Metropolitan Airports Commission

Management and Operations Committee

Regular Monthly Meeting   Agenda

Wednesday, June 09, 2010

1:00 pm

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SEE ATTACHED INFORMATION REGARDING SECURITY CHECKPOINT INFORMATION

MANAGEMENT AND OPERATIONS COMMITTEE
Mike Landy, Chair
Andy Westerberg, Vice Chair
Pat Harris
Jack Lanners, Commission Chair
Bert McKasy, FD&E Chair
Don Monaco
Paul Rehkamp
Sherry Stenerson
Daniel Boivin, HR&AA Chair

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

Wednesday, June 9, 2010 1:00 p.m.
Room 3048A, Lindbergh Terminal
Wold-Chamberlain Field
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 of may give direction to staff at the end of the meeting regarding investigation of the concerns expressed.

CONSENT **Pages:**

1. REQUEST FOR APPROVAL TO RENEW THE MAINTENANCE AGREEMENT FOR THE PUBLIC PARKING REVENUE CONTROL SYSTEM………………………………………..………. 5-6
   Jeff Courteau, Manager of Parking Systems
   Arlie Johnson – Assistant Director of MSP Operations/Landside

2. RECOMMENDATION FOR AWARD OF ON-AIRPORT TOWING AND VEHICLE ASSISTANCE SERVICES CONTRACT…………………………………………………………….. 7-8
   Rick Decker - Assistant Manager, Parking Operations
   Arlie Johnson – Assistant Director of MSP Operations/Landside

3. RECOMMENDATION TO RENEW TRASH & RECYCLING SERVICES AGREEMENT WITH ALLIED WASTE……………………………………………………………………………….. 9-10
   Phil Burke, Assistant Director of MSP Operations/Facilities

4. 2010 PROPERTY & MINNESOTA RISK MANAGEMENT FUND RENEWAL ………………… 11-16
   Bill Hoyt – Insurance Risk Manager

DISCUSSION – ACTION

DISCUSSION – INFORMATION

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

SECURITY CHECKPOINT INFORMATION

Stop by the information booth near the tram station on the Tram Level. At the information booth, you will be asked to complete a security checkpoint access form and show valid, government-issued photo identification, such as a driver's license. Take your completed access form with you up two floors, to the Ticketing Level security checkpoints. Show your approved access form to security checkpoint personnel. You will then be screened just as if you were traveling. Access forms are only valid for the purpose of attending a public MAC meeting at a particular date and time.

Commission Chambers are located on the Mezzanine Level overlooking the airport's central shopping area (above Chili's Restaurant), past the main security checkpoints.

Allow yourself at least 30 minutes to park, complete the access form and get through the security checkpoint prior to the meeting.

Parking in the following areas will be validated; please bring your parking ticket to the meeting.

Directions to the Tram Level Information Booth

From short-term parking: At the Lindbergh Terminal entrance, take the escalator or elevator down to Tram Level. The information booth is straight ahead, in the center of the room.

From general parking: If you park in the **Blue or Red** ramps, take the elevator down to the tram, which will transport you directly to the Lindbergh Terminal's Tram Level. When you exit the tram, the information booth is straight ahead, in the center of the room. If you park in the **Green or Gold** ramps, take the skyway to the Lindbergh Terminal's Mezzanine Level. From there, take an elevator or escalator to Tram Level. The information booth is straight ahead, in the center of the room.

MEMORANDUM

ITEM 1

TO: Management & Operations Committee

FROM: Arlie Johnson, Assistant Director of MSP Operations/Landside (726-5568)
Jeff Courteau, Manager of Parking Systems (726-5840)

SUBJECT: **REQUEST FOR APPROVAL TO RENEW THE MAINTENANCE AGREEMENT FOR THE PUBLIC PARKING REVENUE CONTROL SYSTEM**

DATE: May 24, 2010

In March 2010 the Commission approved purchasing an upgrade to the Zeag parking revenue control system. This upgrade will be completed in December 2011 and will have a designed life of 10 years.

The Public Parking Revenue Control System currently manages access and revenue collection for more than 22,000 parking spaces, 2.6 million parking visits and $67 million in annual sales. The Revenue Control System is also tightly integrated with the MAC Automatic Vehicle Identification System (MAVIS), which manages contract parking, commercial vehicle and taxi cab activity and billing by means of Automatic Vehicle Identification (AVI) tags for additional combined revenue of more than $5 million annually.

The existing system was purchased from PES Parking Technology (now Zeag USA, Inc.). The Revenue Control System has been maintained under a maintenance agreement that began in September 2004, with one three year term and one three year renewal. That agreement expires August 31, 2010, creating a need for a new maintenance agreement.

The new Maintenance Agreement will provide full preventive maintenance, repair and replacement services at the Terminal 1-Lindbergh Valet, General, and Short Term ramps, and at Terminal 2-Humphrey MSP Value and Short Term parking facilities.

Included in the agreement is on-site repair and maintenance of all parking equipment, such as revenue control software, cashier terminals, automatic ticket dispensers, gate arm mechanisms, loop detectors, signs, lane interface modules, license plate inventory collection devices, computers, and modems. Maintenance will include but not be limited to inspection, repair or replacement of components, assemblies and sub-assemblies as well as equipment adjustment, cleaning, lubrication and any other work required to maintain the entire parking revenue control system. The Maintenance Agreement guarantees on-call service will be available seven days per week, twenty-four hours per day, including holidays, with a maximum two hour response time.

Revenue control equipment covered by this agreement includes 400 access gates, 1,122 embedded loops, 26 count system panels, 20 entry machines, 36 point of sale devices and 331 electric signs. Embedded loops are used by several features of the Revenue Control System. They detect a vehicle and turn on or off other Revenue Control System equipment as the vehicle moves across them. They are used to monitor other Revenue Control System equipment (an entrance gate must open and close if vehicles are moving across entrance loops). They are used as a safety feature – a gate will not close while a vehicle is still sitting on certain loops. Embedded loops detect vehicle movement and direction to maintain vehicle counts that are used to automatically open and close areas in the parking facility. A count system panel is a computer without a keyboard or monitor that operates a set of embedded loops. Entry machines contain a credit card reader for ePark, an intercom, ticket issuing equipment, a heater, and a circuit board to control and monitor these hardware items and other Revenue Control System equipment installed in the lane.

The Revenue Control System items that have the greatest influence on MAC's requirements (entry devices, exit devices, and controlling software) are all manufactured and supplied by Zeag on a proprietary basis. No one can modify or debug Zeag's proprietary software or supply parts for Zeag hardware except Zeag. Therefore, Zeag is a sole source supplier of the needed maintenance service. Additionally, the Revenue Control System is heavily customized to meet specific requirements of MAC, such as ePark and SurePark systems. According to terms of our agreement with ZEAG, the equipment must perform with 99.97% reliability and transaction accuracy. Transactions must be processed at high speed, and the system must generate the custom reports needed to manage the MAC's sizeable parking enterprise

The term of this Maintenance Agreement will be three (3) years with the option to renew for three additional one (1) year extensions.

To assure there is no interruption in service, the existing Maintenance Agreement would be extended on a month to month basis until all the upgrade documents are agreed to and executed. Then the new contract will go into effect.

Cost for the first three years of service: (current annual cost is $589,379)

Year 1	$557,340
Year 2	$534,732
Year 3	$579,284

Cost of contract years 1 through 3 are less than current year cost because some equipment will be new and require less maintenance. Cost for years 4, 5 and 6 will be negotiated considering additional vendor cost not to exceed 4% per year. Evidence shall be provided to MAC staff justifying any request for an increase in the annual fee.

<u>COMMITTEE ACTION REQUESTED</u>:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION

1. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXTEND THE EXISTING AGREEMENT ON A MONTH TO MONTH BASIS UNTIL THE NEW CONTRACT IS FULLY EXECUTED, AND
2. APPROVAL OF AN AGREEMENT WITH ZEAG USA, INC. FOR A THREE (3) YEAR AGREEMENT WITH AN OPTION TO RENEW THREE TIMES FOR ADDITIONAL ONE (1) YEAR TERMS AT THE DIRECTION OF THE EXECUTIVE DIRECTOR OR HIS DESIGNEE, AND
3. THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 2

TO: Management & Operations Committee

FROM: Arlie Johnson, Assistant Director MSP Operations/Landside (612-726-5568)
Rick Decker, Assistant Manager – Parking Operations (612-467-0460)

SUBJECT: **RECOMMENDATION FOR AWARD OF ON-AIRPORT TOWING AND VEHICLE ASSISTANCE SERVICES CONTRACT**

DATE: May 27, 2010

On January 29, 2010 Landside staff issued a Request for Proposals (RFP) for on-airport towing and vehicle assistance services at MSP. On February 12, 2010, a pre-proposal meeting was conducted, which three towing companies and one locksmith company attended. On February 26, 2010, proposals were received from Mark's Towing, Inc. and Bobby and Steve's Auto World, LLC.

Summary of Recommendation

This public memo will address (a) the Minnesota Data Practices Act, (b) how the public and MAC departments use on-airport towing and vehicle assistance services, (c) the proposal evaluation process, and (d) the award recommendation.

Minnesota Data Practices Act

Under state law, information submitted by proposers to MAC and information created or maintained by MAC as part of the evaluation process remains not public until MAC has completed negotiating the contract with the selected proposer(s). The names of the proposers, however, are public once the proposals are opened. Information contained in the proposals and the Not Public Memorandum is not public and should not be disclosed to anyone other than MAC Commissioners and staff. Notwithstanding the foregoing, Commissioners may discuss the information contained in the proposal(s) or the Not Public Memorandum at the Committee and Commission meetings to the extent reasonably necessary to conduct the business at hand. <u>The information contained in this memorandum is public data</u>.

I. BACKGROUND

MAC invited responses to a Request for Proposals (RFP) to provide towing, impounding, car starting, and other vehicle assistance services at MSP. MAC Police use this service to quickly remove parked vehicles from areas where safety or security is a concern. MAC Landside Operations uses this service during annual parking facility maintenance to relocate vehicles and to remove abandoned vehicles from the ramp. MAC spent approximately $8,500 in 2009 for services provided to it. Without an agreement for towing and vehicle assistance services, MAC and our customers would not be assured reliable service at fixed prices when needed. Public parking patrons may use this service or they may contact any company for vehicle assistance and towing. That information, as well as the name and phone number of our selected service provider, is strategically placed throughout our parking facilities. Prior to MAC contracting for these services, some operators took advantage of our customers, resulting in negative experiences.

II. MINIMUM REQUIREMENTS

For their proposal to be considered, proposers must have met the following Minimum Requirements, as set forth in the RFP:

A. Three years of experience providing the same or similar services.
B. Equipment and trained personnel to professionally remove any personal or commercial vehicle that operates on the public roadway.
C. 15-minute response time.
D. Fixed service rates for the initial term of the contract.
E. MAC-specified insurance requirements.
F. MAC-specified driver training standards.
G. Acceptance of all major credit cards as a means of payment.
H. Provide 24/7/365 availability.

MAC's minimum requirements and the evaluation criteria were detailed in the RFP. These were reviewed with the vendors during the mandatory pre-proposal meeting. The responding companies met these minimums.

III. KEY BUSINESS TERMS

A. The term of the agreement is for three years, with two, one-year renewal options upon agreement of the parties.
B. Proposers must provide a fixed chart of services and prices for the initial term of the agreement.

IV. EVALUATION TEAM

The Evaluation Team consisted of:

Rick Decker – Assistant Manager, Parking Operations
Jim Horski – MSP General Manager, Ampco Parking Systems
John Christenson – Officer, Airport Police
Greg Frankhauser – Assistant General Manager, Ampco System Parking
JoAnn Brown – Buyer, MAC Purchasing
Kay Partlow – Accountant, MAC Finance
Gary Kahsai – Revenue Manager, Ampco System Parking

V. PROPOSAL REVIEW PROCESS/EVALUATION

Evaluators scored each proposal independently based on the following 11 criteria outlined in the RFP: general information; corporate management experience; local management experience; approach to required services; vehicles and trained staff to meet required response times; experience with similar services; references; implementation/staffing plan; prices for services; financial statements; and overall presentation. The evaluators then met to compare and defend their scores. Individual scores for each section were then averaged for each proposal. The sum of these averages produced a total score for each proposer. Mark's Towing received the highest total score.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THE AWARD OF THE ON-AIRPORT TOWING AND VEHICLE ASSISTANCE SERVICES CONTRACT TO MARK'S TOWING, INC. AND THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 3

TO: Management & Operations Committee

FROM: Phil Burke, Assistant Director of MSP Operations/Facilities, (726-5525)

SUBJECT: **RECOMMENDATION TO RENEW TRASH & RECYCLING SERVICES AGREEMENT WITH ALLIED WASTE**

DATE: May 11, 2010

BACKGROUND

The current trash & recycling services agreement with Allied Waste began on July 27, 2007 and is set to expire on July 26, 2010. The agreement provides for one 3-year renewal should the Commission choose to do so.

Prior to 2007, MAC handled trash and recycling services separately and had separate contracts for those services.

In 2007, MAC staff proposed combining solid waste hauling and recycling services in a single contract to gain administrative and operational efficiencies. The belief was that having one contract with one vendor would require less MAC staff time to oversee. Coupling the services under one vendor could also lead to increased operational efficiencies for the vendor, particularly since most solid waste hauling companies with the resources necessary to maintain an account the size MSP's also offer recycling services already.

Staff is pleased to report that combining the services into one contract has been very successful, especially as it relates to a reduction in staff time to oversee just one contract. Allied Waste has proven that it can handle both services effectively, gaining operational efficiencies that, for example, have led to fewer waste-hauling vehicles in the Airport Operational Area (AOA).

Allied Waste also has worked with staff to establish an organics recycling program that just recently went into effect. A high volume of food and waste paper is generated at MSP. By diverting that waste to organic recycling MAC will realize a $28 per ton reduction in disposal costs along with the elimination of the 31% State and Hennepin county waste taxes. Also, since organic material is composted, it is recognized as being one step higher on the Minnesota waste hierarchy (recover, recycle, reuse, reduce).

COSTS

Fees for the first three years of the contract were as follows:

2007	-	$403,023
2008	-	$485,000
2009	-	$443,000

NOTE: The majority of the costs are pass-through in nature and would be paid regardless of vendor (disposal fees paid to Hennepin County Energy Resource Company-HERC, taxes, etc.)

PROPOSAL

Staff recently completed discussions with Allied Waste to set fees for the proposed renewal period. Staff and Allied Waste agreed to an increase of three percent (3%) for each of the three years of the renewal period, and Allied Waste will not add any fuel surcharges on top of the yearly increase.

Staff has been pleased with Allied Waste's performance to date, including their willingness to partner on progressive concepts such as organic recycling, and recommends renewal of the trash and recycling agreement with them for a three year period.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND THAT THE FULL COMMISSION AUTHORIZE STAFF TO RENEW THE TRASH & RECYCLING AGREEMENT WITH ALLIED WASTE FOR A THREE-YEAR TERM, THAT THE PRICING BE ADJUSTED 3 PERCENT PER YEAR AND THAT THE COMMISSION AUTHORIZE THE EXECUTIVE DIRECTOR OR HIS DESIGNATED REPRESENTATIVE TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 4

TO: Management and Operations Committee

FROM: Bill Hoyt, Insurance/Risk Manager (612-726-8162)

SUBJECT: **2010 PROPERTY AND MINNESOTA RISK MANAGEMENT FUND RENEWAL**

DATE: May 25, 2010

Background

Throughout the Metropolitan Airports Commission, staff continues to demonstrate a strong commitment toward identifying risk and mitigation efforts. This staff activity has allowed the Insurance Risk Management Department to leverage favorable insurance rates and coverage from our insurance sources. It has also allowed the department to self-insure or utilize alternative market risk transfer sources.

Property, contents, business interruption, boiler and machinery, along with services such as statutory inspections, appraisals and fire protection plan review, is obtained through the Public Entity Property Insurance Program (PEPIP). This national program is facilitated by Alliant Insurance Services and consists of pools of governmental entities. PEPIP uses the combined buying power and partial risk sharing within pools of dissimilar entities in different geographical settings to obtain preferential rates and coverage.

The PEPIP Insurance Program consists of insurance companies that agree to underwrite insurance coverage at various financial levels to meet the needs of the various government entities. The insurance companies are typically domiciled in London, Europe, Bermuda and the United States, with all having an A.M.Best rating of A- or better during the duration of the policy year.

The Minnesota Risk Management Insurance Fund is managed by the State of Minnesota Risk Management Department. State agencies and other governmental organizations participate in this risk retention pool, which offers various insurance products. The liability is covered to Minnesota Tort Cap Limits and reinsurance is obtained for out of state exposures. Property, automobile and inland marine (unlicensed equipment) is a combination of self funding and excess insurance through PEPIP.

Property Insurance

The MAC obtains property insurance limits to $1,000,000,000 for the basic coverage and sub-limits for boiler and machinery, flood, terrorism, etc. Prior to renewal we are attempting to obtain limits to $1,500,000,000 at no extra expense. We are also negotiating to increase terrorism coverage from $250,000,000 to $350,000,000 and obtain cyber liability insurance at no extra expense for theses enhancements.

Attached are two exhibits that provide a historical trend of the property insurance program. Attachment #1, the Base Property Insurance Rates graph, indicates the downward cost in cents per $100 of property value. Attachment #2, the Property Insurance graph, indicates the annual premium trend compared to property value.

Renewals

	2008	2009	2010
Limits	$1,000,000,000	$1,000,000,000	$1,000,000,000
Values	$2,172,211,687	$2,467,790,082	$2,507,184,097
Base Deductible	$250,000	$250,000	$250,000
Premium	$840,000	$942,420	$943,100

Non-Aviation Liability Insurance

The MAC obtains liability insurance for property not directly associated with the airport operations to Minnesota Tort Cap Limits per Minnesota Statute 466.04. This is underwritten by the Minnesota Risk Management Insurance Fund because conventional insurance is unavailable or excessive in cost. Examples would be land around airports to control noise and growth.

Renewals

	2008	2009	2010
Limits	$ 400,000 per person $1,200,000 per occurrence	$ 400,000 per person $1,200,000 per occurrence	$ 500,000 per person $1,500,000 per occurrence
Deductible	None	None	None
Premium	$17,719	$7,562	$7,961

Auto Physical Damage and Liability/Inland Marine/Garagekeepers Liability

These lines of insurance are obtained through the Minnesota Risk Management Insurance Fund. This coverage applies to liability for licensed vehicles while traveling off MAC property in Minnesota and out-of-state, in addition to physical damage. Inland Marine (unlicensed equipment) and noise monitoring equipment is insured for physical damage and while not performing a function/transit related to airport operations. The coverage also applies to Garagekeepers Liability for vehicles owned by others and subject to MAC's care, custody and control.

The licensed fleet and Inland Marine liability is insured to Minnesota Tort Cap Limits and $5,000,000 out-of-state. The MAC's Aviation Liability policy through ACE USA provides insurance coverage excess of $5,000,000 to $25,000,000. There is no deductible for this coverage. The Garagekeepers Liability is $1,000,000 per terminal parking structure. The noise monitoring equipment is insured to actual value.

The insurable value for the licensed fleet and Inland Marine is $47,437,343, up five percent (5%) from last year. The physical damage deductible for a licensed vehicle will be lowered from $2,500 to $1,500 at renewal per vehicle while the Inland Marine will remain at $2,500 per each piece of equipment.

All MAC departments with assigned vehicles have taken steps to reduce loses and associated costs. Due to a lack of liability claims, the MAC was moved to Tier 1 for rating purposes, which is the best rate available in the Fund. This proactive goal achievement by MAC departments is reflected in Attachment #3, the Combined Loss Ratio graph. The Combined Loss Ratio is the percentage of the premium paid by MAC that actually went to pay for physical damage loses.

Due to a positive loss experience by the Fund and the MAC, a premium refund of $27,262 is projected to be paid to the MAC this year.

Renewals

	2008	**2009**	**2010**
Auto Liability/Physical Damage	$122,349	$105,511	$ 107,138
Inland Marine	$101,527	$111,309	$ 116,320
Garage Keepers	$ 2,559	$ 2,559	$ 2,897
Total	**$226,435**	**$219,379**	**$226,355**

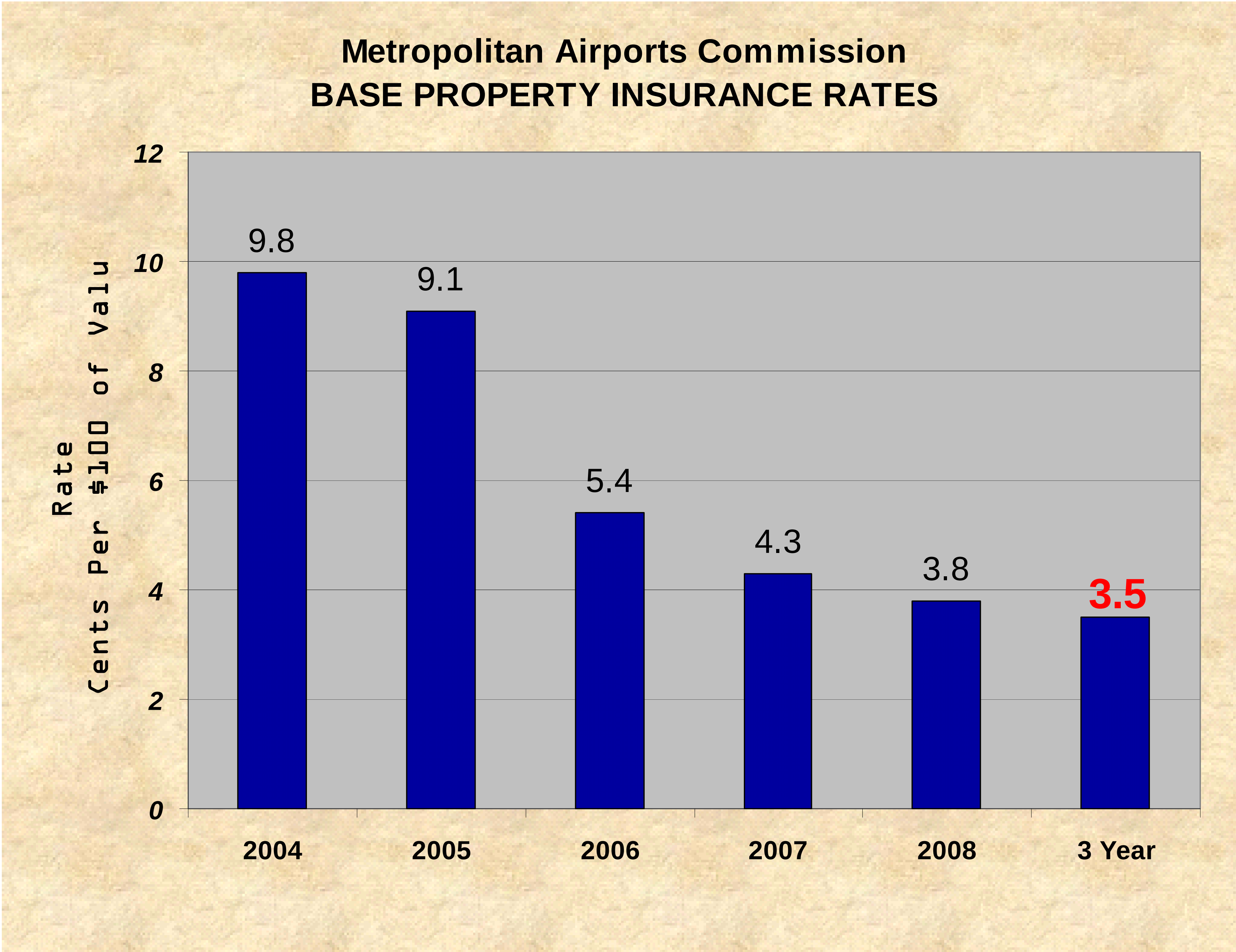
COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THE FOLLOWING INSURANCE RENEWALS AND THAT THE PROPER OFFICER OF THE COMMISSION EXECUTES THE NECESSARY DOCUMENTS

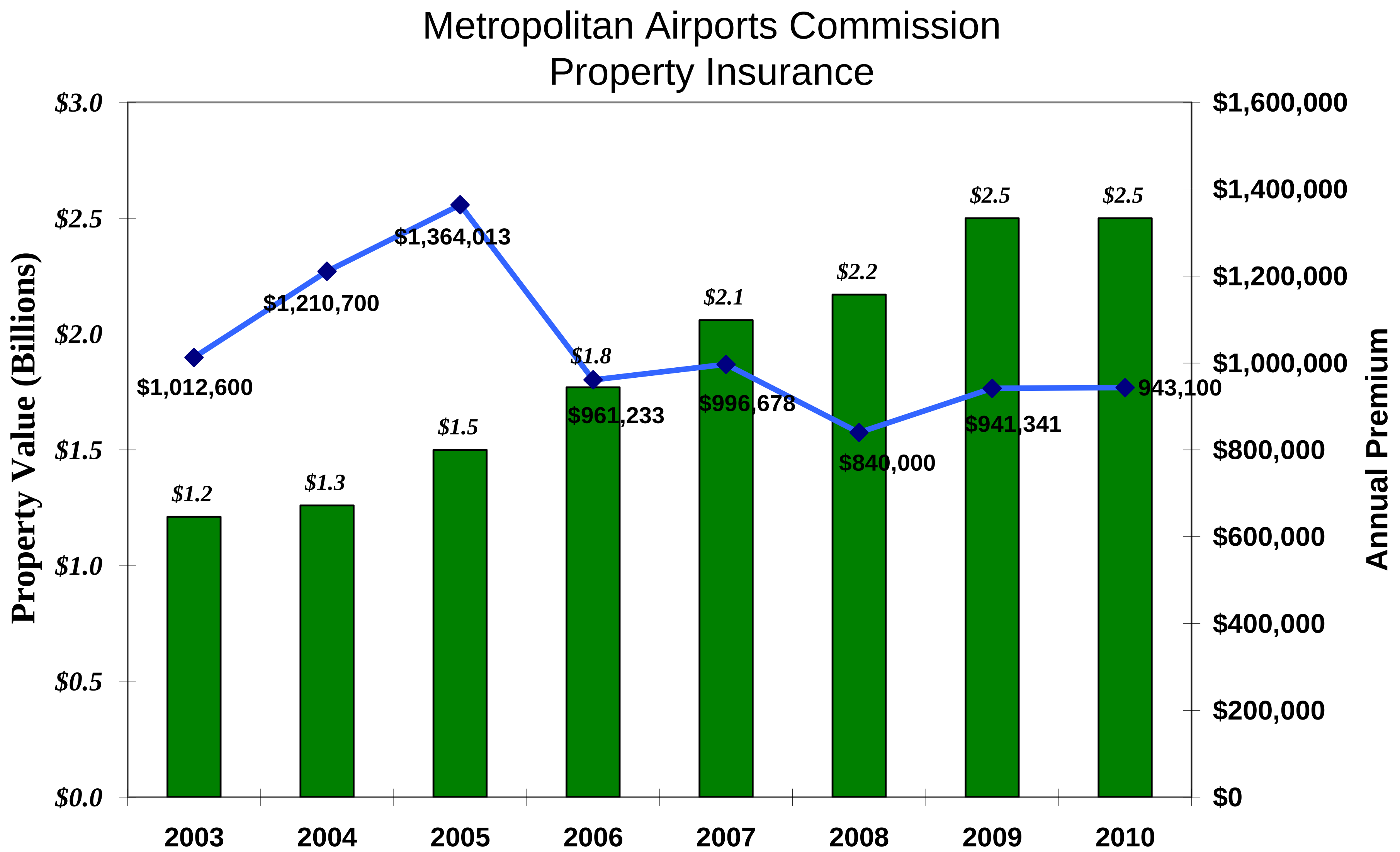
		2009	**2010**
NON-AVIATION LIABILITY	**MN RISK MGMT. FUND**	**$ 7,562**	**$ 7,961**
AUTO LIABILITY/INLAND MARINE	**MN RISK MGMT. FUND**	**$ 219,379**	**$ 226,355**
PROPERTY	**ALLIANT INS. SERVICES**	**$942,420**	**$943,100**
	TOTALS	**$ 1,169,361**	**$1,177,416**

(Please see attachments 1, 2, and 3)

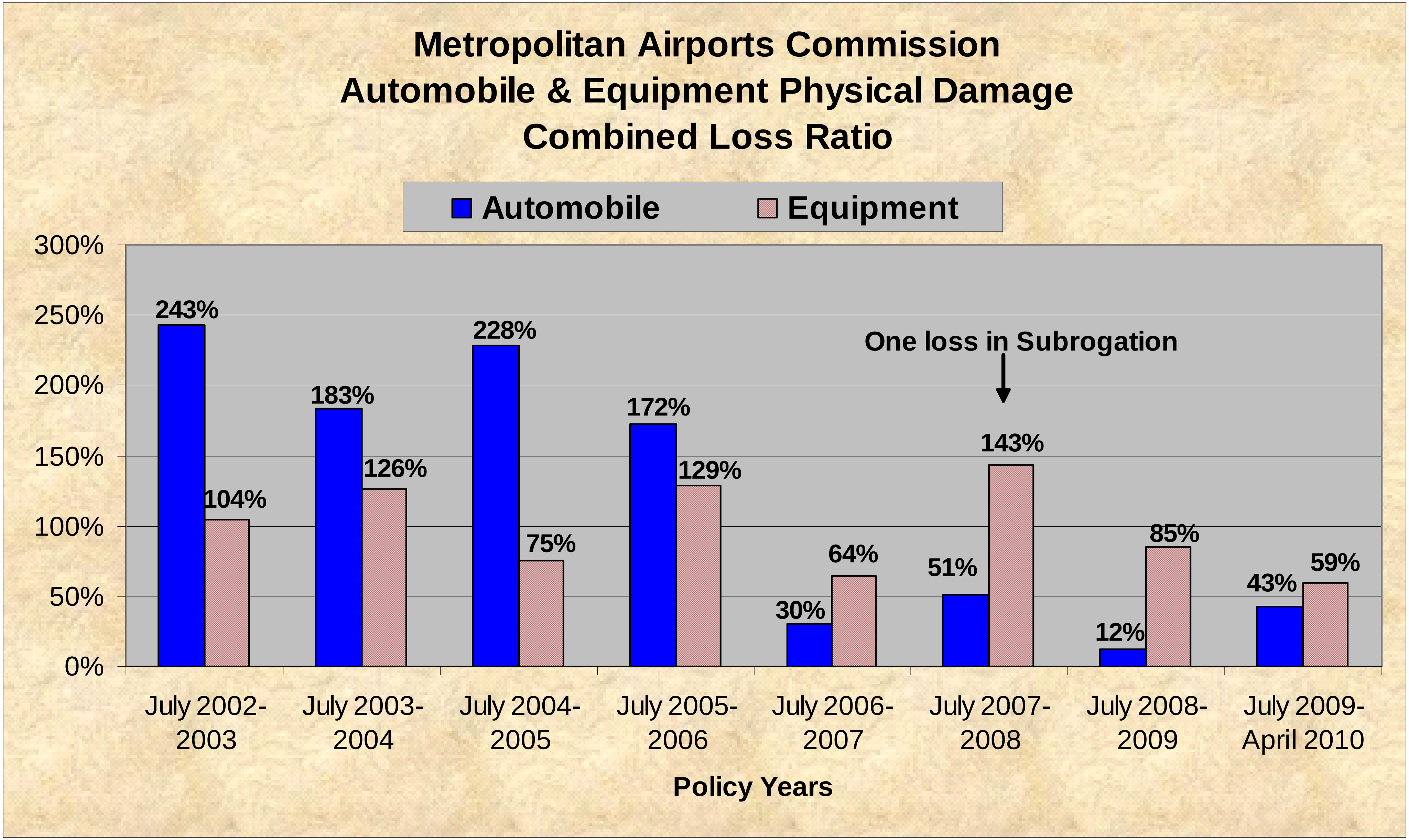
ATTACHMENT 1



ATTACHMENT 2



ATTACHMENT 3



MEMORANDUM

ITEM 5

TO: Management & Operations Committee

FROM: Bruce Rineer, Assistant Manager, Concessions and Business Development (612-467-0511)

SUBJECT: **REQUEST AUTHORIZATION TO ISSUE REQUEST FOR PROPOSALS FOR AN OUTDOOR ADVERTISING CONCESSION**

DATE: June 9, 2010

I. BACKGROUND INFORMATION

At the November 17th, 2008 Commission Meeting staff was authorized to issue a Request for Bids ("RFB") for an Outdoor Advertising Concession. Staff issued the RFB on April 22, 2009 with a deadline for the submission of bids on June 5, 2009. On April 30, 2009 staff held a pre-bid conference and two companies attended. Those companies were Clear Channel Outdoor and CBS Outdoor. Clear Channel Outdoor is the current concessionaire for the two (2) billboards located along Highway 62 that were to be bid. CBS Outdoor is the current concessionaire for the six (6) billboards along Highway 5 and 494, which were not included in the bid. As part of the new bid package staff identified two (2) new potential locations along Highway 77 it believed would be suitable for additional billboards. Interested parties were to bid a Minimum Annual Guarantee ("MAG") while MAC fixed the percent rent at sixty five percent (65%) of gross sales. The lease term was ten (10) years. The successful bidder would begin operating the billboards along Highway 62 by September 1, 2009 and would have until December 1, 2009 to build the one new billboard location with a second billboard at MAC's option depending on the bid value for that site. Additionally, a public service provision would require the successful bidder to provide MAC with access to three (3) billboards in the Twin Cities area for use without charge. The CBS billboards were not included because the CBS lease agreement runs through June 2013. When the bid deadline passed on June 5, 2009, staff had received no bids for the billboard offering. Reasons stated by Clear Channel Outdoor and CBS Outdoor for not bidding were the economy, the sixty five percent (65%) rent and the cost of building the new locations.

In December 2009, staff again requested authorization to issue a RFB for operation of the Outdoor Advertising Concession. The bid offering was similar to the offering issued on April 22, 2009, with modest changes to the business terms designed to make the offering more attractive. Staff reduced the percent rent to sixty percent (60%) and gave the winning bidder up to two years to build the new location(s). Staff also broadened the public service requirement so that the three billboards offered for MAC use need not be in the Twin Cities area. Broadening this provision allowed companies currently operating outside of the Twin Cities market to bid on this opportunity.

The RFB was posted on MAC's website on Thursday, January 14, 2010, and a pre-bid conference was held at MAC's General Office on January 28, 2010. The two current billboard operators were present at the conference; Clear Channel Outdoor and CBS Outdoor. Two operators not currently operating in the Minneapolis area, Van Wagner, a Chicago-based outdoor advertising company, and Corey Companies, an Atlanta-based outdoor advertising company, were present for the conference.

Staff received substantial feedback from the attendees during the pre-bid conference. After a thorough review of this feedback, staff requested authority at the March M&O Committee meeting to lengthen the term of the concession from ten (10) to fifteen (15) years and to lower the percent rent from sixty percent (60%) to fifty (50%). Staff believed that these changes, along with the changes made from the first bid offering, would allow the successful award of the concession.

Present at the March M&O meeting was Clear Channel Outdoor representative Mr. Tom McCarver. Mr. McCarver indicated that Clear Channel Outdoor, the incumbent operator, was interested in negotiating a three (3) year agreement for the billboards on Highway 62. This would exclude the two (2) new billboard locations, and would also allow the agreement to expire simultaneously with the CBS Outdoor contract in 2013. A direct negotiation with Clear Channel Outdoor would allow MAC to update the agreement boilerplate, receive more rent for the billboards for three (3) years and combine all eight (8) existing billboards in the next bid offering (which, it was believed, would increase the overall revenue potential of the concession). The M&O Committee tabled staff's March request to issue the RFB revision and instead directed staff to discuss with Mr. McCarver what terms Clear Channel Outdoor was willing to offer MAC in return for a three (3) year lease agreement for the continued operation of the billboards along Highway 62. Staff was to analyze the terms offered by Clear Channel Outdoor against the potential gains of moving forward with an RFB and bring a recommendation back to the April 7, 2010 M&O Committee, either to move forward with the RFB, or to approve terms directly negotiated with Clear Channel Outdoor for a three (3) year period.

At the April 7, 2010 M&O Committee meeting, staff proposed entering into a three (3) year lease with Clear Channel Outdoor under the following terms: Clear Channel Outdoor would increase the MAG to MAC from $56,275 per year to $76,000 and raise the concession fee percentage from 40% to 50%. Staff believed the projected $60,000 in additional revenue over the three (3) year lease term, along with the ability to issue an RFB for all outdoor advertising locations in 2013, was a sound option and asked that the M&O Committee recommend board authorization to approve the terms directly negotiated with Clear Channel. At that meeting, representatives from Van Wagner were present. Van Wagner representative, Mr. Richard Silverton, urged MAC to continue with the competitive bid process presented to the Commission in March so his company could compete for the opportunity. Mr. Silverton indicated that it was advantageous for his company to break into the Twin Cities billboard market now rather than to wait three years for the chance as was proposed in the negotiated option with Clear Channel. Mr. Silverton stated that Van Wagner was prepared to offer more in a MAG than Clear Channel Outdoor had negotiated. The Committee then rejected the recommendation to enter into the directly negotiated three (3) year agreement with Clear Channel Outdoor and directed staff to come to the April Commission meeting with a request to move forward with the RFB process under the terms originally requested in March.

At the April 19, 2010 Commission meeting, staff requested authorization to re-issue the Outdoor Advertising Concession RFB with a fifteen (15) year term and a concession fee of fifty percent (50%). After significant discussion, the Commission rejected that recommendation and directed staff to develop the Outdoor Advertising opportunity as a Request for Proposals ("RFP"). This memo requests authorization to issue such an RFP based on the following requirements:

II. MINIMUM REQUIREMENTS

The minimum proposal requirements are as follows:

A. Proposer must submit a proposal deposit in the amount of five thousand dollars ($5,000).

B. Proposer must have five (5) year's continuous experience, within the last 10 years, in the ownership, installation, maintenance, management and operation of an outdoor advertising concession.

C. Proposer must be qualified to do business in the State of Minnesota at the time of concession agreement execution.

D. Proposer must currently operate at least fifty standard billboards in the United States.

E. Proposer must include a detailed construction plan, timeline and revenue projections for the build out of the two new billboard locations on Highway 77.

F. Proposer must provide a minimum of one (1) financial reference and three (3) business references.

G. Proposer must submit financial background information.

H. Proposer must have no pending, active or previous legal action that could, in MAC's sole judgment, prevent the proposer from fulfilling the terms of an agreement.

I. Proposer must submit the properly executed proposal documents.

J. Proposer must submit with its proposal an affidavit of non-collusion. Such affidavit must be completed in its entirety and be signed and sworn to.

III. SUMMARY OF KEY BUSINESS TERMS

The term of this Agreement shall be fifteen (15) years. Proposers will bid the MAG for each agreement year. The MAG bid for each agreement year must be equal to or greater then the previous year. Proposers will bid the MAG for the two (2) Highway 62 locations in one MAG offering. Proposer will submit separate bids for the additional new locations located along Highway 77.

The percent rent will be set at fifty percent (50%)

Each proposal will be evaluated on the following criteria:

A. Financial offer and projections – 1,000 Points
B. Billboard design and construction plan – 300 points
C. Company qualifications, experience, and financially ability to perform under the contract – 200 points
D. Digital technology capability – 300 points
E. Sales management experience – 200 points

The leased premises will be delivered in "as-is" condition. Prior to construction of the Highway 77 locations, the successful proposer must work with the MAC Permitting office, the Federal Aviation Administration ("FAA") and the Minnesota Department of Transportation ("MNDOT") to ensure compliance with all regulations.

IV. TIMING

MAC will issue the RFP on or around June 24, 2010. Proposals will be due on August 13, 2010. Staff plans to bring a recommendation for award to the Commission in October 2010. The contract start date will be on or about January 1, 2011.

V. ADVERTISING AND DISTRIBUTION OF THE RFP

The Outdoor Advertising RFP opportunity will be advertised in the Twin Cities Business Journal, on the MAC web page, and in other publications to be determined.

VI. REVIEW TEAM

The Review team consists of Commissioner Donald Monaco; Bruce Rineer, Assistant Manager Concessions and Business Development; Patrick Hogan, Director Marketing and Public Affairs; John Greer, Assistant Director Concessions and Business Services; and Mike Batt, MAC Financial Analyst. Additions and substitutions may be made as the team determines necessary. MAC's Legal Department will serve as advisor to the Review Team.

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THAT STAFF BE AUTHORIZED TO ISSUE A REQUEST FOR PROPOSALS FOR THE OPERATION OF AN OUTDOOR ADVERTISING CONCESSION ON TERMS AS OUTLINED ABOVE; AND THAT THE EXECUTIVE DIRECTOR OR HIS DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 6

TO: Management & Operations Committee

FROM: Eric Johnson, Director - Commercial Management & Airline Affairs
(612-725-8322)
Rebecca Zwart, Assistant Manager - Concessions & Business Services
(612-726-8197)

SUBJECT: **REQUEST AUTHORITY TO AMEND THE WELLNESS CENTER CONCESSION AGREEMENT**

DATE: May 24, 2010

Staff is requesting authority to terminate the current Wellness Center Concession Agreement ("Agreement") with XpresSpa MSP Airport, LLC ("XpresSpa") and create two separate agreements, which, combined, would provide all of the same services as those included in the original Agreement: 1) a full service spa/salon, and 2) a medical clinic with pharmacy. It is staff's intention to create an agreement with XpresSpa to operate the full service spa/salon only. The medical clinic with pharmacy has faced many obstacles and staff is working with Airport MD (XpresSpa's proposed subtenant) to operate the medical clinic with pharmacy in an attempt to work out the issues.

BACKGROUND

On November 19, 2007, the Commission authorized staff to issue a Request for Proposals ("RFP") for Wellness Center Services located at the entrance to the D Concourse. The RFP was for two wellness center service concepts: (1) a spa with massage, hair and nail care and other services typically found at a day spa; and (2) an upscale medical clinic with pharmacy. Proposers were allowed to submit proposals for each package individually or for both opportunities together. Given the newness of these concepts in airports, the RFP was written with a broad exceptions clause to allow the industry to provide us with concepts and ideas based on their expertise. On January 31, 2008, MAC received proposals from five companies.

After careful analysis and evaluation of the proposals and interviews, the Review Team recommended that XpresSpa MSP Airport, LLC ("XpresSpa"), which was a limited liability company 90% owned by XpresSpa, LLC and 10% owned by Three Irishmen, Inc. be awarded Package #1 and #2 for the following reasons:

1. XpresSpa, LLC has experience in 14 major airport locations and partnered with the local airport salon operator who has the knowledge and experience of operating a salon at MSP.

2. XpresSpa had positive brand recognition both nationally and internationally.

3. XpresSpa was the only company to propose a complete spa operation that included all of the components (hair, nails, and massage) stated within the

RFP.

4. AirportMD (a subtenant of XpresSpa) was, predominantly, a medical clinic and pharmacy, with medically related retail products.

5. The proposal provided services sought by the RFP that were not currently available in the airport as part of a comprehensive wellness center.

Following staff's recommendation, the Commission awarded the concession to XpresSpa on March 17, 2008. Following execution of the Agreement in October 2008, the process proceeded as normal and construction began. However, in December 2008, XpresSpa ceased all construction due to the following issues that it believed would negatively impact its operations at MSP: 1) the decline in the economy, 2) the number of passengers was beginning to decrease, 3) the breakdown of its DBE partnership with Three Irishmen, LLC, and 4) its subtenant, Airport MD's inability to secure financial backing for the medical clinic with pharmacy.

MAC and XpresSpa have been participating in good faith discussions to get construction completed and the wellness center open and operating. Both parties have been committed to making sure that the arrangement is a win-win scenario for all parties involved. To date, XpresSpa continues to face many challenges under its current lease Agreement. A few of these challenges include:

- In March 2010, Three Irishmen noticed its intention to withdraw from the business venture with XpresSpa, thus leaving XpresSpa without a DBE partner. However, XpresSpa has nearly completed a contract with two new DBE partners.

- Airport MD has two current locations in Miami and Las Vegas and while they have struggled with contract issues with the Miami airport, which has limited its ability to establish financial lines of credit, they have been showing signs of improvement by gaining contracts for employee health screening with both the TSA and Host at its Las Vegas airport location.

- The economic downturn and the reduction in enplanements continue to be at levels below where they were when XpresSpa proposed on the wellness center opportunity.

In an effort to reduce business risk, XpresSpa has requested that MAC separate the medical clinic and pharmacy from the Agreement due to the uncertainty of this concept and renegotiate the term and rent. Staff believes this action is necessary in order to get both companies up and running in 2010.

ISSUES

- **10% DBE requirement for this proposal:** With Three Irishmen's departure from the joint venture, XpresSpa's DBE participation would drop to zero. This would violate terms of the Agreement, as well as fail to meet the stated DBE goal in the original RFP. XpresSpa is in the process of finalizing a subtenant arrangement with two separate firms, one would operate as a business partner and the other would provide cleaning and maintenance services. Both are certified DBE operators and with the combined contract arrangements will meet or exceed the DBE requirement as stated in the original RFP. Additionally, Airport MD has a tentative agreement with a Minnesota based DBE company that would provide all of the medical staffing for its operation. If all three of these agreements are finalized, the overall DBE participation would more than exceed the original 10% requirement.

- **Outstanding $430,000 of construction debt owed to Morcon Construction:** This has proven to be the biggest challenge in the attempt to separate the original Agreement. Airport MD has a separate construction agreement with Morcon Construction, Inc. ("Morcon"), which they have been unable to resolve to date. Under the terms of the existing Agreement, XpresSpa is responsible to protect MAC in the case of any liens filed on improvements in the leased premises. MAC is proposing that all of the parties involved in this agreement contribute to resolve this issue. MAC has approached Morcon to ask if they would be willing to reduce their outstanding debt in an effort to resolve the situation. MAC has also approached Airport MD and XpresSpa and has asked for both companies to contribute funds toward this outstanding debt. Staff would like to take the contributions from all the parties involved and then use MAC general funds to make up any difference to pay Morcon and resolve the debt.

After considering several alternatives, staff recommends that the Commission direct staff to separate the Agreement into two direct agreements (full service spa/salon and medical clinic with pharmacy) on the following terms.

<u>AIRPORT MD PROPOSAL</u>

Key Business Terms:

- Term: Original term was to begin on July 1, 2009. The new term would begin at the opening of the store estimated to be on or near July 15, 2010. This will remain a nine (9) year agreement as originally proposed terminating on June 30, 2019.
- Minimum Annual Guarantee (MAG) will be set at $40,000 for the first year of operations and increase to the original $48,000 for years two through nine.
- Percent rent for Airport MD's services and prescription sales will remain at the original 6%. All other retail sales will remain at 15%.

Airport MD will offer new passenger services not currently available at MSP that will provide basic medical care, flu shots, prescription drugs, and employee screening services to the traveling public as well as other airport tenants.

<u>XPRESSPA PROPOSAL</u>

Key Business Terms:

- Term: Original term was to begin on July 1, 2009. The new term would begin at the opening of Phase 1 estimated to be on or near July 15, 2010. This will remain a nine (9) year agreement as originally proposed terminating on June 30, 2019.
- Suspend the MAG for the first twelve (12) months of operations for the full service spa/salon. MAG will be set at $130,000 for the second year of the agreement and increase to $153,000 for years three through nine.
- Percent rent for spa/salon services was originally set at 8% for revenue from $0 to $1.3M and 10% for revenue above $1.3M. New percent rent will be set at 8% for

revenue from $0 to $1M, 10% for revenue from $1M to $1.5M, and 12% for any revenue over $1.5M. All retail sales will remain at 15%.

- Three Irishmen has been removed from the partnership as the salon operator and has been replaced with Regis. The introduction of the Regis brand will add a strong local company with national brand recognition and is viewed as a significant improvement to this concession offering.

XpresSpa is the global leader in airport spas, with 28 locations in 14 major airports on 2 continents and more on the way. Both MAC and XpresSpa have been committed to finding methods to make this arrangement work and be successful for both parties. Because XpresSpa is the global leader in airport spas, is an internationally recognized brand, and has made significant investment to date, MAC believes that it is in its best interest to make this partnership with XpresSpa work in order to achieve a first-class full service spa/salon at MSP.

<u>COMMITTEE ACTION REQUESTED</u>:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION

1. AUTHORIZATION FOR STAFF TO TERMINATE THE WELLNESS AGREEMENT WITH XPRESSPA MSP AIRPORT, LLC AND NEGOTIATE AND FINALIZE TWO SEPARATE AGREEMENTS:

   A) FULL SERVICE SPA/SALON AGREEMENT WITH XPRESSPA MSP AIRPORT, LLC, AND

   B) MEDICAL CLINIC WITH PHARMACY AGREEMENT WITH AIRPORT MD IN ACCORDANCE WITH THE PROVISIONS DESCRIBED HEREIN;
2. NEGOTIATE A RESOLUTION OF THE MORCON CONSTRUCTION ISSUE, TO INCLUDE A MAC PAYMENT SUBJECT TO THE APPROVAL OF THE EXECUTIVE DIRECTOR AND
3. THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.

MEMORANDUM

ITEM 7

TO: Management & Operations Committee

FROM: Eric Johnson, Director Commercial Management & Airlines Affairs
(612-725-8322)
Karen Kelly, Asst. Manager Airside Leasing & Tenant Relations
(612-467-0514)

SUBJECT: **RECOMMENDATION REGARDING RENTAL AUTO AGREEMENT**

DATE: May 31, 2010

At the October 2009 Commission meeting, staff received approval to proceed with the preliminary work necessary to rebid the Rental Auto Concession Agreement and to report back to the Committee.

In December 2009, staff invited representatives from the incumbent on-airport and off-airport operators (collectively referred to as "industry") to MAC's general offices to commence preliminary discussions regarding a new Rental Auto Concession Agreement and to review the rebid process and timeline. At that meeting the industry asked staff whether it was an option to directly negotiate a new Rental Auto Concession Agreement with no changes to existing market share space allocation or ramp position. The industry indicated that, due to current economic conditions and the high costs associated with a rebid (whereby no significant change to each operator's existing space allocation or ramp position would likely result), its preference was to directly negotiate and avoid the expense of a rebid. Staff analyzed the Industry's request and felt there were enough advantages to MAC and the Industry to consider their request further for the following reasons:

- Timeline to complete a new Agreement greatly reduced

- Despite the state of the economy, a MAG floor would be established at current MAG levels.

- Based on MAC's Long Term Comprehensive Plan (LTCP), the Rental Auto operators will add facilities in the Terminal 2 parking structure in approximately 5 years. Given the unknowns associated with that plan, any new agreement needs to be short term in nature. Considering the substantial expense that the Industry would bear if a bid were to result in relocation, there is a material risk that MAC would receive bids significantly lower than current MAG levels. Eliminating that risk helps ensure that MAC receives acceptable MAG levels and that the Industry won't have to bear relocation expenses with a short amortization period.

In January 2010, staff issued a notice for a public meeting to all existing operators interested in operating an on-airport rental auto concession at MSP. Corporate and local representatives from all of the incumbent operators (Avis, Budget, Hertz, Enterprise, National, Alamo, and Dollar) attended the meeting. Representatives from one off-airport operator, Thrifty, also attended. Thrifty is a privately owned franchisee of the Dollar Thrifty Automotive Group. With the exception of Thrifty, the industry again expressed its desire to directly negotiate a new Rental Auto Concession Agreement. After the public meeting, Dollar Thrifty Automotive Group requested a private meeting with saff. Staff learned the owner of the Thrifty franchise was in negotiations to sell his franchise back to the Dollar Thrifty Automotive Group and therefore, Dollar Thrifty Automotive Group requested a delay in staff's rebid process until the acquisition was finalized. Staff agreed to allow a delay in order for the parties to resolve their issues.

In early April 2010, staff received notice that a tentative agreement between the two parties had been reached. As a result, staff conducted several additional meetings with the industry to confirm the now unanimous desire to proceed with a negotiation and to establish key business terms of the new agreement. On May 20, 2010, the following key business terms were unanimously agreed to by all incumbent rental auto operators and MAC staff:

KEY BUSINESS TERMS

Effective date	June 1, 2010
Term	3 years and 7 months, with two 1-year MAC options
Minimum Annual Guaranty (MAG)	2010 partial year MAGs will remain the same as 2009/2010 contract year (seasonalized). In 2011, MAGs will remain at 2009/2010 levels. In each following contract year, the MAG will equal the greater of (1) 85% of the previous year's actual payments and (2) the 2011 MAG.
Concession Fee	10% of gross revenue (allowing full recovery with 11.11% pass through)

RENTAL AUTO FACILITY CHARGE

Ordinance 109 (Rental Auto Facility Charge) imposes a uniform per day fee for on-airport rental auto customers to cover costs of the airport rental auto facilities. Based on projections, the debt service associated with the rental auto facilities in the Terminal 1 parking ramp will be paid off on or about December 31, 2010. Under Ordinance 109, once that debt service is paid off, the RAFC could drop to a minimum of $1 per rental day. At that time, pursuant to the rental auto contracts, MAC would impose rent on rental auto operators for that facility, as illustrated in the chart below (Phase 2). The Industry has asked MAC at that time also to include in the RAFC collection of a credit toward operation and maintenance expenses associated with the auto rental facilities. This credit would total approximately $793,000 based on 2010 Terminal1 building rental rates and would be adjusted annually. This action would require amendment of Ordinance 109.

In order to treat Terminal 1 and Terminal 2 consistently, staff also proposes to amend Ordinance 109 to add into the RAFC the pro rata share of the total debt service associated with the ground level of the Terminal 2 ramp and ground transportation building currently leased to on-airport rental auto operators using the same 2% capital reduction model calculation used for Terminal 1 previously.

At this time, staff requests authorization to hold a public hearing to amend Ordinance 109 as described in this memo.

RENT

As noted above, the proposed rent structure would consist of two phases. The first phase would cover the initial partial year and is anticipated to be the remaining time frame needed to pay off Terminal 1 rental auto facility debt service. At that time, the second phase would commence (anticipated to be 01/01/2011). The second phase establishes a payment source for the debt service associated with the existing Terminal 2 rental auto facilities.

PHASE 1 RENT STRUCTURE (anticipated to be 06/01/10-12/31/10):

		Rental Rate	Gross Rent
TERMINAL 1-LINDBERGH – EXCLUSIVE USE:			
QTA and Fuel System Ground Rate	(324,257 s.f.)	$1.20 per sq. ft.	$389,108.40
Rental Counters-Janitored Rate	(16,004 s.f.)	$39.17 per sq. ft.	$626,876.68
Common Area-Non-Janitored Rate	(4,821 s.f.)	$32.14 per sq. ft.	$154,946.94
TERMINAL 2-HUMPHREY – EXCLUSIVE USE:			
Parking Ramp Rate	(268 spaces)	$900.00 per space	$241,200.00
Rental Counters/Common Area -Janitored Rate	(883 s.f.)	$67.58 per sq. ft.	$ 59,673.14
			$1,471,805.16

PHASE 2 RENT STRUCTURE (anticipated to be 01/01/11-12/31/13):

TERMINAL 1-LINDBERGH – EXCLUSIVE USE::			
QTA and Fuel System (Ground Rate)	(324,257 s.f.)	$1.20 per sq. ft.	$389,108.40
Level 2 Ramp Rent (Ground Rate)	(316,979 s.f.)	$1.20 per sq. ft.	$380,374.80
Level 3 Ramp Rent (Ground Rate)	(316,979 s.f.)	$1.20 per sq. ft.	$380,374.80
Rental Counter (Exclusive-Janitored)*	(16,004 s.f.)	$58.89 per sq. ft.	$942,475.56
Common Space (Exclusive-Non-Janitored)*	(4,821 s.f.)	$51.85 per sq. ft.	$249,968.85
*Rate shown is 2010. Actual rate for 2011 TBD			
TERMINAL 2-HUMPHREY – EXCLUSIVE USE:			
Parking Ramp Rent (Ground Rate)	(87,346 s.f.)	$1.20 per sq. ft.	$104,815.20
Rental Counter/Common Area-Janitored Rate	(883 s.f.)	$47.17 per sq. ft.	$41,651.11
			$2,488,768.72

COMMITTEE ACTION REQUESTED:

THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND THAT THE FULL COMMISSION

1. AUTHORIZE STAFF TO NEGOTIATE AND FINALIZE A RENTAL AUTO CONCESSION AGREEMENT CONSISTENT WITH THE PROPOSED KEY BUSINESS TERMS;

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

3. AUTHORIZE A PUBLIC HEARING TO CONSIDER AMENDING MAC ORDINANCE NO. 109 AND AUTHORIZE THE COMMISSION CHAIR TO DESIGNATE HEARING OFFICER(S) FOR THE PUBLIC HEARING.

MEMORANDUM

ITEM 8

TO: Management & Operations Committee

FROM: Tim Anderson, Deputy Executive Director Operations (612-725-8380)

SUBJECT: **AIR CARGO SECURITY SCREENING**

DATE: May 27, 2010

At last month's Commission meeting Staff was asked about the status of TSA requirements for the screening of air cargo. Airport operators in the United States have no requirements placed upon them by TSA for the screening of air cargo. We are, however, a very interested bystander in the screening process that is being mandated. Those to whom the program applies are passenger carrying airlines. The program is intended to ensure that all cargo placed aboard commercial passenger planes ("belly cargo") is "screened".

Screening can be accomplished by one of several methods: physical screening ("eye-balling"), EOD canines, X-ray, Explosive Trace Detection systems, or any combination of these. TSA established two deadlines for complying with the requirement. The first deadline was for 50% compliance by February 2009 and the second is for 100% compliance by August 1, 2010.

TSA has stated very strongly that by August 1 of this year if the cargo has not been screened "it will not fly". According to TSA the February 2009 deadline was met successfully at MSP, but TSA expects the August deadline will be problematic across the country. The airlines are not alone, however, in the effort to meet this August deadline. The manufacturers/shippers and the Indirect Air Carriers (IAC's – also commonly called "freight forwarders") also have a vested interest in ensuring their products can move by air. Therefore, they have been enlisted by TSA as participants in the screening initiative through certification via the TSA's "Certified Cargo Screening Program" (CCSP).

Through CCSP, manufacturers, shippers and IAC's can provide the required screening, and many have done so. Many more need to do so, however, or much air cargo will sit in airline cargo facilities while it waits for screening to be accomplished by the airlines. One role the airport does play in this process is providing EOD canine teams to assist with the airlines' screening needs. A requirement placed upon airports by TSA in exchange for partial funding of the EOD canine program is that the dogs be used at least 25% of the time on cargo shipments. This requirement is very helpful to the air carriers in meeting their screening obligations.

Two things are important to note regarding cargo screening. The TSA program has no teeth overseas, so inbound international cargo is screened in accordance with security programs in the country from which it originates. Therefore, TSA believes it will be another two years before belly cargo coming into the U.S. will be appropriately screened.

Finally, "all-cargo" aircraft operators, such as UPS, FedEx and any of the airlines with cargo only aircraft, are governed by a different set of rules. These rules incorporate a "trusted agent" process and the back-grounding of all those in the supply chain, along with physical protection of bonded cargo shipments. In other words, the screening requirements as identified above, do not exist for "all-cargo" aircraft operations.

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

MEMORANDUM

ITEM 9

TO: Management & Operations Committee

FROM: Steve Wareham, Director of MSP Operations (612-726-5519)

SUBJECT: **TAXI ADVISORY COMMITTEE UPDATE**

DATE: May 26, 2010

On July 30, 2009 a public hearing was conducted as a result of a taxi industry "petition for emergency relief". Since that time, in addition to normally scheduled monthly taxi advisory meetings, a number of special meetings were held to discuss issues of concern. MAC staff will offer a briefing on those discussions.

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

MEMORANDUM

ITEM 10

TO: Management & Operations Committee

FROM: Eric Johnson, Director - Commercial Management & Airline Affairs
(612-725-8322)
John Greer, Assistant Director – Concessions and Business Services
(612-713-8746)

SUBJECT: **CONCESSIONS UPDATE**

DATE: May 29, 2010

At Commissioner Landy's request, staff will provide an update regarding certain concession operations, including development of Surdyk's , changes in shoe shine operations, and progress at the Now Boarding pet facility.

THIS ISSUE IS INFORMATION ONLY, NO COMMITTEE ACTION IS REQUESTED.