

Metropolitan Airports Commission



Full Commission

Regular Monthly Meeting Minutes

Monday, March 15, 2010

1:00 pm

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METROPOLITAN AIRPORTS COMMISSION
FULL COMMISSION MINUTES
REGULAR SCHEDULED MEETING
Monday, March 15, 2010, 1:00 p.m.
Room 3040 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, March 15, 2010 at Room 3040 Lindbergh Terminal, Wold Chamberlain Terminal, Minneapolis-St. Paul International Airport. Chairman Lanners called the meeting to order at 1:00 p.m. The following were in attendance:

Commissioners: Geisler, McKasy, Monaco, Peilen, Rehkamp, Sigel, Stenerson, Westerberg, Williams and Chairman Lanners

Staff: S. Busch, J. Hamiel, D. Probst, T. Anderson, T. Anderson, J. Nielsen, S. Douma, J. Felger, P. Hogan, M. Kilian, A. Irish, P. Rasmussen, J. Kedrowski, M. Willis, D. Swanson, C. Boyd, M. Batt, B. Schauer, K. Schaefer, M. Scovronski, E. Hermann, K. Gerads, G. Schmidt, C. Leqve, E. Johnson, B. Rineer, B. Rief, B. Vorpahl, R. Fuhrmann, B. Zwart, P. Hogan, J. Courteau, A. Johnson, S. Wareham, M. Wacek, T. Howell

Others: Jessie Perez, Minnesota Shines; Merland Otto, City of Mpls; Debra Sorenson, MnDOT; Paul Rebholz, Wells Fargo; Rick King, FCAAC; Vivian Starr, Anoka Aviation; John Krack, RAAC; Christina Cassotes, SH&E; Kurt Gibbs, PTS; Dick Saunders, Robert Friskney, SMAAC; Mary Loeffelholz, Delta; Andy Peek, SEH, Inc., Michael Hayes, Jon Rasmussen, Crossroads Aviation

Chairman Lanners requested a moment of silence in memory of Commissioner John McDonald.

OPEN FORUM

No one requested to speak.

CONSENT ITEMS

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

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

Ayes: Ten Commissioners Geisler, McKasy, Monaco, Peilen, Rehkamp, Sigel, Stenerson, Westerberg, Williams and Chairman Lanners

Nays: None

Abstain: None

Absent: Four Commissioners Boivin, Harris, Landy, Nelson

Reports

1. Passenger and Operations Summary

Approval of Minutes

1. February 16, 2010

Financial Report - Board File No. 13306

Approval of the total amount of \$13,296,967.70 for payment and transfer, subject to audit.

Airport Leases - Board File No. 13307

Minneapolis-St. Paul International Airport

Approval of a lease amendment between MAC and Tie Rack, Inc. to revise the rent by waiving its MAG payment and requiring only percent rent. Approval for consent to assignment of lease agreements for F&B and Retail Batch Agreements 8,9,11,12,13,14 and 15 from Minnesota Retail Partners.

St. Paul Downtown Airport

Approval for a new airport office lease for North Central Contractor's Association, Golden Valley, MN at the Administration Bldg.

Flying Cloud Airport

Approval of a lease transfer from HAC R&D, LLC Lot 46H to Wayne Muxlow, Mpls, MN.

Lake Elmo Airport

Approval of a storage lease transfer from Paul Hamel, Stillwater, MN Lot 31A to Gary Lemke, Grand Rapids, MN. Approval of a lease transfer from Harold Hempler, Lot 3B-3 to Ronald Eshleman, Stillwater, MN.

APPROVAL OF THE ABOVE TO AUTHORIZE THE LEASES, CONSENT TO 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.

Management and Operations Committee - Board File No. 13305

- B1 Recommendation Re: Annual Radio System Operating Cost Payments
- B2 Recommendation Re: Annual Equipment Lease Amendment
- B3 Request Authorization to Issue a Request for Proposals for a Specialty Retail Concession Operator at the Lindbergh Terminal
- B4 Request Authorization to Change Terms in Outdoor Advertising Concession
- B5 Recommendation to Award Specialty Retail Merchandising Unit (RMU) Concession at Humphrey Terminal
- B6 Request Authorization to Upgrade the Public Parking Revenue Control System
- B7 DISCUSSION Request Authorization to Award Telecommunications Concession
- B8 Recommendation to Award High Tech Electronic Retail Store Concession
- B9 Recommendation to Award Golf Experience Center Concession
- B10 Recommendation to Award Shoe Shine Concession
- B11 NON-AGENDA - Crossroads Request for Lease Action

Commissioners Monaco and Westerberg asked questions regarding the airline statistics and item B4 that were addressed by staff.

DISCUSSION ITEMS - Board File No. 13308

Special Finance, Development and Environment Committee - Board File No. 13304

- A1 Reports
 - a. Budget Variance Report
 - January 2010
 - Updated 2009 Year End
 - b. Accounts Receivable Summary
 - c. Change Management Policy and Project Status Report
- A2 Final Payments - MAC Contracts
 - a. 2009 Airside Bituminous Construction
 - b. 2008 Perimeter Fence Improvements - Phase II
 - c. Runway 12L Sanitary Sewer Replacement
 - d. Lindbergh Terminal Valet Garage Flammable Waste Trap Replacement
 - e. Noise Mitigation Program Phase 1 - Insulation
 - f. Flying Cloud Airport Runway 10R/28L Extension - Phase II
 - g. Flying Cloud Airport South Building Area Development - Phase 1
- A3 Semi-Final Payment - MAC Contract
 - a. Lindbergh Terminal Concourse G Expansion, Site Preparation, BP#2 Superstructure Demolition and Environmental Remediation
- A4 Bids Received - MAC Contracts
 - a. Taxiway C-D Complex - Phase 6
- A5 MAC Recycling Efforts at MSP - 2009 Avoided Disposal Cost
- A6 Request for Qualifications - Continuing Consultants
 - a. West Reliever Airports Engineer
 - b. MSP Transportation Engineer
- A7 Request for Approval - Interim Short-Term Financing

COMMISSIONER GEISLER MOVED AND COMMISSIONER REHKAMP SECONDED APPROVAL OF THE COMMITTEE AGENDA ITEMS FOR THE SPECIAL FD&E COMMITTEE. The Motion passed on the following roll call vote:

Ayes: Ten Commissioners Geisler, McKasy, Monaco, Peilen, Rehkamp, Sigel, Stenerson, Westerberg, Williams and Chairman Lanners

Nays: None

Abstain: None

Absent: Four Commissioners Boivin, Harris, Landy, Nelson

Management and Operations Committee

B7 Request Authorization to Award Telecommunications Concession

Kurt Gibbs, Vice President, Pacific Telemanagement Services, stated PTS is MAC's current pay phone vendor and they disagree with the proposed selection by the M&O Committee based on the following points that were included in a letter to the Commission:

- PTS is the largest private payphone provider in the country.
- Their proposal increased the ADA related services to MSP passengers.
- PTS offered the highest level of enhanced services and potential revenue gain.
- PTS's customers include over 20 airports nationwide.
- The RFP process is flawed, with weighted scoring on items that should have been scored Pass or Fail.

- Blue Chip carriers, AT&T and Verizon have come to PTS exclusively to transition their payphone assets as they exit the marketplace.

PTS requests that the Commission postpone their vote until the Commission reviews staff's process to validate their claims.

Bruce Rineer, Asst. Manager Concessions and Business Development, stated that the review team analyzed both proposals in depth and that the services offered by FSH Communications outweighed those of PTS.

COMMISSIONER REHKAMP MOVED AND COMMISSIONER STENERSON SECONDED APPROVAL TO:

1. **AWARD THE TELECOMMUNICATIONS CONCESSION TO FSH COMMUNICATIONS AT TERMINAL 1- LINDBERGH, TERMINAL 2- HUMPHREY AND THE RELIEVER AIRPORTS,**
2. **THAT STAFF BE AUTHORIZED TO NEGOTIATE FINAL AGREEMENTS AND RELATED DOCUMENTS WITH FSH COMMUNICATIONS; IF AGREEMENTS CANNOT BE REACHED WITH FSH COMMUNICATIONS, TO NEGOTIATE WITH THE SECOND RANKING PROPOSER, AND**
3. **THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS. The Motion passed on the following roll call vote:**

Ayes: Ten Commissioners Geisler, McKasy, Monaco, Peilen, Rehkamp, Sigel, Stenerson, Westerberg, Williams and Chairman Lanners

Nays: None

Abstain: None

Absent: Four Commissioners Boivin, Harris, Landy, Nelson

B11 Non-Agenda - Crossroads Request For Lease Action

Michael Hayes, President of Crossroads Aviation, stated he is requesting that the ground rent and small remaining balance of a payment plan for the Crossroads leasehold, be deferred for a period of up to one year from March 1, 2010 so that Crossroads can have an orderly sale of the leasehold and facilities.

Tim Anderson, Deputy Executive Director - Operations stated that staff has had several conversations with Michael Hayes, President of Crossroads Aviation, but has been unable to reach any agreement and staff has no recommended action.

Mr. Hayes responded that Crossroads doesn't see a good reason to give up its legal and property rights while in the process of having an orderly sale. He believes a sale would benefit MAC and Crossroads.

Chairman Lanners requested that Mr. Hayes continue to work with staff to see if an agreement can be reached.

There was no Commission action requested.

NEW BUSINESS - Board File No.13309

1. **Flying Cloud Airport Status Report**

Rick King, Chairman, Flying Cloud Airport Advisory Commission, provided an update on the activities that have occurred at Flying Cloud over the past three years since he last addressed the Commission in 2007. He reviewed the Commission's Charter under the City Council, 2009 accomplishments, and 2010 goals and work plans.

Mr. King addressed questions regarding complaints about late night noise in Eden Prairie.

This was an information item. No Commission action was requested.

2. St. Paul Downtown Airport and Flying Cloud Airport Zoning Update

Chad Leqve, Manager, Aviation Noise and Satellite Programs, provided a memorandum and an update reviewing the formation of a Joint Airport Zoning Board (JAZB) comprised of two members from each jurisdiction with land use control in the areas affected by airport zoning.

This was an information item. No Commission action was requested.

3. Agreement for Development of Mobile Website

Pat Hogan, Director of Public Affairs, stated the use of smart phones is exploding and mobile sites are offering a new opportunity for airports to interact with their customers and enhance service. A key initiative in the MAC's 2010 Strategic Plan is to "implement a strategy for incorporating social media and mobile communications into customer communications." With that in mind, Public Affairs and Commercial Management and Airline Affairs have been exploring a variety of options for developing a mobile site that provides maximum customer service and marketing potential at a minimal price.

During staff's research, they were approached by the aviation consulting firm SH&E, which had partnered with Sapien Corporation, a global expert in customer experience and technology, to create a new mobile application specifically for airports. Through their partnership and investment, they were able to develop a mobile Web application for airports far exceeding what most airports could reasonably afford to develop independently. SH&E is publicly launching the new application March 15, 2010 at the Airport Revenue News Conference in Houston.

Eric Johnson, Director Commercial Management and Airline Affairs, stated that earlier this month MAC has negotiated a three year agreement for SH&E's services. In lieu of SH&E's \$100,000 annual fee, an agreement was negotiated which will forego any share of the ad revenues generated by the MSP site in the first year and forfeit the first \$100,000 of MAC's share of ad revenues in subsequent years. MAC's share of ad revenues generated through its site will be 25% the second year and 30% thereafter. In addition, MAC agreed to guarantee \$49,500 in ad revenue from the MSP site the first year. The agreement allows for a three year extension, with MAC receiving 30% of ad revenue in each of those years.

Christina Cassotes, Vice President SH&E, provided a demonstration of the capability of the application component.

The following questions were raised by Commissioners:

- Would MAC receive feedback regarding questions, customer needs or complaints?
- Enhancements to MAC's website - who owns those proprietary rights to the website?
- Does the customer pay for this application?
- How does the customer access the application?
- Have you done any kind of analysis to know if customers will want this application?

- We should think about the other technologies that we have in the airport and are not being used to their full capacity, specifically MAC's internet and wi-fi policies.
- What other airports have you brought this application information to?
- Who has the burden of protecting passenger information?

John Krack, RAAC, stated he has a strong IT background and it appears that some of the information on this system is very airport specific and subject to change from time to time. It is possible that the responsibility will lie with the MAC to put a process in place to keep that information up to date.

This was an information item. No Commission action was requested.

4. Update on St. Paul Downtown Airport Flood Status

Bridget Rief, Asst. Director of Airside Development, described the flood wall systems in place at the St. Paul Downtown Airport and the deployment of the flood wall system that will begin this week.

This was an information item. No Commission action was requested.

OLD BUSINESS - Board File No. 13310

There was no old business.

ANNOUNCEMENTS

Chairman Lanners announced that the Airport Foundation MSP and HMS Host is having their annual golf tournament on Tuesday, June 15, 2010 and is one of their biggest fund raisers.

Chairman Lanners adjourned the meeting at 3:10 p.m.

Materials for this meeting are available at the following website:

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