

Metropolitan Airports Commission



Management and Operations Committee

Regular Monthly Meeting Minutes

Wednesday, July 07, 2010

1:00 pm

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

Wednesday, July 7, 2010, 1:00 p.m.
Room 3048A, Lindbergh Terminal - Wold-Chamberlain Field
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 July 7, 2010, in Room 3048A, Charles Lindbergh Terminal Building, Minneapolis-St. Paul International Airport, Wold-Chamberlain Field. Chair Landy called the meeting to order at 1:00 p.m. The following were in attendance:

Commissioners: Landy, Westerberg, Lanners, McKasy, Monaco, Rehkamp

Staff: S. Busch, T.L. Anderson, J. Hamiel, D. Probst, J. Nielsen, P. Rasmussen, D. Ruch, S. Wareham, E. Johnson, J. Anderson, B. Rineer, J. Greer, P. Sichko, C. Boyd, A. Johnson, M. Kilian, B. Zwart, K. Kelly, E. Hudak, T. Rader, B. Hoium, A. Irish

Others: Bob Friskney, South Metro Airport Action Council (SMAAC); Gordon Hoff, Minnesota Business Aviation Association (MBAA); Tom Eggerud, Kevin Cooper, Enterprise Holdings; John Krack, Anoka County Aviation Association (ACAA) and Reliever Airport Advisory Council (RAAC); Kidist Gemta, Gopher Taxi; Taye Sillga, Diplomati Travel Service; Minichil Tesema, Al Halre, Kiros Agegnehu, United Airport Taxi; Melaku Aleme, Alemayhu Tegene, Airport Connect; Yared Adgeh, Airport Express; Mustafa Batui, Express Travel Service Airport Taxi

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

B1. PROFESSIONAL SERVICE AUTHORIZATIONS QUARTERLY REPORT – CF 2162

The Professional Service Authorizations (PSAs) report for the second quarter (April, May, June) of 2010, was approved. The next reports are to be presented in October 2010.

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

B2. AWARD OF SPECIALTY RETAIL PROPOSAL – CF 2163

At its March 15, 2010 meeting, the Commission authorized staff to issue a Request For Proposals (“RFP”) for a specialty retail operator for Terminal 1–Lindbergh and five (5) proposals were received in response from the following entities: Marbles, LLC d/b/a Marbles: The Brain Store; Melshire DFW, L.P. d/b/a Natalie’s Candy Bar; St. Croix Airport Retail, Inc. d/b/a Sugar Pop Toys & Treats @ MSP; Studio Sterling Works, LLC d/b/a Natural Element; and The Swatch Group (U.S.) Inc. d/b/a Swatch.

The concessions department was looking for a specialty retail concept to replace the current Tie Rack location in the Airport Mall. Staff asked Proposers to offer a specific retail concept, taking into account the current tenant mix at MSP.

The Review Team members independently reviewed the five (5) proposals received and then met to collectively discuss and evaluate the proposals. Based on the complete analysis, it was the Review Team’s unanimous recommendation that Studio Sterling Works, LLC d/b/a Natural Element be selected to operate the specialty retail concession at Terminal 1-Lindbergh.

COMMISSIONER REHKAMP MOVED AND COMMISSIONER MONACO SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:

- 1. AWARD OF THE SPECIALTY RETAIL CONCESSION AGREEMENT TO STUDIO STERLING WORKS, LLC D/B/A NATURAL ELEMENT;**
- 2. AUTHORIZATION TO NEGOTIATE FINAL AGREEMENTS AND RELATED DOCUMENTS WITH STERLING WORKS, LLC D/B/A NATURAL ELEMENT; AND**
- 3. THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.**

THE MOTION CARRIED BY UNANIMOUS VOTE.

B3. REQUEST FOR AUTHORIZATION TO DIRECTLY NEGOTIATE AN AGREEMENT WITH REDBOX AUTOMATED RETAIL, LLC. FOR DVD RENTAL AND USED DVD SALES – CF 2164

In July 2009 Staff requested and received authorization to directly negotiate with Redbox for the placement of three (3) Redbox automated Kiosks at MSP and subsequently began negotiating with Redbox. The areas initially identified by Staff for the placement of the kiosks included two (2) units in the Terminal 1 rental car area and one (1) unit at the Terminal 2 rental car area. However, passenger volumes were down in those areas and there was not enough passenger or employee traffic to support three Redbox units. Negotiations with Redbox were put on hold for one year in order give Redbox and Staff the opportunity to review the economic situation and adjust the locations.

Redbox Automated Retail, LLC (“Redbox”) is a company that rents and sells DVD’s out of automated kiosks located in supermarkets, drug stores, and convenience stores. The Redbox program is currently operating in twelve airports and looking to expand into additional airports. The competitors to Redbox are Movie Cube and DVD Play. Redbox is well established throughout the Twin Cities with locations in many McDonalds, Wal-Mart, Festival Foods, Holiday Gas Stations and Cub Foods establishments. Redbox is the largest provider of DVD rental kiosks in the industry with locations nationwide. These

locations are all available for travelers to access the Redbox system by renting a DVD in one location and returning it to any Redbox location nationwide. Customer service to the traveler is enhanced by having Redbox installed at MSP due to the availability of the traveler to rent a movie at MSP and return it to many locations locally, as well as nationally.

Based on their position and percent market share, staff requests authority re-engage with Redbox on negotiations for placement of Redbox kiosks at MSP's two terminals.

**COMMISSIONER REHKAMP MOVED AND COMMISSIONER MONACO SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THAT STAFF BE AUTHORIZED TO DIRECTLY NEGOTIATE A CONCESSION AGREEMENT WITH REDBOX AUTOMATED RETAIL AS OUTLINED HEREIN; AND THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.
THE MOTION CARRIED BY UNANIMOUS VOTE.**

B4. RECOMMENDATION REGARDING SODIUM CHLORIDE (ROAD SALT) PROCUREMENT – CF 2165

Per MAC policy for purchases in excess of \$50,000, staff is seeking Commission authorization to purchase sodium chloride (road salt). As a member of the Cooperative Purchasing Venture (CPV) Program, as established by Minnesota State Statute §471.345, subdivision 15, the MAC is eligible to acquire this chemical under state contract. The contract for sodium chloride is currently held by Morton Salt, at a contracted price of \$60.18 per ton. The 2009 price was \$59.00 per ton. Average use the past few winters has been in the 900-1,000 ton range.

**COMMISSIONER REHKAMP MOVED AND COMMISSIONER MONACO SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION APPROVAL TO PROCURE SODIUM CHLORIDE (ROAD SALT) FOR THE 2010-2011 SEASON FROM MORTON SALT, AND THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS.
THE MOTION CARRIED BY UNANIMOUS VOTE.**

B5. RECOMMENDATION REGARDING LIQUID DEICER BIDS – CF 2166

In June 2009, bids were solicited for a three-year contract to provide the MAC with liquid deicer chemical (potassium acetate). Due to market volatility, vendors were reluctant to enter into multiple-year agreements. The MAC then advertised and awarded a one-year contract. The market is still holding to one-year agreements and, therefore, bids were solicited to provide the MAC with liquid deicer for the upcoming winter season. Four competitive bids were received and opened on June 2, 2010.

Uninterrupted base chemical supply and lower transportation costs resulted in bids more favorable than last year. Pricing is comparable to bids received by other large hub airports. Seneca Mineral Company submitted the lowest bid and, after reviewing the bids, Staff concludes that Seneca Mineral Company is the lowest responsible bidder and recommends acceptance of the bid.

COMMISSIONER REHKAMP MOVED AND COMMISSIONER MONACO SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION ACCEPTANCE OF THE LOWEST RESPONSIBLE BID FROM SENECA MINERAL COMPANY, AND THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS. THE MOTION CARRIED BY UNANIMOUS VOTE.

B6. REQUEST TO RENEW SECURED AREA ACCESS CONTROL SYSTEM MAINTENANCE AGREEMENT – CF 2167

This is a request to approve the renewal of the annual maintenance and support agreement with Honeywell for the Secured Area Access Control System (SAACS).

MAC acquired its Secured Area Access Control System in 2005 following a Request for Proposals process. The vendor selected was Honeywell and its ProWatch system. This system is sold through a re-seller; in this case Pro-Tec Design Inc. of Plymouth MN. The MAC has support agreements with both companies: Honeywell supports the ProWatch software, and Pro-Tec Design Inc. provides on-site ProWatch system support.

The Honeywell agreement provides the MAC with periodic software upgrades for the ProWatch system as well as access to expertise to address technical problems with the software. Honeywell is the sole source for this agreement since ProWatch is a proprietary product. Funds for this renewal have been included in the 2010 budget.

COMMISSIONER REHKAMP MOVED AND COMMISSIONER MONACO SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION THAT THE AIRPORT POLICE DEPARTMENT BE AUTHORIZED TO RENEW THE PROWATCH SYSTEM SUPPORT AGREEMENT WITH HONEYWELL FOR A COST OF \$ 75,000.00, AND THAT THE EXECUTIVE DIRECTOR OR A DESIGNEE BE AUTHORIZED TO EXECUTE THE NECESSARY DOCUMENTS. THE MOTION CARRIED BY UNANIMOUS VOTE.

B7. PUBLIC HEARING TO AMEND ORDINANCE 109 – RENTAL AUTO FACILITY CHARGE – CF 2168

Chair Landy opened the Public Hearing regarding MAC Ordinance 109 which governs the collection of a Rental Auto Facility Charge (RAFC) at the airport.

Ms. Karen Kelly, Assistant Manager, Airside Leasing & Tenant Relations, presented information regarding this item. The Commission has the authority to establish fees for use of and benefit of airport facilities; and Staff is proposing to modify RAFC Ordinance 109 that established a uniform per-day charge for on-airport rental auto customers to pay for costs of airport rental auto facilities.

Proposed changes to the ordinance include:

- Funding the apportioned cost of the auto rental facilities at Terminal 2-Humphrey, along with costs associated with construction of a consolidated rental auto facility at Terminal 2-Humphrey, upon satisfaction of the Terminal 1-Lindbergh apportioned auto rental facilities debt, anticipated to occur on or around December 31, 2010.
- A revocable credit towards the operation and maintenance expenses associated with the auto rental facilities at Terminal 1-Lindbergh.

Mr. Cameron Boyd, Attorney, named documents to be entered as exhibits into the public record. Public comments were received from Kevin Cooper, Enterprise Holdings.

The public hearing record was held open for public comment until 5:00 p.m. Friday, July 9, 2010. A draft of Findings, Conclusions and Order will be prepared for review and action by the Committee at an upcoming Committee meeting.

Chair Landy declared the hearing closed at 1:09 p.m.

B9. 2010 STATE LEGISLATIVE SUMMARY – CF 2170

Mr. Kilian provided an overview on legislative issues and plans to meet with Commissioners individually to discuss issues in their respective districts.

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The meeting was adjourned at 2:20 pm.

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

Wednesday, July 7, 2010, 1:00 p.m.
Room 3048A, Lindbergh Terminal - Wold-Chamberlain Field
Minneapolis-St. Paul International Airport

"DISCUSSION ITEM"

Call to Order

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Commissioners: Landy, Westerberg, Lanners, McKasy, Monaco, Rehkamp

Staff: S. Busch, T.L. Anderson, J. Hamiel, D. Probst, J. Nielsen, P. Rasmussen, D. Ruch, S. Wareham, E. Johnson, J. Anderson, B. Rineer, J. Greer, P. Sichko, C. Boyd, A. Johnson, M. Kilian, B. Zwart, K. Kelly, E. Hudak, T. Rader, B. Hoium, A. Irish

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AGENDA ITEMS

B8. RECOMMENDATION RE: ADJUSTMENT TO COMMERCIAL VEHICLE PER-TRIP FEE AND TAXICAB ANNUAL PERMIT FEE – CF 2169

Mr. Arlie Johnson, Assistant Director of MSP Operations/Landside, presented background on this item. MAC Ordinances 102 and 106 govern the operation of taxicabs at Minneapolis-St. Paul International Airport (MSP). MAC Ordinance 93 governs the operation of commercial vehicles at MSP. These ordinances require the Commission to recover associated costs to MAC by annually adjusting fees for taxi and commercial vehicle operators who pick up passengers at the airport

Commercial Vehicle Per Trip Fee Adjustment

Based on the established cost-recovery formula, staff recommends the current commercial vehicle per trip fee of \$2.31 be increased 10.4% to \$2.55 for the period November 11, 2010 through November 10, 2011. This per trip fee recovers operating costs and is determined by dividing the associated budgeted cost to be recovered by the number of trips taken during the most recently completed annual permit period.

Transit Center Per Trip Fee

Staff recommends that a transit center per trip fee be approved that equals one-half of the established commercial vehicle per trip fee, or \$1.28. This amount recovers the budgeted cost associated with the operation of commercial vehicles at the Terminal 1-Lindbergh Transit Center as required by Ordinance 93.

Taxicab Annual Permit Fee Adjustment

Based upon the established cost recovery formula, staff recommends the current annual taxicab permit fee of \$3,650 be increased 11.0% to \$4,050 for the period November 11, 2010 through November 10, 2011. This amount includes the recovery of \$66,400 that the Commission deferred last year as a measure of economic relief to allow the fee to remain unchanged from the year prior. Although costs rose only 0.1% (\$3,598), the inclusion of the deferred amount along with a 5.0% decrease in the number of permits issued produced the recommended increase to the taxicab annual permit fee.

Taxicab Annual Permit Fee Hybrid Payment Adjustment

The Commission has established per trip fees as an optional payment method for annual taxicab permits rather than requiring the full annual fee payment up front. This "hybrid" option allows operators to pay a portion of the annual fee up front and the remainder throughout the permit period via per-trip fees. Staff recommends the continuance of the one-third up front payment for operators opting to use the hybrid payment method.

Taxicab Airport Use Fee

The airport use fee enables taxicab operators to recover the approximate cost of the annual taxicab permit fee. Taxicab operators are the only commercial vehicle operators allowed by ordinance to add an airport use fee to the fare charged to a customer. The use fee is calculated by dividing the associated budgeted cost to be recovered by the number of trips taken during the most recently completed annual permit period, then rounding to the nearest \$0.25. Based upon this formula, staff recommends the current airport use fee of \$3.50 increase to \$4.50 per trip for the period November 11, 2010 through November 10, 2011. Although costs remained flat, a 16% reduction in trips taken last year produced the recommended increase to the airport use fee.

In response to questions from Commissioners, Mr. Johnson explained the different fees in Ordinance 102, reiterating that the Taxicab Airport Use Fee paid by passengers to the taxicab driver is a means for drivers to recover the approximate permit fees that are paid to the MAC. Passengers are made aware of the Airport Use Fee through signs at the taxi dispatch locations and it is noted in brochures offered to each passenger in addition to placards in each taxicab. Most, but not all drivers collect the airport use fee from their customers at their discretion. Comments were received from some taxicab drivers advocating that the Airport Use Fee should be posted on the meter prior to the start of the trip. There was also some discussion regarding the amount of this fee and the appropriateness of the increase. After further discussion, Commissioners recommended that Mr. Johnson and Staff review how the Airport Use Fee is presented to the customer and whether the \$4.50 figure is the appropriate fee amount, and bring their recommendation to the August Committee meeting. Staff's recommended action was, therefore, replaced by a recommendation that would approve all Commercial vehicle fees as presented and defer action on the taxi fee adjustments (permit fee, hybrid methodology, and Use Fee) until the August M&O Committee meeting.

COMMISSIONER LANNERS MOVED AND COMMISSIONER MONACO SECONDED THAT THE MANAGEMENT AND OPERATIONS COMMITTEE RECOMMEND TO THE FULL COMMISSION:

- 1. APPROVAL OF A COMMERCIAL VEHICLE PER TRIP FEE ADJUSTMENT FROM THE CURRENT RATE OF \$2.31 TO A RATE OF \$2.55 FOR THE PERIOD NOVEMBER 11, 2010 THROUGH NOVEMBER 10, 2011;**
- 2. APPROVAL OF A COMMERCIAL VEHICLE TRANSIT CENTER PER TRIP FEE OF \$1.28 FOR THE PERIOD NOVEMBER 11, 2010 THROUGH NOVEMBER 10, 2011;**
- 3. AUTHORIZATION FOR THE EXECUTIVE DIRECTOR OR A DESIGNEE TO EXECUTE THE NECESSARY DOCUMENTS. THE MOTION PASSED BY MAJORITY VOTE.**

The meeting was adjourned at 2:20 pm.