | 74,205 | 72,481 | 2.38% |
| Total Regional | 8,152 | 8,167 | 16,319 | 17,509 | -6.80% | 199,775 | 185,979 | 7.42% |
| Charter | 7 | 4 | 11 | 8 | 37.50% | 157 | 93 | 68.82% |
| Air Freight | 475 | 475 | 950 | 1,050 | -9.52% | 11,054 | 11,241 | -1.66% |
| General Aviation | 694 | 694 | 1,388 | 1,421 | -2.32% | 17,060 | 16,527 | 3.23% |
| Other FAA Operations | 508 | 509 | 1,017 | 629 | 61.69% | 7,185 | 8,935 | -19.59% |
| Military | 75 | 75 | 150 | 136 | 10.29% | 1,847 | 2,011 | -8.16% |
| TOTAL | 16,592 | 16,719 | 33,311 | 35,395 | -5.89% | 402,595 | 402,020 | 0.14% |

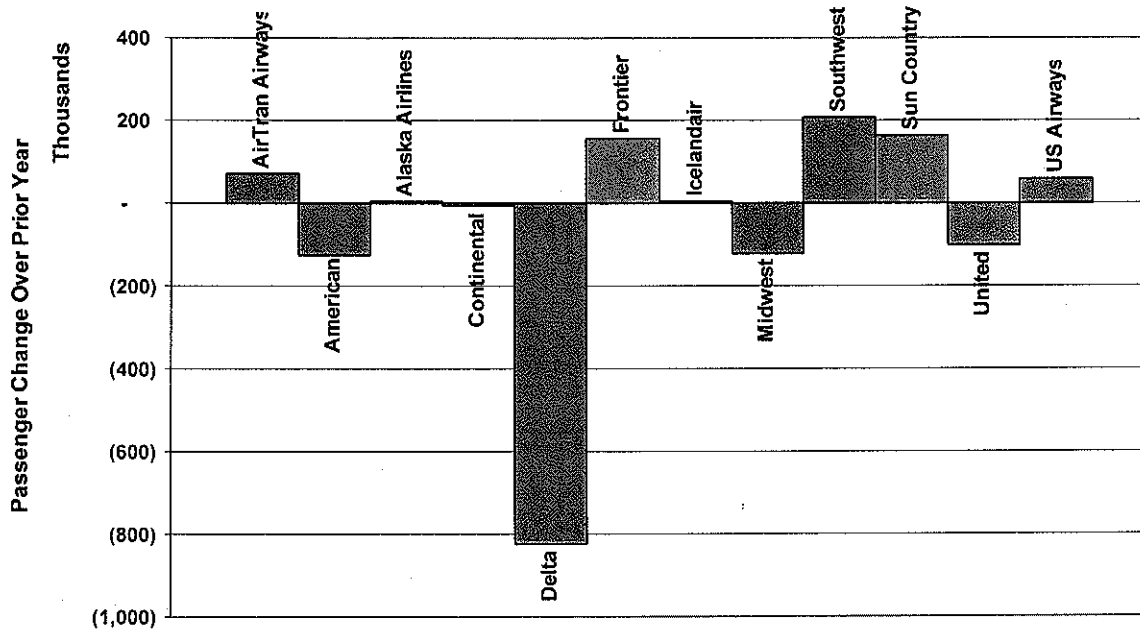
Passenger Details

Total passengers year over year decreased 0.44% from November 2010 levels.

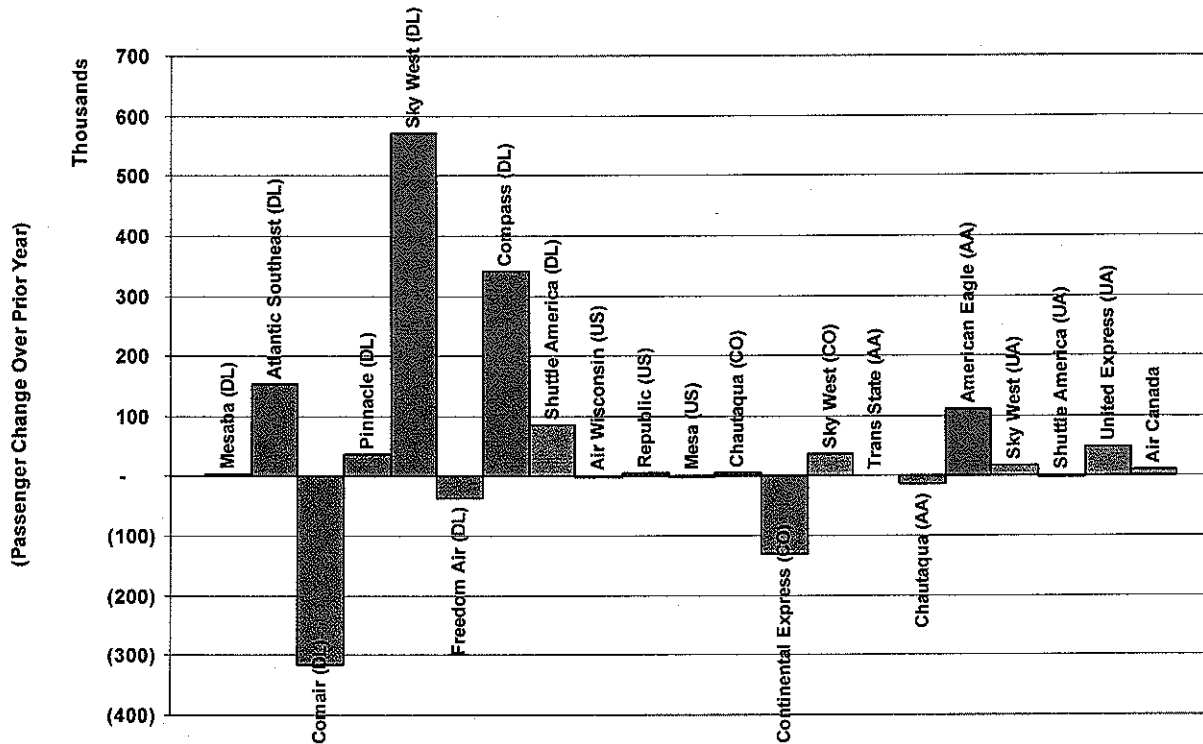
MSP Total Passengers By Month



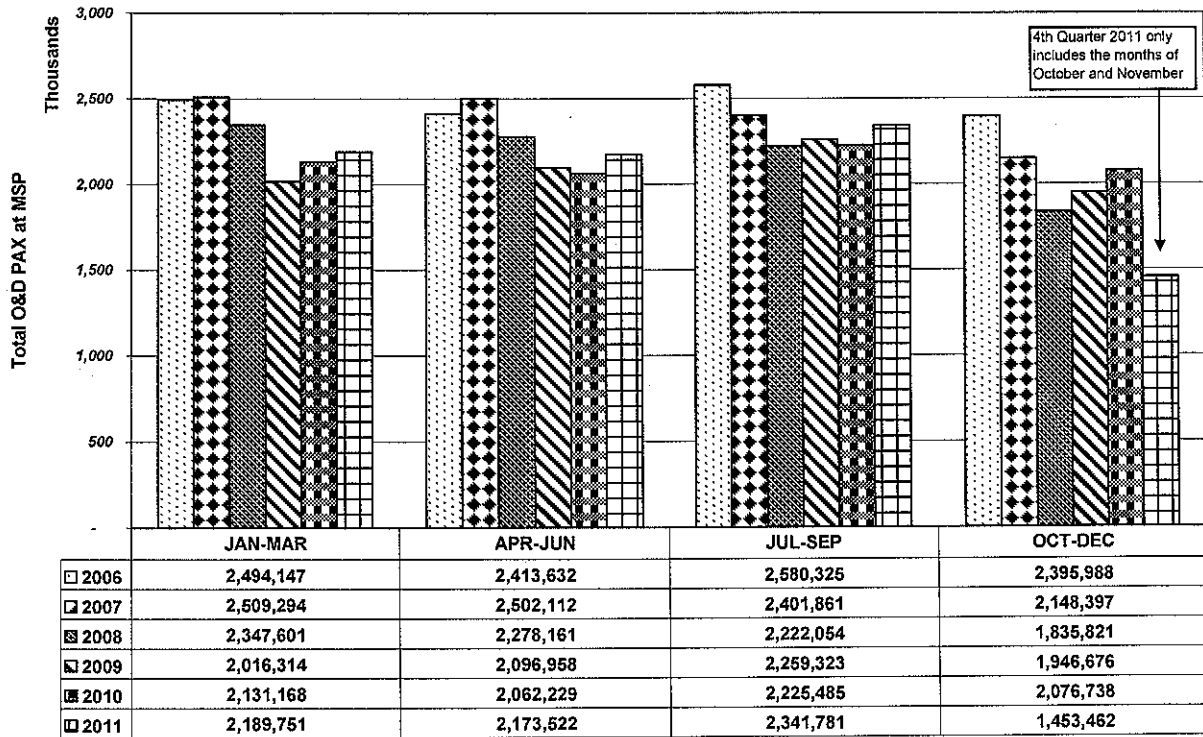
Major Carriers - Passenger Change YTD (November) 2011 vs 2010



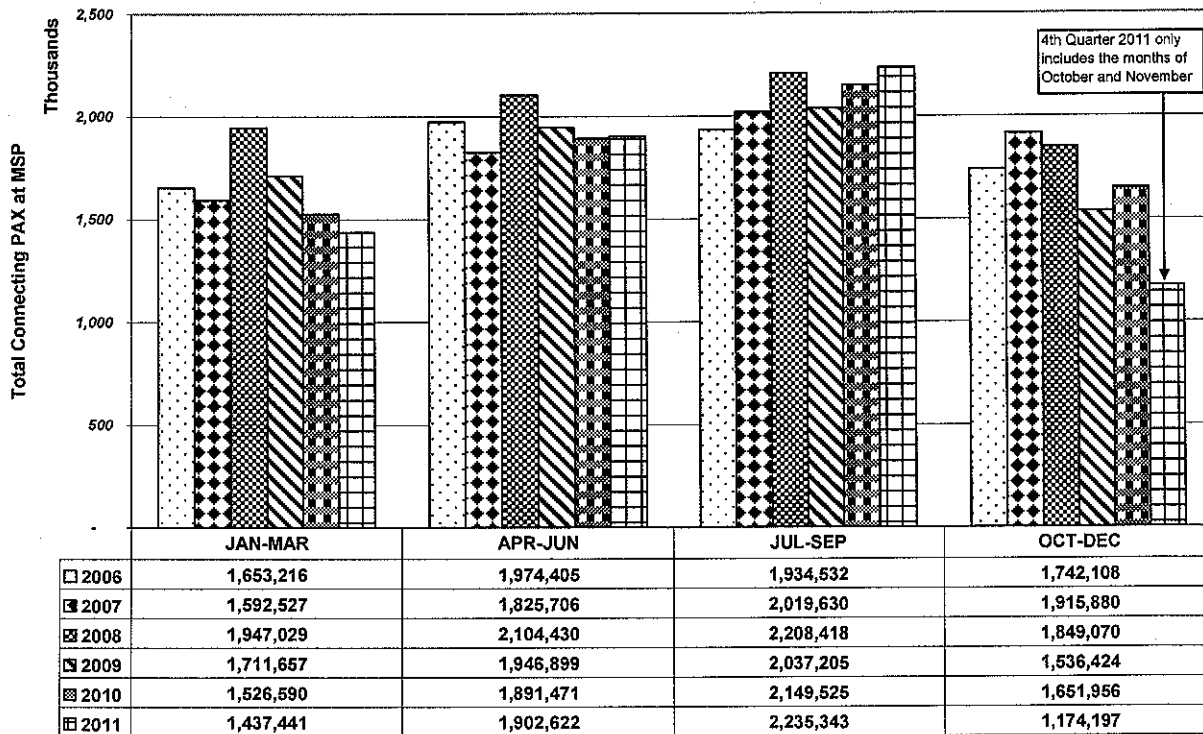
Regional Carriers - Passenger Change YTD (November) 2011 vs 2010



Enplaned Revenue O&D Passenger Volume by Calendar Quarter



Enplaned Connecting Revenue Passenger Volume by Calendar Quarter



Source: Carrier data reported to MAC

MEMORANDUM

LEASE ACTIONS

DATE: January 23, 2012

TO: All Commissioners

FROM: Jeffrey W. Hamiel, Executive Director (726-8188)

SUBJECT: AIRPORT LEASES

The following items have been reviewed by the appropriate Staff and are recommended for Commission approval:

MINNEAPOLIS-ST. PAUL INTERNATIONAL AIRPORT

LEASE AMENDMENT

An Amendment to the Batch 7 – Food and Beverage Supplemental Lease Agreement to General Terms and Conditions Lease Agreement for Food and Beverage Concessions with Host International, Inc. to expand the patio seating area at T.G.I. Friday's restaurant. This expansion will increase the square footage of the lease premises by approximately 316 square feet, which will increase both the utility and maintenance, cleaning and distribution fees. All other terms of the agreement remain unchanged.

An Amendment to the Landside Restaurant and Bar Food and Beverage Supplemental Lease Agreement with SSP America, Inc. ("SSP") to reconcept Houlihan's Restaurant & Bar ("Houlihan's") with Hot Dish, an SSP restaurant. Because of challenges relating to volume and the capital investment SSP made to the Houlihan's space, MAC and SSP agreed that SSP could rebrand the Houlihan's space into an SSP proprietary concept. MAC received Commission approval on February 22, 2011 to work with SSP on reconcepting the Houlihan's space. All other terms of the agreement remain unchanged.

Second Amendment to the Humphrey Terminal Lease Agreement with Southwest Airlines Co. to add room HT-1340. The term of the Lease Agreement remains month to month.

First Amendment to the Property Use and Facility Lease Agreement with Agile Defense, LLC (a weather service provider) to amend the insurance coverage limits. The term of the Lease Agreement remains month to month.

An Amendment to the Batch 10 – Food and Beverage Supplemental Lease Agreement to General Terms and Conditions Lease Agreement for Food and Beverage Concessions with Theisen Vending, Inc. to relocate their storage space within Terminal

2-Humphrey. The revised location will reduce their storage space from 506 square feet to 209 square feet. Rent for this location is set by the T2 Terminal Rates and Charges effective 1-01-12 at the non-janitored rate for storage at T2. All other terms of the agreement remain unchanged.

First Amendment to the Limited Airside Service License with Regional Elite Airline Services, Inc. to allow front line and support functions in the areas of gate, ramp, hub control center, baggage operations and other support functions for Great Lakes Airlines at the Airport. Regional Elite will be subject to paying the standard 5% on all gross sales from Great Lakes activity and the term of the Lease Agreement remains month to month.

Supplemental Lease Agreement No. 1 with the Federal Aviation Administration to reduce the scheduled rent structure following the prepayment amount of \$73,053.80 on a portion of the tenant improvements completed under the new agreement. All other terms of the agreement remain unchanged.

LEASE AGREEMENT

A Retail Vending Lease Agreement with 4 Flying Eyes operated by Jeffery Burrill. This is a 6 month initial term Agreement for the operation of a retail vending machine at Terminal 2 for the sale of specialty reading glasses. Minimum monthly rent is \$500 and the percent rent has been established at 15%.

AIRSIDE SERVICE LICENSE

A Limited Airside Services License Agreement with Prime Flight Aviation Services, Inc. in support of the non-exclusive privilege of providing Jeppesen flight manual delivery services for Airlines at the Airport. The term of the Agreement shall be month-to-month.

CRYSTAL AIRPORT

LEASE TRANSFER

Seeking consent of lease transfer from George Shallbetter, 12130 45th Ave. No., Plymouth, MN 55441, Lot 3-2C, to DJ Flight LLC (owned by Dan & Joe Shallbetter), 650 Ottawa Ave. No., Golden Valley, MN 55422.

LAKE ELMO AIRPORT

LEASE TRANSFER

Seeking consent of lease transfer from Croix Air Enterprises, Inc., 4563 McDonald Drive Outlook, Stillwater, MN 55082, Lot 13D, to Thomas Jackson, 111 Central Ave., Bayport, MN 55003.

AIRLAKE AIRPORT

AMENDMENT TO LEASE

Seeking consent to amend the lease held by Larry Volk, 2115 Glenview Lane, Bloomington, MN 55425, Lot 36E, to accurately reflect the leased area.

COMMISSION ACTION REQUESTED:

AUTHORIZE THE LEASES, CONSENT OF TRANSFERS, AMENDMENTS, ASSIGNMENTS, CONSENT TO SUBLEASES, LICENSES, AND OTHER ACTIONS AS INDICATED.

ALL SUCH APPROVALS ARE SUBJECT TO PAYMENT OF ALL RENT OR MONEY OWED THE COMMISSION, COMPLIANCE WITH THE TERMS OF ALL EXISTING AGREEMENTS AND PAYMENT OF APPLICABLE ADMINISTRATIVE FEES, IF ANY.

AUTHORIZE THE EXECUTIVE DIRECTOR OR A DESIGNATED REPRESENTATIVE TO EXECUTE THE NECESSARY DOCUMENTS.

METROPOLITAN AIRPORTS COMMISSION
FULL COMMISSION MINUTES
REGULAR SCHEDULED MEETING
Monday, December 19, 2011, 1:00 p.m.
Room 3048A Lindbergh Terminal
Wold Chamberlain Field
Minneapolis-St. Paul International Airport

Call to Order

A Regular meeting of the Full Commission, having been duly called, was held Monday, December 19, 2011, at Room 3048A Lindbergh Terminal, Wold Chamberlain Terminal, Minneapolis-St. Paul International Airport. Chair Boivin called the meeting to order at 1:00 p.m. The following were in attendance:

Commissioners: Crimmins, Deal, Foster, Geisler, Harris, King, Madigan, McClung, Mencil, Monaco, Peilen, Rehkamp, Williams and Chair Boivin

Staff: J. Hamiel, D. Probst, T. Anderson, T. Anderson, S. Douma, J. Felger, M. Kilian, P. Hogan, B. Hunter, J. Ostrom, P. Sichko, B. Rief, E. Johnson, J. Greer, M. Christenson, C. Boyd, B. Rineer, M. Batt, K. Schafer, B. Schauer, J. Kosta, B. Hoyt, M. Willis, B. Peters, S. Wareham

Others: Steven Chavez, Met Council; Chris Roy, MnDOT, Vivian Starr, Anoka Co. Aviation Assoc.; John Hippchen, RS&H; Gordon Hoff, MBAA; Melissa Hysing; Bill Lentsch, Delta; Evan Futterman, Futterman Consulting; Matt Wagner, Mead & Hunt; Dale Kariya, Geoff Heck, Signature Flight Support

OPEN FORUM

No one requested to speak.

OATH OF OFFICE

Chair Boivin administered the Oath of Office to MAC Police Officer Shawn Boyer.

Mark Rosenow, Chief of Police, provided an update and answered Commissioner questions regarding an incident that occurred over the weekend involving a gross misdemeanor charge for a suspected intent to escape a motor vehicle tax incident. It was determined that the evidence did not support the charge and the individual was issued a routine tab violation.

Mr. Rosenow also provided an update on the incident where a vehicle struck a juvenile in the short-term parking ramp at Terminal 1.

Chair Boivin encouraged Commissioners to spend some time in the Police Department and see the excellent job they perform.

AWARDS

Jeff Hamiel, Executive Director, announced that there was a survey conducted by Pro Pilot Magazine that did an assessment of fixed based operators around the country. Signature Flight Support in the recent survey ranked the twelfth best FBO in the nation. He also learned that the St. Paul Downtown Airport Signature Flight Support FBO, ranked number one in the nation. He congratulated Dale Kariya, General Manager and Geoff Heck, Regional Vice President and asked them to talk about the successes within the company.

FAA Partnership Award to John Ostrom, Manager Airside Operations

Chair Boivin presented the FAA Partnership Award to John Ostrom, Manager Airside Operations. Mr. Ostrom provided some background information regarding the responsibilities of his department.

CONSENT ITEMS

The following Consent items were approved by roll call vote as indicated.

COMMISSIONER GEISLER MOVED AND COMMISSIONER WILLIAMS SECONDED APPROVAL OF THE CONSENT AND COMMITTEE AGENDA ITEMS AS LISTED BELOW. The Motion carried on the following roll call vote:

Ayes: Fourteen: Crimmins, Deal, Foster, Geisler, Harris, King, Madigan, McClung, Mencil, Monaco, Peilen, Rehkamp, Williams and Chairman Boivin

Nays: None

Abstain: None

Absent: One: Commissioner Landy

Lease Actions - Board File No. 13465

Minneapolis-St. Paul Int'l Airport

Approval of an airline operating agreement and 2010 amendment with Great Lakes Aviation, LTD. to provide essential air service to Minnesota, North Dakota, South Dakota and Iowa. Standard terminal airfield rates apply. Approval of an airline operating agreement extension from December 31, 2011 to December 31, 2015 and inclusion of minor updates for ABX Air, ASTAR Air Cargo, AirTran Airways, Alaska Airlines, Express Jet Airlines, Frontier Airlines, Great Lakes, Icelandair, Republic Airlines, Shuttle America, SkyWest, Southwest Airlines, Sun Country Airlines, United Air Lines and US Airways. Additionally American, and American Eagle Airlines are not expected to complete the extension until sometime in 2012 due to American's bankruptcy filing. Approval of a lease amendment to retail concessions Batch 15 with Host Int'l. Approval of an amendment to the JCDecaux Terminal Advertising Agreement for the addition of storage space. Approval of a second amendment to the Commercial Service License and Office Lease with Baggage Airline Guest Services, Inc., to remove room LT-1327. Approval of liquor licenses in effect at the Mpls. St. Paul Int'l Airport. Resolutions were adopted for each licensee for its locations as required by the State.

Crystal Airport

Approval of a lease transfer from Travis Scott, Lot 7B-1 to ERC Properties, St. Michael, MN. Approval of a consent to leasehold mortgage and subordination agreement form Citizens Independent Bank, Lot 7B-1 to E.R.C. Properties, St. Michael, Mn.

Anoka County-Blaine Airport

Approval of a lease transfer from Judy Ysker Estate of John Ysker, Stillwater, MN, Lot 25B to George Crockett, White Bear Lake, MN.

Lake Elmo Airport

Approval of a lease transfer from Croix Air Enterprises, Lot 13D to Paul Linnerooth, Stillwater, MN. Approval of a lease transfer from Mark Kedrowski, Lot 27F to Little Redtail Builders, Hudson, WI

Commissioner Rehkamp requested background information on what service Great Lakes is providing in the Airline Operating Agreement.

AUTHORIZE THE LEASES, CONSENT OF TRANSFERS, AMENDMENTS, ASSIGNMENTS,

CONSENT TO SUBLEASES, LICENSES, AND OTHER ACTIONS AS INDICATED.

ALL SUCH APPROVALS ARE SUBJECT TO PAYMENT OF ALL RENT OR MONEY OWED THE COMMISSION, COMPLIANCE WITH THE TERMS OF ALL EXISTING AGREEMENTS AND PAYMENT OF APPLICABLE ADMINISTRATIVE FEES, IF ANY.

AUTHORIZE THE EXECUTIVE DIRECTOR OR A DESIGNATED REPRESENTATIVE TO EXECUTE THE NECESSARY DOCUMENTS.

Approval of Minutes

Approval of the Minutes for the Executive Committee - October 24, 2011 Meeting

Approval of the Minutes of the Executive Committee - November 7, 2011

Approval of the Minutes of the November 21, 2011 Commission Meeting

Approval of the Minutes of the December 5, 2011 Special Commission Meeting

Commissioner Peilen asked that a corrections be made to the minutes of the October 24th Executive Committee as her name was hyphenated and should not be and in the M&O Committee minutes her name was misspelled.

Financial Report - Board File No. 13461

Approval of the total amount of \$24,212,178.34

Finance and Administration Committee - Board File No. 13462

- A1 Reports
 - a. Budget Variance Report - October 2011
 - b. Accounts Receivable Summary
- A2 MAC Commercial Card Program Audit
- A3 Ratification of Labor Agreements with the following Bargaining Units:
 - a. International Association of Fire Fighters, Local S-6 (Representing Fire Fighters)
 - b. International Association of Fire Fighters, Local S-6 (Representing Fire Captains)
 - c. International Union of Operating Engineers, Local 70
 - d. International Union of Operating Engineers, Local 49
- A4 2012 Operating Budget Update

Planning, Development and Environment Committee - Board File No. 13463

- B1 Reports
 - a. Change Management Policy and Project Status Report
- B2 Bids Received - MAC Contract
 - a. 2011 Restroom Upgrade
 - b. 2011 Technology Room Equipment Continuity (TREC)
 - c. 2011 Art in the Terminal
 - d. 2011 MUFIDS and EVIDS
 - e. 2011 Wayfinding Signage Improvements
 - f. T1-Lindbergh Concourses E&F Pedestrian Bridge Rehabilitation
 - g. 2011 Passenger Boarding Bridge Replacement - Phase 2
 - h. T2 Humphrey Fuel Facility Relocation
 - i. MSP Data Center - Engine - Generator Sets
- B3 Request for Qualifications
 - a. Airport Planning Services
 - b. MSP Civil Engineer

- c. Reliever Airports Engineer
- B4 Noise Oversight Committee - 2011 Accomplishments and 2012 Work Plan
- B5 2012-2018 Capital Improvement Program
 - a. Environmental Review
 - b. Adjacent Community Review Process
 - c. Program Funding
 - d. Program Approval

Management and Operations Committee - Board File No. 13464

- C1 Request to Renew the Enterpriseone Software Support Agreement
- C2 Recommendation to Adopt Electric Cart Ordinance
- C3 2012 Aviation Liability and Casualty (Worker's Compensation Insurance Renewals)
- C4 Request to Issue a Request for Proposals for an Event Planning and Management System
- C5 Recommendation Re: 2012-2014 USDA Wildlife Services Contract
- C6 Update: Request to Issue an RFP for the Operation of WI-FI and Shared Distributed Cellular Antennae Programs
- C7 Approval of Delta Air Lines/OTG Concessions Agreement

DISCUSSION ITEMS - Board File No. 13466

There were no items.

NEW BUSINESS - Board File No. 13467

Executive Director Compensation

Chair Boivin

Chair Boivin stated the Executive Committee completed a performance review of Jeff Hamiel, Executive Director. Based on the performance review and review of compensation by Human Resources, he is proposing a change to the Executive Director's compensation level. The meetings produced some good discussions about his performance and provided suggestions the Committee would like to see occur in the future. If Commissioners would like more information regarding issues that were discussed, they may contact Commissioners Rehkamp, Geisler, Peilen, Landy or Chair Boivin.

At the end of the process there was discussion regarding an adjustment to Mr. Hamiel's compensation. Based on the salary survey data indicating that the Executive Director's salary continues to be significantly below market, Chair Boivin is recommending an immediate salary adjustment of 1.2% to establish a new salary level of \$182,032 for 2011 and that the adjustment be effective upon approval by the Commission. Chair Boivin stated that he is continuing to consider whether further adjustments are warranted and may come back with an additional recommendation in 2012.

Several concerns and questions were raised by Commissioners as follows:

- The salary is significantly below market and the Commission needs to prepare itself to be much more competitive with prevailing rates with management changes that will be occurring in the near future.
- Are Sr. Staff's salaries governed by the Governor's salary?
- All public salaries are subject to the Governor's cap. The Executive Director's position at MAC has an approved exemption to the law. The growth of that salary each year is governed by State law.
- Will the Commission have the flexibility to offer a competitive salary to Mr. Hamiel's successor or is legislation needed?

- Should the Commission be thinking about legislative changes or actions that are beyond the control of the Commission?
- There is a formal process that the Commission has to go through and the Executive Director's salary isn't at the top of the current limit. His salary needs to be at the top of the current limit before he can move ahead of that limit.

Chair Boivin asked Mitchell Kilian to start talking to legislators or the Office of Administration about this issue as the Commission wants to consider this in the future. Also, Sr. Staff salaries are frozen and there needs to be a discussion regarding that as well.

COMMISSIONER REHKAMP MOVED AND COMMISSIONER PEILEN SECONDED APPROVAL OF AN ANNUAL SALARY OF \$182,032 FOR THE EXECUTIVE DIRECTOR TO BE EFFECTIVE ON THE DATE OF FULL COMMISSION APPROVAL. The Motion passed on the following roll call vote:

Ayes: **Fourteen:** **Crimmins, Deal, Foster, Geisler, Harris, King, Madigan, McClung, Mencil, Monaco, Peilen, Rehkamp, Williams and Chairman Boivin**

Nays: **None**

Abstain: **None**

Absent: **One: Commissioner Landy**

OLD BUSINESS - Board File No. 13468

2012-2016 Strategic Plan

Jeff Hamiel, Executive Director, provided a final review of the 2012-2016 Strategic Plan. He discussed the changes that staff has made since the last discussion at the November Commission meeting.

The following questions and comments were made:

- To capture the enhanced air services, suggest under Critical Issues to add competitive before services.
- Under the operations block, where it is just facts, suggest adding a block that sets forth the number of routes MSP has had historically and currently so we can track whether MSP is expanding. Secondly, have an additional block for the number of competitive routes.
- Suggestion - on Page 5 - regional businesses category seems out of place - would expect that to be the second to the last or the last item since the first two or three should relate to the travelling public.
- Critical issues - bottom of Page 15 - the Reliever Airport statistics - the Reliever operations has dropped over twenty five percent over the last five years - based aircraft has dropped over ten percent - suggest another critical issue related to Relievers saying that we want the Relievers to be the airport of choice for tenants. If not, at this time, either expand the MSP critical issues to include the Relievers or add another critical issue so that these numbers are examined. What additional work can MAC do to see if this is simply the economy or whether people are not choosing to base their aircraft at the Relievers?
- Last page - "overtime as % of total wages", overtime went up almost 2% this last year - has staff looked at the overall staffing compliment and do we anticipate overtime to be going down or are there any opportunities for additional full-time headcount?
- Regional businesses are an important customer of the airport because of having the kind of quality service we do is such an important economic engine - suggest that it stay where it is on the list.

- Reading it in terms of regional businesses that support airport operations in which case they would belong at the bottom of the list.
- Page 22 -- Reliever Airports - would it be helpful to break-out the Relievers to better indicate what is happening by Reliever Airport?
- Page 14 - why did the Reliever Airport net-operating revenue almost double?
- With regard to safety, there seems to be a discrepancy between Page 14 which lists seven runway incursions and Page 20 which lists twenty five?
- Page 14 - airline cost per enplaned passenger - which lists the cost at \$6.03 and on Page 21 - there were two other costs per enplaned passenger - doesn't understand the difference between the \$8.36 cost and the \$6.03?
- Page 23 - Disabled workforce - the percentage of those - why is it not applicable?
- When does staff traditionally get the performance indicators information?

Mr. Hamiel requested approval of the document and stated he will proceed with the requested adjustments.

COMMISSIONER MCCLUNG MOVED AND COMMISSIONER APPROVAL OF THE 2012-2016 STRATEGIC PLAN. The Motion passed by the following roll call vote:

Ayes: **Fourteen:** **Crimmins, Deal, Foster, Geisler, Harris, King, Madigan, McClung, Mencil, Monaco, Peilen, Rehkamp, Williams and Chairman Boivin**

Nays: **None**

Abstain: **None**

Absent: **One:** **Commissioner Landy**

ANNOUNCEMENTS

Chair Boivin requested that the Commission meeting scheduled for January 17th be moved to January 23rd at 1:00 p.m. There being no opposition from Commissioners, the meeting is changed to January 23, 2012 at 1:00 p.m.

Chair Boivin acknowledged that Commissioner Harris is stepping down from the St. Paul City Council and stated there will be an informal gathering at O'Gara's on December 28th at 7:00 p.m. Chair Boivin also congratulated Commissioner Harris who was recently given the Life of Distinction Through Service Award by Catholic Charities.

Chair Boivin encouraged Commissioners to visit the Employee Art Exhibit on Concourse C.

Chair Boivin announced that there was an Open House at MAC General Offices on December 8th regarding noise issues in south Minneapolis. He congratulated the Noise Department for the impressive exhibits that were featured for members of the community to help answer their noise concerns.

Chris Roy, MnDOT announced that Ray Rought, former Director of Aeronautics for the State of Minnesota, has announced his retirement. MnDOT will be having a coffee reception on January 4th from 2:00 - 3:30 p.m. in MnDOT's central offices.

Chair Boivin adjourned the meeting at 2:20 p.m.

Materials for this meeting are available at the following website:

<http://www.metroairports.org/mac/meetings/fc.aspex>

**METROPOLITAN AIRPORTS COMMISSION
PLANNING, DEVELOPMENT & ENVIRONMENT COMMITTEE
REGULAR MEETING**

Tuesday, January 3, 2012, 11:00 a.m.
Room 3048A, Terminal 1-Lindbergh
Minneapolis-St. Paul International Airport

"CONSENT ITEMS"

Call to Order

A regular meeting of the Planning, Development and Environment Committee, having been duly called, was held Tuesday, January 3, 2012, in Room 3048A, Terminal 1-Lindbergh, Minneapolis-St. Paul International Airport. Chair Rehkamp called the meeting to order at 11:00 a.m. The following were in attendance:

Commissioners: Rehkamp, Crimmins, Geisler, Harris, Landy, Monaco, King, Chair Boivin

Staff: J. Hamiel, D. Probst, S. Busch, T.L. Anderson, P. Rasmussen, G. Warren, R. Fuhrmann, S. Wareham, P. Hogan, B. Rief, R. Biddle, M. Kilian, B. Hoium, L. Sorensen, B. Vorpahl, J. Kosta, A. Howell, J. Nelson, D. Ruch, M. Scovronski, J. Felger

Others: M. Loeffelholz, H. Moody, J. Davidman, Delta Airlines; J. Vaughn, D. Dombrock, Airport Foundation MSP; C. Rogers, CEE; J. Krack, RAAC & ACAA; R. Friskney, J. Spensley, SMAAC

OPEN FORUM

The Open Forum is that portion of the Committee meeting where persons are allowed to address the Committee on subjects which are not a part of the meeting agenda. No public comments were received.

B1. REPORTS – CF 30

a. Change Management Policy and Project Status Report

Chair Rehkamp noted that the report has been modified as requested to highlight projects which were awarded by the Commission at its previous meeting and where changes in project contingency have occurred since the previous report.

b. Professional Service Authorizations Quarterly Report

Staff responded to questions regarding the report and noted that authorizations in excess of \$50,000 are approved by the Commission; it was suggested that new authorizations and multiple authorizations for a single vendor be annotated on the report. Staff will take the request under advisement and report back to the Committee. It was noted that requests for non-continuing consultants that will exceed \$50,000 are brought to the Commission for approval. Other questions were raised regarding oversight of Professional Services and it was noted that the primary monitoring of non-CIP authorizations is done by Finance while Airport

Development monitors CIP authorizations. An internal audit of Professional Services was completed a few years ago.

THESE REPORTS WERE INFORMATIONAL ONLY; NO COMMITTEE ACTION WAS REQUESTED.

B2. FINAL PAYMENTS – MAC CONTRACTS – CF 31

The following final payments were submitted for consideration:

- a. 2011 Pavement Joint Sealing
MAC Contract Number: 106-1-246
Contractor: Interstate Improvement, Inc.
Construction Budget: \$480,000
Net Contract: \$409,438.57
Final Payment: \$27,253.51

- b. 2010 Miscellaneous Modifications – Bid Package #2
MAC Contract Number: 106-2-623
Contractor: CM Construction Company, Inc.
Construction Budget: \$275,000
Net Contract: \$272,661.71
Final Payment: \$13,633.08

- c. 2011 Landside Pavement Rehabilitation
MAC Contract Number: 106-3-459
Contractor: Asphalt Surface Technologies Corporation
Construction Budget: \$315,000
Net Contract: \$306,833.42
Final Payment: \$42,564.56

- d. St. Paul Downtown Airport – 2011 Pavement Rehabilitation
MAC Contract Number: 107-1-059
Contractor: Northwest Asphalt, Inc.
Construction Budget: \$1,200,000
Final Payment: \$88,887.56

- e. Crystal Airport – 2011 Alleyway Pavement Rehabilitation
MAC Contract Number: 109-1-032
Contractor: Midwest Asphalt Corporation
Construction Budget: \$375,000
Net Contract: \$323,218.00
Final Payment: \$67,728.00

- f. Anoka County-Blaine Airport – 2011 Pavement Rehabilitation
MAC Contract Number: 110-1-034
Contractor: Midwest Asphalt Corporation
Construction Budget: \$300,000
Net Contract: \$284,898.30
Final Payment: \$26,871.90

COMMISSIONER MONACO MOVED AND COMMISSIONER CRIMMINS SECONDED, TO RECOMMEND TO THE FULL COMMISSION ACCEPTANCE OF THE WORK COVERED BY THE CONTRACTS FOR THE TOTAL CONTRACT AMOUNTS AS INDICATED AND THAT FINAL PAYMENTS TO THE CONTRACTORS IN THE AMOUNTS INDICATED BE AUTHORIZED, SUBJECT TO THE CONSENT OF THE CONTRACTORS' SURETY COMPANIES. THE MOTION CARRIED BY UNANIMOUS VOTE.

B3. BIDS RECEIVED – MAC CONTRACTS – CF 32

a. 2012 Electrical Infrastructure Rehabilitation

COMMISSIONER MONACO MOVED AND COMMISSIONER CRIMMINS SECONDED TO RECOMMEND TO THE FULL COMMISSION ACCEPTANCE OF THE LOWEST RESPONSIBLE BID FROM HUNT ELECTRIC CORPORATION, IN THE AMOUNT OF \$1,074,600.00. FURTHER, AUTHORIZE THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO EXECUTE THE NECESSARY DOCUMENTS AND ESTABLISH A PROJECT BUDGET OF \$1,150,000. THE MOTION CARRIED BY UNANIMOUS VOTE.

b. Concourse G Fire Protection Phase 1 – Pods 1 and 2 Main Level and FIS

COMMISSIONER MONACO MOVED AND COMMISSIONER CRIMMINS SECONDED, TO RECOMMEND TO THE FULL COMMISSION:

1. THAT THE 2012 CAPITAL IMPROVEMENT PROGRAM BUDGET FOR THE CONCOURSE G FIRE PROTECTION - FIS PORTION OF THIS PROJECT BE INCREASED TO \$1,150,000; AND
2. ACCEPTANCE OF THE LOWEST RESPONSIBLE BID FROM MORCON CONSTRUCTION CO., INC., IN THE AMOUNT OF \$1,678,712.00. FURTHER, AUTHORIZE THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO EXECUTE THE NECESSARY DOCUMENTS AND ESTABLISH A PROJECT BUDGET OF \$1,800,000.

THE MOTION CARRIED BY UNANIMOUS VOTE.

c. Concourse G Fire Protection – Asbestos Abatement

Staff responded to questions regarding the disparity in bids and noted that there were no irregularities in the bid form and that staff is confident that the recommended contractor will complete the work.

Staff also responded to questions regarding the consultant estimating process, the requirements for performance and payment bonds, and whether the time between estimating and bid opening affects the final bid amounts. Staff continues to monitor the estimates with actual bids.

COMMISSIONER MONACO MOVED AND COMMISSIONER CRIMMINS SECONDED TO RECOMMEND TO THE FULL COMMISSION ACCEPTANCE OF THE LOWEST RESPONSIBLE BID FROM LINDSTROM ENVIRONMENTAL, INC., IN THE AMOUNT OF \$890,500.00. FURTHER, AUTHORIZE THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO EXECUTE THE NECESSARY DOCUMENTS AND ESTABLISH A PROJECT BUDGET OF \$950,000. THE MOTION CARRIED BY UNANIMOUS VOTE.

B4. AUTHORIZATION TO NEGOTIATE AND EXECUTE TEMPORARY EASEMENT WITH THE DEPARTMENT OF NATURAL RESOURCES (DNR) – CF 33

The 2012 Capital Improvement Program includes the North Side Storm Sewer Improvements (NSSS) project at the Minneapolis - St. Paul International Airport. This project is located in the Minnesota River valley, just east of Highway 5 within the Fort Snelling state park and involves the expansion of storm sewer piping between Ponds 3 and 4 and a new outlet pipe from Pond 4 to the Minnesota River. The majority of the project can be done within the existing permanent easement except for a small portion of the outlet from Pond 4 to the river. In order to accomplish this work, MAC needs a temporary construction easement from the DNR in an amount of approximately 0.515 acres.

The DNR requires that any easement granted must have approval from the governing body of the requesting agency, by way of formal action and a resolution. The requested resolution was included in the Committee packet.

COMMISSIONER MONACO MOVED AND COMMISSIONER CRIMMINS SECONDED TO AUTHORIZE STAFF TO NEGOTIATE AND EXECUTE A TEMPORARY CONSTRUCTION EASEMENT TO BE RECEIVED FROM THE DEPARTMENT OF NATURAL RESOURCES (DNR) AND AUTHORIZE THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO EXECUTE THE NECESSARY DOCUMENTS. THE MOTION CARRIED BY UNANIMOUS VOTE.

B5. AIRPORT PLANNING SERVICES CONTINUING CONSULTANT – REVIEW TEAM MEMBERS APPROVAL – CF 34

In December 2011 the Commission directed staff to proceed with a qualifications-based selection process for the Continuing Consultant service category of "Airport Planning Services" and to complete interviews at the staff level. In accordance with MAC Policy, "MAC staff will assemble a review team consisting of MAC staff and one of the following: a member of the Commission, an outside expert or a member of MAC's internal Audit Department." As required by the policy, the Commission is to approve the members of the review team when staff has been delegated the authority to conduct interviews.

As such, the review team for the Airport Planning Services Continuing Consultant selection is proposed to consist of the following members:

- Ms. Connie Kozlak, Manager – Transportation Planning, Metropolitan Council (Outside Expert)
- Mr. Hank Moody, General Manager – Corporate Real Estate, Delta Airlines (Outside Expert)
- Mr. Paul Sichko, MAC Assistant Director – MSP Operations/Maintenance and Airside Operations

- Mr. Alan Howell, MAC Airport Architect/Project Manager Landside Development
- Ms. Bridget Rief, MAC Assistant Director – Airport Development - Airside (Review team leader).

The airport planning services contract includes tasks to assist MAC staff with a wide range of planning activities including; long term comprehensive planning, airport layout plan preparation, feasibility studies, airspace studies, FAA regulation interpretation, environmental analyses, and other related planning services at MSP and the Reliever Airports.

The schedule for the selection process was included in the Committee packet.

COMMISSIONER MONACO MOVED AND COMMISSIONER CRIMMINS SECONDED, TO RECOMMEND TO THE FULL COMMISSION THAT THE REVIEW TEAM FOR THE AIRPORT PLANNING SERVICES CONTINUING CONSULTANT SELECTION PROCESS BE APPROVED AS NOTED ABOVE. THE MOTION CARRIED BY UNANIMOUS VOTE.

B6. COMMISSIONED ARTWORK AT MSP – CF 35

Gary Warren, Director – Airport Development, reported that in 2008 the Commission adopted the MSP Arts and Culture Master Plan, as presented by the Airport Foundation. The Arts and Culture Program's stated intent is to, "...enhance MSP Airport's image, enrich the public's experience, and promote a sense of place through arts and culture". The Arts and Culture Master Plan establishes locations and protocols for enhancing the customer experience on the MSP campus by incorporating art and culture where appropriate in the terminal complexes. The process for managing the implementation of the program including the selection of artists/artwork was delegated to the Airport Foundation-Arts and Culture committee.

Included in the Commission approved CIP is a multi-year/multi-million dollar program (2011 Concourse F and 2012 Concourse E Restroom Remodel projects) for remodeling the public restrooms throughout the terminals which in part will include mosaic art work on the entry wall to each restroom. The entry piece is proposed to be functional art, in that it will landmark the entry to the men's and women's restrooms, and will become a recurring element throughout the terminal as the restroom remodel program replaces existing facilities. As a piece of art built into the structure, the work must meet certain basic criterion for installation: it must be functional for the space, meet minimum code and MAC Standards requirements, and be cleanable (a high priority), and repairable if damaged. The restroom remodeling work will be competitively bid and brought back to the Commission for construction contract award.

The Arts and Culture Committee for this selection is comprised of three MAC staff members, one MAC Commissioner, three Airport Foundation Board Members (including the Executive Director of the Minnesota State Arts Board), and a local artist recommended by the State Arts Board and appointed by the Foundation.

In the proposed process, an open solicitation for arts is being utilized, including direct invitation to mosaic artists on the Minnesota State Arts Board list of approved mosaic artists. The work-plan timeline and process was outlined in the packet and will result in the selection of the artist by the end of February 2012 and final design completion by the

end of March 2012. The selection committee and designers of the restroom remodel projects will be involved in the review and design process of the selected artist. The installation of work for Concourse E and F restrooms will occur in the late summer and fall of 2012.

The proposed budget for the work, to be utilized at new men's and women's restrooms throughout the terminals, will be roughly 1% of the current restroom project budget. Ongoing costs for new installations will be material and installation only, as the MAC will retain the rights for installation of the art work at all new and remodeled restrooms.

A similar process for the Terminal 2-Humphrey Checkpoint Expansion project floor mosaic will also be occurring within the next several months. Updates on both selection processes and final designs will be presented to the Commission as the work proceeds.

Staff responded to questions and suggestions from Commissioners regarding the art program including the following: 1) hold a competition between Minnesota Artists and display the winning art without having to pay for it, 2) are there branding opportunities, 3) can the art be sponsored by a corporation or organization as opposed to using MAC funds, 4) provide space for rotating works from Minnesota artists, 5) can the art program be used as an additional opportunity to increase revenues or reduce expenses, and 6) continue to think about the significant amount of marketing opportunities that exist at the airport.

Staff reminded the Committee that this is not the only opportunity for art in the terminal and that the restroom art work is not conducive to a rotating type of exhibit, however, those components continue to be an important part of the future art program at MSP.

The Committee thanked staff for thinking of art as part of the airport experience and acknowledged the efforts of the Airport Foundation.

Jana Vaughn, MSP Airport Foundation Executive Director, stated that all of the Commissioners comments have been addressed through MSP's very comprehensive and active Arts and Culture Steering Committee. She noted that Commissioner Peilen is an active member of the Steering Committee. Ms. Vaughn indicated that a thorough presentation on the art program will be made in the coming months but due to construction schedules, this project and RFQ needed to proceed at this time.

Ms. Vaughn recommended keeping the proposed process for this specific project in place, that a very thorough process has been set up for this project and that there will be opportunities for other institutions, Minnesota artists, sponsorships and corporate involvement through the arts program. Some of that has already been done over the last year. The exhibit of historical pictures in the conference center area is a rotating exhibit made available through a partnership with the MAC, the Foundation and the Minnesota History Center and is funded through Legacy dollars. She noted that this is a CIP project and that it may be difficult to involve those types of partnerships when the program is executed as a part of a CIP project.

THIS WAS AN INFORMATIONAL ITEM ONLY; NO COMMITTEE ACTION WAS REQUESTED.

B7. 2011 MAC ENERGY CONSERVATION PROGRAM AND SAVINGS UPDATE – CF 36

As part of the ongoing effort to increase operating efficiencies and reduce energy costs at Minneapolis-St. Paul International Airport (MSP) the Commission authorized the expenditure of up to \$3 million on energy related projects, which would pay for themselves within 5 years as a result of energy conservation and/or utility rebates. This is the ninth authorization since 2002.

The current MAC Energy Conservation Program (MECP) summary identifies projects in progress or completed. The 2011 project is projected to reduce electrical consumption by 1,380 Mega-Watt Hours (MWH)/yr and reduce natural gas usage by 168,400 Therms/yr which results in a projected utility cost savings of \$307,111 per year at today's rates. In addition, staff is estimating utility company rebates of approximately \$65,000 for this year's project.

Mr. Warren reviewed the project work elements for 2011 and stated the MECP team will be continuing its energy conservation efforts in 2012 with a \$3.0 million allocation approved by the Commission in the 2012 CIP. The team has identified energy conservation program work beyond 2015 using the current pay-back parameters.

Since the MECP was initiated 11 years ago, cumulative energy cost reductions have exceeded expenditures. The utility cost reduction from the MECP is now estimated at \$3.8 million per year and growing as we continue MECP projects and as energy rates continue to increase. In addition, the program has earned over \$2.3 million in utility company rebates which continue to accumulate yearly.

Mr. Warren responded to questions regarding the potential for large projects that would have bigger returns and whether any geothermal projects are being considered. He stated that part of the challenge with larger projects is to not be too disruptive to operations and that a geothermal study has been underway since last year and there may be potential for geothermal for future projects.

Commissioner King encouraged Commissioners to tour the Energy Management Center.

THIS WAS AN INFORMATIONAL ITEM ONLY; NO COMMITTEE ACTION WAS REQUESTED.

B8. NOISE MITIGATION PROGRAM ANNUAL UPDATE – CF 37

Under the terms of the Consent Decree settlement of the noise mitigation lawsuit, the Commission is required to provide certain Noise Mitigation Program services to single and multifamily homes that lie within the noise contours depicted on the 2007 Mitigated Noise Exposure Map. Further, MAC is required to adhere to a series of schedule deadlines contained within the Consent Decree for various tasks, notices, and project completion dates.

John Nelson, Noise Mitigation Program Manager, gave a presentation regarding the administration of the Noise Mitigation Program. In order to achieve compliance with the Consent Decree, the Commission is administering the Noise Mitigation Program in phases as follows:

- DNL 63-64: 5 decibel modifications completed in December 2009.
- DNL 60-62: Either AC and \$4,232 of mitigation or \$14,809 of mitigation if AC is already present.
- 2005 DNL 60 to 2005 DNL 64: Shares \$7 million for approved mitigation reimbursements.
- DNL 60-64: Multifamily AC covers or AC installation completed in June 2010.

Mr. Nelson stated that all deadlines established in the Consent Decree have been met and that a motion will be filed with the Court when all requirements of the Consent Decree have been completed.

Mr. Nelson responded to questions regarding warranty work and allowing homeowners that have opted out of the program to enter the program if the phase is still open.

Dennis Probst, Deputy Executive Director – Planning and Environment, reported that noise impacts will be addressed in the Environmental Assessment related to the Long Term Comp Plan currently underway and will be presented in the first quarter of this year. It was clarified that if additional homes are to be mitigated based on a new contour, they will not be part of the Consent Decree.

James Spensley, SMAAC President, commented and asked questions regarding noise contours and future noise abatement. Chair Rehkamp requested that Mr. Spensley put his questions in writing so that a response can be prepared.

THIS WAS AN INFORMATIONAL ITEM ONLY; NO COMMITTEE ACTION WAS REQUESTED.

The meeting was adjourned at 12:42 p.m.

**METROPOLITAN AIRPORTS COMMISSION
MANAGEMENT & OPERATIONS COMMITTEE
REGULAR MEETING**

Tuesday, January 3, 2012, 1:00 p.m.
Room 3048A, Terminal 1-Lindbergh
Minneapolis-St. Paul International Airport

"CONSENT ITEMS"

Call to Order

A regular meeting of the Management and Operations Committee, having been duly called, was held January 3, 2012, in Room 3048A, Terminal 1-Lindbergh, Minneapolis-St. Paul International Airport. Chair Landy called the meeting to order at 1:00 p.m. The following were in attendance:

Commissioners: Landy, King, Boivin, Geisler, Madigan, Monaco, Rehkamp

Staff: S. Busch, T.L. Anderson, J. Hamiel, D. Probst, D. Ruch, S. Wareham, E. Hudak, E. Johnson, J. Kosta, B. Rineer, J. Greer, J. Ostrom, P. Sichko, B. Rief, B. Peters, B. Johnson, P. Rasmussen, E. Wilson, J. Berglund, M. Kilian, P. Hogan, R. Fuhrmann, G. Schmidt, K. Gerads, J. Harris, M. Rosenow, G. Warren, A. Irish

Others: J. Spensley, Bob Friskney, SMAAC; Vivian Starr, John Krack, Anoka County Aviation Association (ACAA); Adrian Schoen, Fastenal Company; Bob Therres, Clark Arneson, City of Blaine; Hank Moody, Delta

OPEN FORUM

The Open Forum is a portion of the Committee meeting where persons are allowed to address the Committee on subjects which are not a part of the meeting agenda. No public comments were received.

AGENDA ITEMS

C1. PROFESSIONAL SERVICE AUTHORIZATION (PSA) QUARTERLY REPORT – CF 2287

The Professional Service Authorizations (PSAs) report for the fourth quarter (October, November, December) of 2011 was approved.

THIS IS AN INFORMATIONAL ITEM ONLY; NO COMMITTEE ACTION IS REQUIRED.

C2. VENDOR SELECTION RECOMMENDATION: SYSTEM SUPPORT SERVICES FOR MUFIDS, COMMON USE AND RELATED SYSTEMS – CF 2288

The MAC provides information displays, Multi-User Flight Information Displays (MUFIDS) and Baggage Information Display Systems (BIDS), in both T1 and T2. MAC also provides passenger processing systems and Common Use Passenger Processing Systems (CUPPS) in T2. The MUFIDS displays show flight arrival and departure information to passengers based upon data feeds from the MSP airlines. They also provide visual paging, weather information and general MAC information to the public. The BIDS displays show which bag claim carousels have been assigned to which flights for arriving passengers. MAC-operated MUFIDS and BIDS were installed in T1 in 2009, replacing display systems operated by each airline individually.

The CUPPS systems provide computer equipment for check-in and boarding that can be shared by all airlines at T2. All products described are provided by Ultra Electronics Inc. as a result of a competitive process culminating in a Commission award in 2006.

These systems are critical for operations and must function seven days a week, 365 days a year to match the scheduled operations by air carriers at both terminals. If there is a system failure, immediate response is required to keep the critical information available. Technical, onsite support for these systems has been provided by ServiceTec, a contractor selected by the Commission in 2006. That service agreement has expired and, after a Request for Proposals was issued, proposals were received from ServiceTec International and one from ARINC Managed Services.

After convening to evaluate the proposals, the review team determined that ServiceTec met or exceeded the requirements and recommends that ServiceTec be awarded the contract.

In response to questions from Commissioners, Mr. Dave Ruch Director / Information Systems, provided cost differences which had not been provided to Commissioners in the agenda packet prior to the meeting. Given the cost increases and significant difference in the two proposal bids received, Commissioners moved to table this item until the next M&O meeting. Commissioners recommended that staff bring more detail explaining the proposals, the selection process, the cost increases, the differences in the two proposals, and any other information that would help Commissioners make a more informed decision on this item.

**COMMISSIONER GEISLER MOVED AND COMMISSIONER BOIVIN SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE TABLE THIS ITEM FOR DISCUSSION AT THE NEXT COMMITTEE MEETING.
THE MOTION CARRIED BY MAJORITY VOTE.**

C3. CALIBER KENNELS – CANINE TRAINING PROFESSIONAL SERVICES AUTHORIZATION (PSA) – CF 2289

Caliber Kennels has been selecting and training the Airport Police Department (APD) narcotics detection (EOD) canines for many years. Owner Jan Ballard has more than 33 years of experience as a professional canine trainer and is highly sought after for her training expertise and her keen ability to identify quality dogs for police departments.

Staff's 2011 Professional Service Authorization with Caliber Kennels was for an amount not to exceed \$65,000. However, an increase to \$70,000 is requested for 2012. This request is for the addition of one EOD canine team during the last quarter of 2011 and one more EOD canine team to be added in 2012. This will bring eight the total number of EOD canine teams in the department.

Meanwhile, Ms. Ballard continues to work extensively to help one of staff's handlers achieve certification to serve as the APD's in-house canine trainer. Once this is accomplished, reliance on Ms. Ballard will greatly diminish and she will then function as a staff consultant to review and evaluate the canine training program. It is estimated that the APD will be able to reduce Ms. Ballard's services starting in 2013.

In response to questions from Commissioners Mr. Mark Rosenow, Police Chief explained staff's reasoning for requesting the increase in this PSA amount. Additionally, staff identified the fact that this request is for a waiver to the requirement for competitive proposals due to the unique nature of Ms. Ballard's services and her knowledge of MAC Police Department's requirements.

**COMMISSIONER REHKAMP MOVED AND COMMISSIONER BOIVIN SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION APPROVAL OF AN INCREASE TO THE 2012 PROFESSIONAL SERVICE AUTHORIZATION FOR CALIBER KENNELS TO THE AMOUNT OF \$70,000 AND THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.
THE MOTION CARRIED BY UNANIMOUS VOTE.**

C4. ANE ATHLETIC FIELDS LEASE TO THE MINNESOTA AMATEUR SPORTS COMMISSION – CF 2290

Mr. Gary Schmidt, Director of Reliever Airports, presented background on this item. In 1982 The City of Blaine and the Metropolitan Airports Commission entered into a License Agreement that allowed the City to occupy and use MAC property at the corner of Radisson Road and 105th Avenue for recreational purposes. The property is contiguous to the Anoka County Blaine Airport. In 2002 the agreement was renewed at an annual fee of \$600.

In 2006 The Commission directed staff to make the Reliever Airports more self sufficient. One strategy was to increase the non-aeronautical rent revenues to a more reasonable rate. To help establish a fair value for property leased to the City of Blaine for athletic fields, MAC engaged The Valuation Group whose appraisal report established the short term rental rate (without a recapture clause) for the 49 acre parcel at \$2,448 per acre, or about \$120,000 in total. It was MAC's intent to maintain control of the northeast section of this parcel at the corner of 95th and Radisson Road for commercial development which reduced the value of leased property to approximately \$100,000. Given the economic decline since February 2009, the market rental rate today is likely far less than \$100,000.

In 2010 MAC staff offered a lease to Blaine for \$70,000 per year. As part of this proposal crash/fire/rescue services for public portions of the airport would be covered under Blaine's agreement with the Blaine/Spring Lake Park/ Mounds View Fire Department. The City Council rejected this offer citing other outstanding issues and directed that MAC should negotiate their own agreement with the fire department. A subsequent offer to the City in early 2011 for a short term agreement at \$39,000 per year, allowing time to further negotiate on other issues, was also not accepted.

Last Fall MAC was approached by the Minnesota Amateur Sports Commission (MASC) who is interested in leasing the athletic fields currently under lease to Blaine. The MAC fields are adjacent to their National Sports Center complex and would complement their existing facilities. The MASC has offered to pay \$50,000 per year for the additional property for the first two years. In years three through five of the proposed agreement, the fee would be escalated at 2% and thereafter escalated at 3% annually. Additionally, MAC would retain the right to develop a five acre corner parcel at 105th Avenue and Radisson Road for commercial development should the opportunity arise.

In response to questions from Commissioners Mr. Schmidt confirmed that the lease terms allow for a sublease agreement between MASC and the city of Blaine. When asked, Mr. Schmidt acknowledged that the city of Blaine does not favor the agreement, and yet is not prepared to incorporate Fire Services into an agreement between MAC and the City. Mr. Clark Arneson, City of Blaine, also addressed the Committee voicing concern that this should be a three party agreement insuring Blaine's access to the fields. He asked that time be given for the City of Blaine, MASC, and MAC to work out lease terms agreeable to all parties involved.

COMMISSIONER MONACO MOVED AND COMMISSIONER BOIVIN SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION AN AMENDMENT TO THE CURRENT LEASE, OR THE OPPORTUNITY TO ENTER INTO A SEPARATE LEASE AGREEMENT BETWEEN THE METROPOLITAN AIRPORTS COMMISSION AND THE MINNESOTA AMATEUR SPORTS COMMISSION, TO INCORPORATE APPROXIMATELY 49 ADDITIONAL ACRES FOR RECREATIONAL PURPOSES AT LEASE RATES IDENTIFIED ABOVE, AND THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

THE MOTION CARRIED BY UNANIMOUS VOTE.

C5. TAXI ORDINANCE PLANNING UPDATED – CF 2291

Mr. Steve Wareham, Director of MSP Operations, gave an update on staff's plan to initiate a formal planning process in early 2012 to replace Ordinance Numbers 102 & 106 that govern taxicab operations at MSP. Discussions both internally and with the industry have identified some focus areas needing improvement. These include enhancement of customer service through use of technology, improved taxicab system / driver conditions, and alignment with metro-wide taxi rates and policies.

In response to the question of whether or not MAC may begin to pattern its taxi management systems after other metro taxi permit systems, Mr. Erik Hudak, Assistant Manager / Landside Operations, noted his involvement in discussions among the city of Minneapolis, the Metropolitan Council, and MAC regarding a metro-wide licensing plan,

common numbering systems, and other process reforms. When asked if staff plans to right-size the number of taxi drivers, Mr. Wareham indicated that staff would like to remove incentives that tend to keep taxi drivers in service at MSP. Mr. Wareham also noted that staff is restricted by certain Minnesota statutes when it comes to finding a solution to the high population of taxi permits issued for MSP.

THIS IS AN INFORMATIONAL ITEM ONLY; NO COMMITTEE ACTION IS REQUIRED.

C6. WILDLIFE MANAGEMENT SERVICES PRESENTATION – CF 2292

Mr. John E. Ostrom, Manager / Airside Operations, gave a presentation to update the Committee on MAC's Wildlife Management Services program. When asked about his industry experience, Mr. Ostrom stated he is the Chairman of the group called Bird Strike Committee USA. It's a multi-industry group with representatives from the FAA, the department of defense, various airports, and others in the airline industry. In response to questions from Commissioners, Mr. Ostrom confirmed that the services described in his program are primarily focused on MSP not on the relievers. Mr. Ostrom stated that MAC does provide some consulting and training at the reliever airports through a contract with the U.S. Department of Agriculture Wildlife Services Department.

THIS IS AN INFORMATIONAL ITEM ONLY; NO COMMITTEE ACTION IS REQUIRED.

C7. RELIEVER TASK FORCE WORK PLAN UPDATE – CF 2293

Mr. Gary Schmidt, Director of Reliever Airports, provided background on this item. As was reported in July of 2011, Commissioner Monaco spent nearly a year with MAC staff studying operational practices and capital funding of general aviation (GA) within MAC's system of airports. The result of that effort was a vision for the future role of each Reliever Airport, as well as a foundation for a sustainable funding model for our GA system, including GA facilities at MSP.

To successfully achieve the vision, staff has developed a set of Work Plans, some of which will require changes or updates to Commission policies and ordinances. Over the next year those changes and/or updates will be brought forward to the Commission for endorsement and approval.

In response to a request from a Commissioner, Mr. Schmidt confirmed that staff will provide a timetable for the upcoming proposed changes in 2012.

THIS IS AN INFORMATIONAL ITEM ONLY; NO COMMITTEE ACTION IS REQUIRED.

The meeting was adjourned at 2:44 pm.

MEMORANDUM

TO: All Commissioners

FROM: Eric L. Johnson – Director, Commercial Management & Airline Affairs
(612-725-8322)

SUBJECT: MAC'S NON-AERONAUTICAL LAND HOLDINGS

DATE: January 13, 2012

HISTORY

Over the past few years MAC staff has been before the Commission to discuss issues related to the use of MAC land for the purpose of generating non-aeronautical revenue from land development, primarily related to the Anoka County-Blaine Airport (ANE). ANE has been the focus to this point as it is the only MAC airport to have completed the FAA's land release process, which gives MAC the authority to enter into development agreements for non-aeronautical uses.

In June of 2007, staff received authorization from the Commission to provide notice of a Request for Statement of Interest and Qualifications (SOIQ) for five different land parcels at ANE. MAC received submittals from five different companies. However, when MAC sent out the Request for Proposals (RFP) for the five sites none of the companies responded. The feedback staff received from developers was that they were not interested in participating in a public bidding process, considering the other sites available on the open market that don't require these extra steps. Based on the outcome from this process, staff proposed to the Commission and was authorized the ability to direct negotiate an agreement for the development of Parcel 60 (see Attachment 1) at ANE and return to the Commission once an agreement had been reached. In April 2008, MAC did receive a lease proposal for a mixed use commercial development from Told Development for the Parcel 60 site. However, following Commission review and comment, staff was not able to come to terms with the proposed developer and they opted to walk away from the deal. Since that time the economy and the availability of bank financing for developers has played a significant role in limiting the development interests in MAC's property. In recent months, however, staff has been receiving some calls from interested developers related to other MAC land holdings.

FAA REVIEW & CITY COORDINATION PROCESS

Once MAC determines which sites are not needed for aviation purposes, there are several lengthy processes that need to be completed on our airports before MAC can actively pursue either a sale or lease option for the property. First, MAC needs to file a request with the FAA for a land release. MAC needs to provide documentation, including a legal description of the site; a registered survey of the property; a defined proposed use; a review of any environmental issues (such as wetlands or endangered plant life on the site); a confirmation as to whether or not federal funding was used to acquire the property; an appraisal, if federal funds were used to acquire the parcel; and a determination of the estimated revenue for such development. This review process is time consuming not only for the data collection, which can be weather/seasonal-dependant, but also for the submittal and review process by the FAA. The ANE submittal mentioned previously took almost two years for the FAA to

complete its process. Staff is currently in the process of collecting the required data for the review of its potential revenue generating parcels at the Flying Cloud Airport (FCM), and already has a request to the FAA for one parcel at FCM. Staff is hopeful that the FAA review process will become faster and more efficient as it continues to send in submittals for other MAC airports.

The other step related to a lease or development proposal would involve the individual city adjacent to the MAC parcel. In some cases cities have been very receptive to the idea of gaining additional community services as well as property tax revenue from land currently unutilized, while in other cases some of the cities have not been as receptive to proposed new development. In each case where MAC staff has met with city representatives we have stressed our interest in working in partnership and to only consider those types of development that would work with adjacent land uses in the given city. While MAC does not legally require city approval to develop its own property, in whatever manner it chooses, gaining support from the particular cities will make the process smoother and provide the most benefit to the Reliever Airport program.

RECENT EVALUATION PROJECT

Earlier this year, MAC staff hired a real estate consultant to review and assess all of MAC's available land holdings to help determine a course of action related to three potential decisions: Sell, Lease/Develop, or Hold for future use. Staff retained Cassidy Turley, a national leader in providing commercial real estate services, to do a land analysis for MAC. Cassidy Turley reviewed 34 properties over all seven of MAC's airports, which included: site maps, current City land zoning information, traffic count maps, site assessment summary, recent comparable land sale summaries, and property profiles information. With the information gathered, Cassidy Turley provided MAC with their professional opinion on what the best options were for each parcel.

In the cases where a sale was recommended they provided an estimated time period for the marketing and sale of the property. In the cases where they indicated that a lease/development option would work best they provided some ideas of what type of development might work best for the site or described the adjacent city land zoning designation. Lastly, in the cases where there wasn't a strong sale demand or lease/development option due to the size, shape, or physical location of the site, they suggested a hold option for MAC to reserve the property to see if there was a greater demand or need for it at some point in the future.

With the data supplied by Cassidy Turley, staff has been working to develop an action plan and set some targets for both sales and lease/development strategies for the next few years.

ACTION PLAN

In 2012, the goal would be to work on four specific parcels with a result of creating some additional non-aeronautical revenue for the Reliever Airports. The four parcels that would be the focus in 2012 are the ones that we have already been getting calls on and are listed below:

1. Flying Cloud Airport – Lot on the corner of Pioneer Trail and Mitchell Road; approximately 3 acres.
2. Anoka County Blaine Airport – Lot on the corner of Radisson Rd. and 105th Avenue; approximately 4 acres.
3. Anoka County Blaine Airport – Parcel 60 on the corner of Hwy 10 and 93rd Lane; approximately 19 acres.

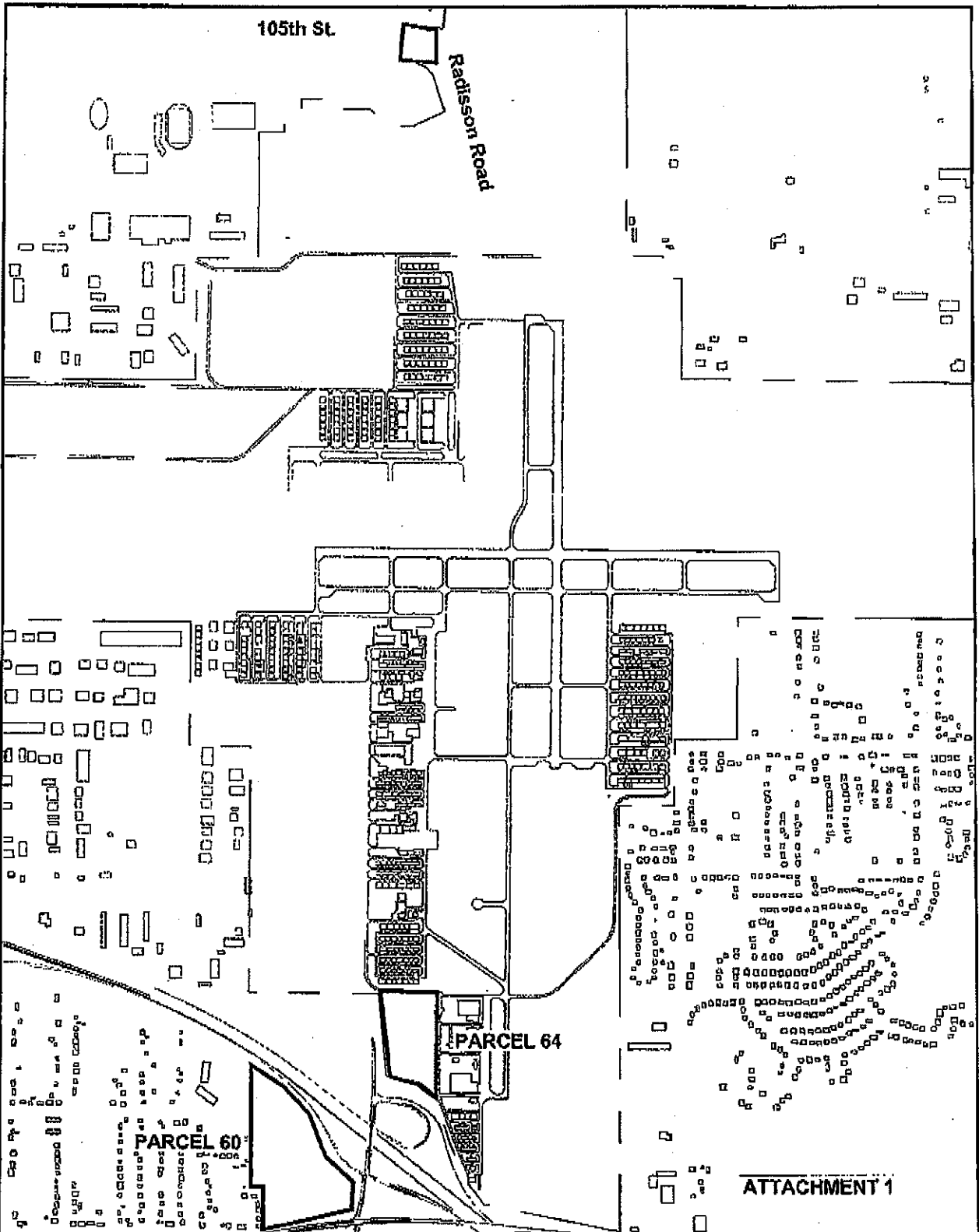
4. Anoka County Blaine Airport – Parcel 64 on the south end of the airport property; approximately 8 acres.

Staff will be coming back to the M&O Committee in the coming months with updates and action requests related to these parcels as opportunities develop.

COMMITTEE ACTION REQUESTED:

THIS IS AN INFORMATIONAL ITEM AND NO COMMISSION ACTION IS REQUESTED AT THIS TIME.

ANOKA COUNTY AIRPORT



ATTACHMENT 1

MEMORANDUM

TO: Management and Operations Committee

FROM: Jeff Hamiel, Executive Director (612-726-8188)

SUBJECT: AIRPORTS COUNCIL INTERNATIONAL - NORTH AMERICA
(ACI-NA) 2012 REGULAR MEMBERSHIP DUES

DATE: January 13, 2012

The Airports Council International-North America (ACI-NA) is our international trade organization representing interests of airports world-wide. MAC has been a member of ACI-NA for over thirty years and was a founding member and continues to actively participate in all of its activities and programs. The Minneapolis-St. Paul International Airport is a large hub airport. Based upon this category, our 2012 Airport Membership dues are \$81,414.00

In addition to our regular membership dues, MAC has actively supported the ACI-NA Legal Center as well. Tom Anderson, MAC General Counsel, continues to play an active leadership role with the ACI-NA Legal Committee and encourages ACI-NA to represent the airport community on judicial and regulatory proceedings. Our continued participation with the ACI-NA Legal Center provides us outside legal exchange of ideas and contributes to our awareness of important aviation legal issues. Our 2012 Legal Assessment is \$7,500.00.

The ACI-NA Governmental Affairs Department continues to make significant progress in establishing itself as a reliable and accurate voice of airports in Washington. ACI-NA legislative priorities for 2012 continues to focus on FAA reauthorization and emphasizes greater financial autonomy for member airports. I remain active with ACI-NA governmental affairs and participate in developing legislative goals for ACI-NA member airports. I will be attending the ACI-NA Board of Directors meeting and CEO Forum in Salt Lake City on February 8th and 9th. This meeting is important because it will establish legislative direction for the 2012 Congress. I recommend payment of the 2012 Legislative Assessment of \$27,500.00 in support of the ACI-NA Governmental Affairs Department.

In addition, I continue to recommend payment of our ACI-NA Regulatory and Policy Assessment Dues of \$15,000.00. MAC participation in the ACI-NA National Policy Issues process with other major hub airports continues to be important.

Finally, I recommend MAC add an additional assessment of \$9,000.00 in support of the International Air Service Program. Because of our very limited staff and budget, I have determined that this resource is an important service available to MAC as we continue to seek new international air service for MSP.

The MAC enjoys numerous substantial benefits from our membership in ACI-NA. Active involvement in congressional decision-making processes and working with the appropriate aviation committees in Washington is critical in maintaining our competitive position in world transportation. Of particular importance is the continuing struggle in Congress regarding Reauthorization Legislation which impacts funding for the Airport Improvement Program (AIP) and other programs important to MAC. It is important for our Washington Counsel, working with Mitchell Kilian, to aggressively pursue new funding sources in partnership with ACI-NA.

As a result, I recommend that the Commission authorize payment for MAC's 2012 membership dues as identified above for a total amount of \$140,414.00. All fees remain at the same level as 2011 except for a increase of regular membership dues of \$1,073.00.

COMMITTEE ACTION REQUESTED

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION PAYMENT TO ACI-NA OF THE COMMISSION'S 2012 REGULAR MEMBERSHIP DUES IN THE AMOUNT OF \$81,414.00, 2012 LEGISLATIVE ASSESSMENT OF \$27,500.00, LEGAL ASSESSMENT OF \$7,500.00, 2012 REGULATORY AND POLICY FUND OF \$15,000.00 AND THE 2012 INTERNATIONAL AIR SERVICE DUES OF \$9,000.00 FOR A TOTAL AMOUNT OF \$140,414.00 AND THAT THE PROPER OFFICERS OF THE COMMISSION EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM

TO: All Commissioners

FROM: Mitchell P. Kilian, Director of Governmental Affairs (612-794-9176)

SUBJECT: 2012 STATE LEGISLATIVE SESSION

DATE: January 12, 2012

The State Legislature will reconvene on Tuesday, January 24, and is scheduled to adjourn by Monday, April 30. Since the Legislature operates on a biennium, all bills introduced during the 2011 session that were not signed into law remain active.

A copy of the 2011 bill tracking list will be distributed at the January 23 meeting. Please plan for a brief review of pending and potential legislation.

THIS IS AN INFORMATIONAL ITEM ONLY; NO COMMISSION ACTION IS REQUIRED

MEMORANDUM

Human Resources

TO: Commission

FROM: Jim Kosta, Manager, Human Resources

DATE: January 16, 2012

SUBJECT: 2012 Pay Equity Implementation Report

In 1984, the Minnesota Legislature passed the Local Government Pay Equity Act (LGPEA) (M.S. 471.991 - .999) for the purpose of eliminating sex-based wage disparities in selected public sector organizations. The Act requires that local government jurisdictions establish equitable pay relationships between male-dominated and female-dominated job classifications, and among balanced job classifications. The MAC has been included in those local government jurisdictions required to comply with the law. Affected jurisdictions are required to submit its compensation structure maximum pay rates to the state on a three year reporting cycle in order to certify compliance with the Act. Each previous submission by MAC has been declared in full compliance with the law since reporting activity has been required.

In January, 2012, the MAC is, once again, required to submit its compensation structure to the Minnesota Management & Budget department in order to assess compliance to the Act. The Human Resources Department has already input compensation data into the state pay equity analysis system software to determine compliance. The resulting statistical analysis generated from this analysis is noted on the attached compliance report. The critical statistic is the Underpayment Ratio noted under section II - Statistical Analysis Test. Compliance to the Act requires a minimum value of 80.00. The value of 99.13 clearly indicates that the MAC compensation structure fully complies with the Act.

The Act requires that the full Commission ratify this report prior to the submission deadline date of January 31, 2012. Accordingly, it is requested that the Commission approve this report in order to fully comply with the Act.

COMMISSION ACTION REQUESTED:
THAT THE COMMISSION APPROVE THE 2012 PAY EQUITY IMPLEMENTATION REPORT.

Compliance Report

Jurisdiction: Metropolitan Airports Commission
6040 - 28th Avenue South

Report Year: 2012
Case: 2 - 2012 data version 2 (Private (Jur Only))

Minneapolis MN 55450

Contact: Nicole Kiefer

Phone: (612) 726-8166

E-Mail: nicole.kiefer@mspmac.org

The statistical analysis, salary range and exceptional service pay test results are shown below. Part I is general information from your pay equity report data. Parts II, III and IV give you the test results.

For more detail on each test, refer to the Guide to Pay Equity Compliance and Computer Reports.

I. GENERAL JOB CLASS INFORMATION

| | Male Classes | Female Classes | Balanced Classes | All Job Classes |
|--------------------------------------|-----------------|-------------------|---------------------|--------------------|
| # Job Classes | 117 | 69 | 16 | 202 |
| # Employees | 343 | 97 | 130 | 570 |
| Avg. Max Monthly Pay per employee | 6,219.61 | 6,024.45 | | 6,051.06 |

II. STATISTICAL ANALYSIS TEST

A. Underpayment Ratio = 99.13 *

| | Male Classes | Female Classes |
|--|-----------------|-------------------|
| a. # At or above Predicted Pay | 38 | 22 |
| b. # Below Predicted Pay | 79 | 47 |
| c. TOTAL | 117 | 69 |
| d. % Below Predicted Pay (b divided by c = d) | 67.52 | 68.12 |

*(Result is % of male classes below predicted pay divided by % of female classes below predicted pay.)

B. T-test Results

Degrees of Freedom (DF) = 438

Value of T = 2.265

a. Avg. diff. in pay from predicted pay for male jobs = \$12

b. Avg. diff. in pay from predicted pay for female jobs = (\$124)

III. SALARY RANGE TEST = 89.92 (Result is A divided by B)

A. Avg. # of years to max salary for male jobs = 11.69

B. Avg. # of years to max salary for female jobs = 13.00

IV. EXCEPTIONAL SERVICE PAY TEST = 0.00 (Result is B divided by A)

A. % of male classes receiving ESP 0.00 *

B. % of female classes receiving ESP 0.00

*(If 20% or less, test result will be 0.00)