

Metropolitan Airports Commission



Full Commission

Regular Monthly Meeting Minutes

Monday, November 19, 2007

1:00 pm

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**METROPOLITAN AIRPORTS COMMISSION
FULL COMMISSION MINUTES
REGULAR SCHEDULED MEETING**

Monday, November 19, 2007 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, November 19, 2007 in Room 3040, Charles Lindbergh Terminal Building, Minneapolis-St. Paul International Airport, Wold-Chamberlain Field. Chairman Lanners called the meeting to order at 1:00 p.m. The following were in attendance:

Commissioners: Landy, Nelson, Peilen, Rehkamp, Warner, Westerberg, Williams and Chairman Lanners

Staff: T.W. Anderson, N. Finney, T. Anderson, J. Hamiel, J. Nielsen, S. Douma, J. Felger, P. Hogan, M. Kilian, G. Kane, G. Schmidt, S. Wareham, E. Podnieks, E. Wilson, G. Warren, T. Gangnon, B. Hoyt, R. Fuhrmann, C. Leqve, B. Rief, M. Willis, P. Burke, M. Ladd, M. Kilian, S. Busch, K. Schafer, J. Anderson, D. Henderson, B. Hoium, C. Stutz, J. Brown, E. Johnson, J. Hoyny,

Others: Bruce Wiley, Wiley Enterprises; Vivian Starr, Anoka Co. Aviation Assoc; Arlo Enerson, ACAA; Gordon Hoff, MBAA; Cal Nelson, Matthew O'Donnell, Carole Howe, CBR; Diana Bellinghausen, Crystal Airport; Butch Howard, John Greer, Janie Metcalf, HMS Host; Jon Olson, Anoka County; Joel LeVahn, Hollis Cavern, AAD; Vigar Shariff, Rizvi Traverse; Kathleen Nelson, Jeff Davidman, NWA

CONSENT ITEMS

The following Consent items were approved by roll call vote as indicated. This includes the issues discussed at the Committee meetings during the month of **November** which were approved by unanimous or majority vote and, in the opinion of the Committee Chairperson and Staff, should be routine or non-controversial.

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

Ayes:	Eight	Commissioners Landy, Nelson, Peilen, Rehkamp, Warner Westerberg, Williams and Chairman Lanners
Nays:	None	
Abstain:	None	
Absent:	Seven	Commissioners McKasy, Boivin, Foley, Harris, Mars, Sigel and Stenerson

Reports

1. Passenger and Operations Summary

Approval of Minutes

Finance, Development and Environment Committee - Board File No 13106

(See minutes of November 7, 2007 Committee meeting)

- A1 Public Hearing
 - a. 2008-2014 Capital Improvement Program Public Hearing - Assessments of Environmental Effects
- A2 Reports
 - a. 3rd Quarter Budget Variance Report
 - b. Statements of Revenues and Expenses and Changes in Net Unrestricted Cash-September 2007
 - c. Accounts Receivable Summary
 - d. Budget Impact Report Regarding Management & Operations Committee Action Items
 - e. Investment Portfolio Report
 - f. Air Carriers Passenger Facility Charges Report
 - g. Commission Travel Report/July, August, September 2007
 - h. Change Management Policy and Project Status Report
 - i. Bloomington Land Acquisition Status Report
- A3 Final Payments
 - a. Lindbergh Terminal Checkpoint 4 Remodel
 - b. Lindbergh Terminal Energy Improvements - Phase 7
 - c. EMC Chilled Water Pump Replacement
 - d. Runway 17 Deicing Pad
- A4 Bids Received
 - a. Lindbergh Terminal Energy Project - Phase 8
- A5 East Reliever Airports Continuing Consultant Selection
- A6 Agreement with Hennepin County for CSAH 1 (Pioneer Trail Expansion)
- A7 Memorandum of Understanding - City of Bloomington
- A8 Runway 12R/30L Reconstruction Update
- A9 Minnesota Pollution Control Agency Fuel and NPDES Stipulation Agreement Updates
- A10 DISCUSSION Crystal Airport Long Term Comprehensive Plan Update - Summary and Recommendation
- A11 MAC Parking Revenue Audit Report
- A12 Current Refunding - Series 1998B Bonds - Approval of Resolution No. 2088
- A13 DISCUSSION Passenger Facility Charge (PFC) Application #10 - Approval of Resolution No. 2087
- A14 Draft 2008 Operating Budget - Update

Management and Operations Committee - Board File No. 13107

(See Minutes of the November 7, 2007 Committee meeting)

- B1 Recommendation to Award Contract for Chiller Maintenance
- B2 Recommendation to Renew Agreement with DC Group for Maintaining Uninterruptible Power Supply (UPS) Units
- B3 DISCUSSION Request for Authorization to Issue Bids for Baggage System Maintenance

- B4 Recommendation Re: Computerized Maintenance Management System Purchases
- B5 Recommendation Re: Environmental Law Legal Services Continuing Consultants
- B6 3M Request to Purchase the North Riverside Hangar
- B7 Request for Authority to Issue Wellness Center Services RFP
- B8 Request for Approval of Fleet Safety Policy #6010
- B9 Crystal Airport Long Term Comprehensive Plan Update
- B10 Air Service Competition Update
- B11 Cell Phone Lot Update Initiative

Special Human Resources and Affirmative Action Committee - Board File No 13108

(See Minutes of the November 7, 2007 Committee meeting)

- C1 Follow-Up: 2006 Payroll and Sick Leave Audit Reports
- C2 Vendor Selection Recommendation: Information Technology Personnel Recruiting Services

Financial Report - Board File No. 13109

Approval of the total amount of \$29,490,884.50 for payment and transfer, subject to audit.

Airport Leases - Board File No. 13110

Minneapolis-St. Paul International Airport

Approval for a lease amendment to the Humphrey Terminal Office Lease Agreement with Aircraft Services Int'l to reduce square footage in the Humphrey Terminal. Approval of a lease amendment to Batch 15 agreement with Minnesota Retail Partners to reduce and reconfigure Minnesota Store space. Approval for a lease agreement with MN Airlines, LLC (Sun Country) to reflect Sun Country's occupancy of space within the Runway 17 Deicing Operations Center. Approval of an agreement with the FAA reflecting space occupied within a mechanical room of Concourse B and a mechanical room of Blue/Red Parking Ramp.

St. Paul Downtown Airport

Approval of a lease amendment with Realtair, LLC, Lots 11 and 12 to add Lots 9A,9B and 10 to their limited commercial lease.

Anoka County-Blaine Airport

Approval for a lease transfer of Lot 96A from Eugene and Dee Bonn, to Lot 96A, LLC Mahtomedi, MN. Approval for a storage lease transfer from James Putzke and Joseph Ballis, Lot 62G to Joseph Ballis, Shoreview, MN.

Airlake Airport

Approval of a lease transfer from Thomas Furlong, Lot 40D to Caret Capital, LLC, Anoka MN.

AUTHORIZE THE LEASES, TRANSFERS, AMENDMENTS, ASSIGNMENTS, 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.

DISCUSSION ITEMS - Board File No.

Finance, Development and Environment Committee - Board File No. 13111

A10 Crystal Airport Long Term Comprehensive Plan Update - Summary and Recommendation

Nigel Finney, Deputy Executive Director of Planning and Environment, stated that this item will be on the agenda for the FD&E Committee in December. He asked that Commissioners provide him with any questions they may have as a result of the discussion at the November Committee meeting. Commissioners have received several letters regarding Crystal Airport and its future; staff will be summarizing those questions and preparing responses for presentation at the December meeting. Given the length of the agenda, the December meeting will start at an earlier time that will be announced as soon as the time as been decided.

Commissioner Landy stated that the Mayor of Crystal suggested there were 300 homes in the safety zone and that poses significant risk to life, property and aviation safety. He believes the number she quoted is high and asked staff to provide the exact number.

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

A13 Passenger Facility Charge (PFC) Application #10 - Approval of Resolution No. 2087

Steve Busch, Director of Finance, stated that at the November FD&E Committee meeting this item was recommended for approval by the full Commission. Due to a change in the 2008-2014 Capital Improvement Program, the following project has been added to the PFC application:

Demo - Building B/G Concourse Expansion

The Committee action will remain the same with the inclusion of this project.

COMMISSIONER REHKAMP MOVED AND COMMISSIONER WILLIAMS SECONDED APPROVAL OF THE FOLLOWING:

- **DESIGNATION OF THE ATTACHED CAPITAL PROJECTS FOR INCLUSION IN PASSENGER FACILITY CHARGE NO. 10**
- **THAT PFC APPLICATION NO. 10 BE FILED IN ACCORDANCE WITH THE ABOVE SCHEDULE AND**
- **APPROVAL OF RESOLUTION NO. 2087 AUTHORIZING STAFF TO PROCEED WITH PFC APPLICATION NO. 10. The Motion passed on the following roll call vote:**

Ayes: **Eight** **Commissioners Landy, Nelson, Peilen, Rehkamp, Warner Westerberg, Williams and Chairman Lanners**

Nays: **None**

Abstain: **None**

Absent: **Seven** **Commissioners McKasy, Boivin, Foley, Harris, Mars, Sigel and Stenerson**

Management and Operations Committee - Board File No. 13112

B3 Request for Authorization to Issue Bids for Baggage System Maintenance

Commissioner Rehkamp stated he was the dissenting vote on the issue as he needed clarification as to whether MAC is committed to purchasing the outbound baggage system through the airline negotiation process. He was given a tour of the facility and the NWA portion of the baggage control system was nicely done. There is a difference between maintaining and operating it and he is concerned with the language in the Motion that reads "...take over the maintenance responsibilities." He made a strong statement that a clear line needs to be drawn between maintenance of the system and system operation.

Steve Wareham, Director of MSP Operations, responded that those guidelines will be points of serious negotiation.

COMMISSIONER LANDY MOVED AND COMMISSIONER WILLIAMS SECONDED APPROVAL TO ISSUE BIDS FOR BAGGAGE SYSTEM MAINTENANCE FOR A THREE YEAR TERM WITH AN OPTIONAL THREE YEAR RENEWAL. FURTHER, THAT THE BID CONTAIN LANGUAGE THAT ADDRESSES THE POSSIBILITY THAT MAC MAY TAKE OVER MAINTENANCE RESPONSIBILITIES FOR ALL OUTBOUND SYSTEMS. The Motion passed by unanimous vote.

Special Management and Operations Committee - Board File No. 13113

1. Recommendation Re: Anoka County/MAC/LLC Development and Lease Negotiations

Chairman Landy stated that the Special M&O Committee meeting was to approve execution of the third Amendment to the Northwest Building Area Development and Lease Agreement. A number of questions were raised regarding MAC's ability to retain control of the development and operation of the airport with a third party commercial operator providing services, especially in the event of a bankruptcy. Staff responded that all the rules and requirements that pertain to any commercial operator on the field will also pertain to the LLC and the issue of bankruptcy will be handled in the same manner as with the current lease practices.. Chairman Landy expressed his excitement for the development and stated it is a perfect example of a public/private partnership and the Commission looks forward to a first class facility at Anoka County.

Commissioner Westerberg stated the Anoka County/Blaine Airport is in his district and he has been in constant contact with the County, LLC and airport tenants and is very supportive of the agreement.

Commissioner Rehkamp stated the minutes under the "Ownership of Improvements" does not reflect as was requested at the meeting, that the ownership of the hangars, tanks and additional improvements would revert to the MAC and asked that the official minutes reflect that change. Staff responded that the change will be made and read as follows: "Ownership of hangars, tanks and additional improvements will revert to MAC in the event the LLC does not sign a subsequent lease with MAC at the expiration or earlier termination of the Lease."

COMMISSIONER LANDY MOVED AND COMMISSIONER NELSON SECONDED APPROVAL OF THE EXECUTION OF THE THIRD AMENDMENT TO THE NORTHWEST BUILDING AREA DEVELOPMENT AND LEASE AGREEMENT AS DESCRIBED; CONSENT TO THE FIRST COMPLETE AND SUPERSEDING AMENDMENT TO THE MASTER GROUND SUBLEASE AND DEVELOPMENT AGREEMENT AS DESCRIBED; FURTHER TO AUTHORIZE THE EXECUTIVE

DIRECTOR OR HIS DESIGNEE TO EXECUTIVE THE NECESSARY DOCUMENTS. The Motion passed on the following roll call vote:

Ayes:	Eight	Commissioners Landy, Nelson, Peilen, Rehkamp, Warner Westerberg, Williams and Chairman Lanners
Nays:	None	
Abstain:	None	
Absent:	Seven	Commissioners McKasy, Boivin, Foley, Harris, Mars, Sigel and Stenerson

NEW BUSINESS - Board File No. 13114

1. Proposed Class Action Settlement Agreement in Wiencke et al vs. MAC

Tom Anderson, General Counsel, stated that settlement has been reached and is consistent with that previously approved by the Commission in the Cities case in all respects. The settlement documents that there will be a payment of \$2 million to the settlement class council. The matter was presented to the Court and was given preliminary approval. There will be a notice to all the class members and a hearing on the fairness of the settlement to be held before Judge Aldrich on January 15th. The approval of the Commission was one of the conditions in moving this forward.

COMMISSIONER WESTERBERG MOVED AND COMMISSIONER WARNER SECONDED APPROVAL OF THE CLASS ACTION SETTLEMENT IN THE WIENCKE ET AL VS. MAC LITIGATION AND AUTHORIZED THE EXECUTIVE DIRECTOR OR HIS DESIGNEE TO APPROVE THE NECESSARY DOCUMENTS. The Motion passed on the following roll call vote:

Ayes:	Eight	Commissioners Landy, Nelson, Peilen, Rehkamp, Warner Westerberg, Williams and Chairman Lanners
Nays:	None	
Abstain:	None	
Absent:	Seven	Commissioners McKasy, Boivin, Foley, Harris, Mars, Sigel and Stenerson

2. ACI Concessions Awards

Chairman Lanners stated he is pleased to announce that MAC's Concession Program continues to be a national and international award winner. On November 7th the Airports Council International-North America recognized MSP as a winner in three categories as follows:

- 2nd Place in the large airport competition for Best Specialty Retail Program
- 3rd Place for Best Food and Beverage Program; and
- 3rd Place for Best Convenience Retail Program

He congratulated the many staff members who had a hand in developing what year after year is recognized as one of the finest airport concessions programs in the nation.

Betsy Hoium, Asst. Director of Concessions and Business Development, recognized the concession tenants that helped make the awards possible.

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

3. Draft Five Year Strategic Plan for 2008-2012

Jeff Hamiel, Executive Director, provided a review of the Draft Five Year Strategic Plan for 2008 - 2012. He recommended that the Commission continue with five strategies:

- Enhance customer service
- Match employee talent with changing business needs
- Ensure long-term financial viability
- Leverage technology
- Strengthen partnerships and alliances

The most critical issues that face MAC are:

- Meeting customer expectations for service levels
- Operating in a rapidly changing airline industry
- Addressing unfunded and/or under funded mandates
- Transitioning the organization through a change in leadership
- Complying with the 2007 Noise Mitigation Decree

Commissioner Nelson questioned the Key Success Measures and what the baseline for 2003 means. Mr. Hamiel explained that the 2003 measures are considered baseline because that is when MAC began to track this information; any financial goals set by the Commission were done as part of the budget process.

Commissioner Landy suggested that an issue that might be tracked would be non-aeronautical revenues for the Reliever Airports.

Commissioner Rehkamp stated he is interested in the initiatives under Customer Service and requested that staff expand on some additional measures in that area.

Chairman Lanners pointed out that the key initiatives deal with outreach activities, expanding relationships with regional business communities, partners, enhancing cross departmental partnering and strengthening partnerships with local, state and Federal agencies that all revolve around better communication and interactivity and believes these are very good.

Mr. Hamiel stated that staff will review all requests by Commissioners and come back at the December Commission meeting with a response.

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

OLD BUSINESS - Board File No. 13115

1. Draft 2008 Operating Budget

Susan Warner Dooley, Deputy Executive Director of Finance and Administrative Services, stated that there have been no changes to the 2008 budget that was presented at the November FD&E Committee. Staff included additional information regarding staffing.

Commissioner Nelson stated MAC just approved \$130 million funding for noise mitigation and feels this is a tough year to start thinking about the need to increase staff. Staff needs to look critically at all these positions and see if there is a way to cut them back and take a more conservative approach. Jeff Hamiel, Executive Director, responded with a lengthy explanation of how staffing has been held

flat since 2001 and emphasized the need to add these positions at this time. He stated that the reality is that the demands placed upon staff are exceeding our capabilities.

Commissioner Warner stated that when talking about cutting or holding personnel, Commissioners ask for more work and information. He believes the line has been held long enough with personnel and if these positions are not approved, the Commission will be faced with more issues rather than fewer.

Commissioner Landy agreed with Commissioner Nelson and stated that these additions to staff seem like an enormous change all at once.

Commissioner Williams stated Commissioners need to visit what their roles are on the Commission. He believes it is Jeff Hamiel's responsibility to manage the staff.

Commissioner Nelson requested that staff provide information regarding the additional cost for these positions and the percentage increase based on the salary increase prior to the next meeting.

Kathleen Nelson, Northwest Airlines, stated the Commission needs to look at the headcount cost on an annual basis as those employees will be here in 2009 and that will be a long term investment. Further, she cautioned that the charts in the Strategic Plan where MAC compares itself to other large hub airports regarding headcount may not provide an apples to apples comparison.

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

2. 2008 - 2014 CIP Update

Nigel Finney, Deputy Executive Director Planning and Environment, provided Commissioners with a revised program showing the projects that have changed from the draft CIP that was presented to the Commission in September, and he reviewed the changes. With regard to the community review and assessment of environmental effects, staff has received one comment letter from Mr. Spensley representing SMAAC, and staff will be responding to that and any others within the next couple of days.

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

ANNOUNCEMENTS

1. Noise Public Input Meeting - October 2007

Chad Leqve, Manager - Aviation Noise & Satellite Programs, reported that the fourth quarter 2007 Public Input Meeting was held on October 23, 2007. The intent of the meetings are to ensure residents concerns are considered as part of the ongoing effort by MAC and the Noise Oversight Committee (NOC). He reviewed some of the concerns expressed by attendees at the meeting.

2. Letter from Northwest Airlines

Chairman Lanners read a letter from Barry Hofer, Vice President Facilities and Airport Affairs regarding the South Parallel Runway Repair project thanking MAC staff for their efforts in managing the project.

Chairman Lanners adjourned the meeting at 2:25 p.m.