Airport Operations
Transportation & Commerce Committee
Airport Mission and Priorities

Airport Mission

St. Louis Lambert International Airport strives to continue our legacy in safe and efficient transportation operations; we place a priority on sound financial planning that serves as a catalyst for greater regional prosperity; we focus on the value of environmental stewardship; and we are driven to promote partnerships throughout the aviation community and our own region while delivering outstanding customer service.

The Airport Priorities Are:

• To keep the Airport operating safe, efficient and financially viable
• To connect our region with the world
• To put our passengers’ comfort and convenience first and foremost
• To develop and maintain an effective “community awareness program”, keeping our citizens, business leaders and political leaders aware of the Airport’s role in the community
• Drives and champions economic growth anywhere in the region
Airport Governance

Title 18 of the Revised Code of the City of St. Louis establishes:

- Chapter 18.04 – Establishment of Airport
- Chapter 18.08 – Airport Authority
  1. 18.08.030: City Airport Commission (establishes commission members)
     A. Director of Airports, who shall be Chairman of the Commission;
     B. The Chairman of the Transportation and Commerce Committee of the Board of Aldermen (or such other committee to which, pursuant to the rules of the Board of Aldermen, bills affecting the airport are assigned);
     C. The President of the Board of Aldermen;
     D. The Comptroller;
     E. Six members appointed by the Mayor;
     F. Five members appointed by the County Executive of St. Louis County
     G. One member appointed by the County Executive of St. Charles County, Missouri
     H. One member appointed by the Chairman of the County Board of St. Clair County, Illinois
  2. 18.08.060: Contracts

The Director of Airports with the approval of the Airport Commission and the Board of Estimate and Apportionment shall have the power to enter into contracts, leases and agreements for concessions, rentals or use of the airport property and facilities. Any rental, lease, or agreement excluding fixed rate permits that exceed a period of three years must be approved by the Board of Aldermen and authorized by ordinance.

https://library.municode.com/mo/st_louis/codes/code_of_ordinances?nodeId=TIT18AIAV
Lambert Airport Organizational Structure

Lambert Airport Executive Staff
Organizational Structure (Summary)

- 530 Budgeted Positions FY18
- $99,911,100 O&M Budget FY18
- $169,086,960 Total Budget FY18

Rhonda Hamm-Niebruegge
Director Of Airports

Faith Conner
Executive Secretary II

Legal
City Counselor’s Office

Sharon Stone
HR Manager

Jeff Lea
Public Information Manager

Antonio Strong
Deputy Director
Finance / Administration

Joel Klein
Assistant Director
Finance/Accounting

Amber Gooding
Assistant Director
Business Diversity Dvlpmt

David Kulinsky
Assistant Director
Operations / Maintenance

Mark Hollenberg
Airport Police Department

Steven Jacox
Construction/Maintenance Manager

Ron Stella
Deputy Director
Operations

Brian Kinsey
Assistant Director
Air Service Development

Jerry Beckmann
Deputy Director
Planning / Development

Angel Ramos
Assistant Director
Engineering

Dana Ryan
Airport Planning Manager

Rob Salarano
Properties Manager

Jonathan Strobel
Environmental Regulatory Compliance and Safety Manager

Reed Glasener
Information Systems Support Manager
**Finance and Administration**: addresses the areas of accounting (e.g., payroll, audits, accounts receivable, accounts payable). Finance administration also includes managing the budget, real estate and property management, revenue management, grant management, business planning, airline rates, charges and use agreements, procurement, customer service, intergovernmental relations, and M/W/DBE certification and compliance programs.

**Planning and Development**: addresses the areas of capital improvement plans, construction standards, airport master plan and airport layout plan, compliance with environmental laws, participation in regional transportation planning, administrative space planning, information technology, and noise abatement and land use planning. Frequently works with the FAA’s ADO in the administration of federal grants through the Airport Improvement Program.

**Operations, Security and Maintenance**: addresses the areas of enforcing both operating and security regulations on the airfield and sometimes the landside and terminal areas of the airport. Operations deals with the FAA Certification Inspectors to ensure the airport is in compliance with Title 14 CFR Part 139, and other applicable directives, CertAlerts, and Advisory Circulars. Operations and maintenance personnel conduct airfield inspections, maintain certain elements of the airfield lighting, signs and markings, manage airport fleet vehicles, oversee building and airfield maintenance, and maintain the airport grounds. Wildlife managements, airfield construction safety, and security are other areas that operations oversees to ensure compliance with federal regulations. Police and firefighter response duties fall under the operations and maintenance purview.

**Air Service Development**: addresses the areas of marketing for airport services and properties, and marketing to new airlines to provide services to the airport.
City of St. Louis operates 3 Enterprise Funds (business-type activities):

- St. Louis Lambert International Airport
- Water Division
- Parking Division

**Enterprise Funds** – Operations that are financed and operated in a manner similar to private business enterprises through user charges or fees and *do not derive funding from tax dollars*. The principal operating revenues of the Airport enterprise fund are revenues from airlines, concessions, and parking. Also, much of the capital development money for many airports comes from the federal government.¹

¹2017 Comprehensive Annual Financial Report City of St. Louis, Missouri and American Association of Airport Executives
Airport Funding Sources

Airports earn revenue to operate from five primary funding sources²:

1. **Airline Rates and Charges:** Airlines pay their own costs of operating at airports. Airports are always making investments to increase efficiency, which helps keep airline operating costs as low as possible. Greater efficiency results in lower airfares for passengers.

2. **Airport and Airways Trust Fund:** Airports received about $3.35 billion in 2017 for runways, taxiways, and security improvements through federal grants provided as part of the Airport Improvement Program. The trust fund is funded by airport users – not appropriations of tax dollars – to support important FAA programs like the air traffic control system.

3. **Passenger Facility Charge User Fee:** Terminal improvements – which aren’t funded by the trust fund – are made possible by this locally set user fee. Currently capped at $4.50, the PFC has remained stagnant since 2000. Its current purchasing power has eroded to $2.57 since 2000. The PFC is used to increase efficiency and competition, which is win-win for passengers, airlines, and local communities.

4. **Non-Aeronautical Revenue:** Airports can generate revenue from concessions like food, beverage, parking, and retail to pay for operational costs and infrastructure improvements. All revenue generated by the airport is required by law to stay on airport property and be invested back in the airport.

5. **General Airport Revenue Bonds:** Bonds can be issued to partially fund the capital improvement needs of the Airport.

²Checked Facts: Airports on Chamber 4-Point Plan (Airports Council International-North America (ACI-NA)
## Airport Revenues

### Airline Revenues:
- Landing fees
- Terminal rental
- Other airline rates and charges, typically user fees in the terminal:
  * Security badging fees
  * Baggage carousel maintenance
  * Common use/per-turn fee, etc..
  * Remote parking fees

### Non-Airline Revenues:
- Parking
- Rental cars
- Concessions (food and beverage, news and gifts, retail, advertising, etc...)
- Ground rentals
- Cargo rentals
- Ground transportation fee and others
- Office building rentals
# Airport Use and Lease Agreement with Airlines

<table>
<thead>
<tr>
<th>Airport Use and Lease Agreements</th>
<th>July 2011 – June 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>July 2016 – June 2021</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Airline Obligations &amp; Rights</th>
<th>Commitment to pay $1M in landing fees</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pay fees sufficient for airport cost recovery</td>
</tr>
<tr>
<td></td>
<td>Signatories pay 25% lower rate</td>
</tr>
<tr>
<td></td>
<td>Approve projects over $200K</td>
</tr>
<tr>
<td></td>
<td>Review and comment on annual budget</td>
</tr>
<tr>
<td></td>
<td>Participate in annual rate setting/settlement</td>
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<tr>
<td></td>
<td>Etc…</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Negotiated Terms July 2016 – June 2021</th>
<th>Pre-approved $170.3M, 5 year CIP</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Project approval threshold $100K to $200K</td>
</tr>
<tr>
<td></td>
<td>Progressively larger deposits into ADF (7% in FY17, 9% in FY18, 10% in FY19, 11% in FY20 &amp; FY21)</td>
</tr>
<tr>
<td></td>
<td>Expect lower airline rates to attract more air traffic and meet Airport financial obligations</td>
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<tr>
<td></td>
<td>Etc…</td>
</tr>
</tbody>
</table>
Airport Flow of Funds (priority of payments)

- All Revenue
  - Revenue Fund
    - Ops & Maintenance Fund
    - Bond Fund
      - Debt Service Reserve Acct
      - Arbitrage Fund
      - Renewal & Replacement Fund
      - City Sub-Account of Revenue Fund
      - Debt Service Stabilization Fund
      - Development Fund
**Airport Gross Receipts Tax**

**Gross Receipts Tax payment (GRT):** Federal law restricts the use of revenue generated at an airport that has received federal assistance. Airport revenue may be used only for capital and operating costs of the airport and certain other facilities owned by the airport owner that are directly and substantially related to the air transportation of passengers and cargo. The federal revenue use restriction was first enacted into law in 1982. Financial commitments pre-existing the enactment of the law were grandfathered.

St. Louis Lambert International Airport is one of twelve grandfathered airport sponsors. The amount of money the City of St. Louis may receive from the Airport for non-airport purposes is restricted to the amount of money it was receiving from the Airport at the time the law was enacted in 1982, adjusted by the consumer price index.

The GRT payment to the City of St. Louis in FY 2017 was $6,499,930. The calculation is based on the base year (ie. prior year amount) adjusted by the CPI for the 12 months ended June 30. We also calculate 5% of the Airport operating revenues based on our audited financials and the actual GRT payment made to the City will be the lesser of the CPI calculation method or the 5% of operating revenues calculation.
Airport Grant Funding

Airport Sponsor & Airport Management

- Ensure airport operates in the best interests of all stakeholders.

Self-sustainable

- Federal Aviation Administration (FAA) encourages airports to be self-sustainable, meaning all operational expenses are covered by airport revenues.

FAA Grant Assurances

- Public-use airports accepting FAA grant funds must operate under a variety of federal regulations, advisory documents, industry best practices, Grant Assurances, FAA Orders, and TSA Security Directives.

- FAA Grant Assurances stipulates revenue generated on airport property is required to be used for the operation of the airport³

Airport Management identifies need for services to efficiently operate the Airport

<table>
<thead>
<tr>
<th>RFP</th>
<th>SFB</th>
</tr>
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<tbody>
<tr>
<td>(Request for Proposals)</td>
<td>(Solicitation for Bids)</td>
</tr>
<tr>
<td>• Professional services</td>
<td>• Concessions</td>
</tr>
<tr>
<td></td>
<td>• Non-professional service contracts</td>
</tr>
<tr>
<td></td>
<td>• Janitorial services</td>
</tr>
<tr>
<td></td>
<td>• Flag cleaning</td>
</tr>
<tr>
<td></td>
<td>• Window cleaning</td>
</tr>
<tr>
<td></td>
<td>• Ground maintenance</td>
</tr>
<tr>
<td></td>
<td>• Etc…</td>
</tr>
</tbody>
</table>

Business Diversity Development (BDD) – performs outreach efforts to achieve participation goals

**Mayor’s Executive Order #28 (local goals):** 25% MBE, 5%WBE

**ACDBE (concession goals):** Goals set for each concession contract per federal regulations
## Airport Operations

### Contracts ≤ 3 Years Approvals

- Director of Airports
- Airport Commission
- Board of Estimate & Apportionment

### Contracts > 3 Years Approvals

- Director of Airports
- Airport Commission
- Board of Estimate & Apportionment
- Board of Aldermen
Airport Key Statistics (FY12 – FY16)
## FY 2016 Strategic Plan Update Key Figures

<table>
<thead>
<tr>
<th>FLIGHTS</th>
<th>ENPLANEMENTS</th>
<th>CONNECTING ENPLANEMENTS</th>
<th>MAINLINE AIRCRAFT ENPLANEMENTS</th>
<th>DEPLANED PASSENGERS</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td><strong>6.5% INCREASE</strong></td>
<td><strong>11.7% INCREASE</strong></td>
<td><strong>8.9% INCREASE</strong></td>
<td><strong>6.4% INCREASE</strong></td>
</tr>
<tr>
<td></td>
<td>6,672,558</td>
<td>976,121</td>
<td>5,401,273</td>
<td>6,658,172</td>
</tr>
<tr>
<td></td>
<td>versus 6,267,734</td>
<td>versus 874,258</td>
<td>versus 4,962,008</td>
<td>versus 6,259,659</td>
</tr>
<tr>
<td>TOTAL PASSENGERS:</td>
<td>13,330,730</td>
<td>6.4% INCREASE</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
FY 2016 Strategic Plan Update Key Figures

Operational Market Shares:
- Southwest Airlines: 53%
- American Airlines: 19%
- Delta Airlines: 13%
- United Airlines: 8%
- Frontier Airlines: 4%
- Other Airlines: 3%

Passenger Departures:
- Total: 83,082
- Change: +1.6%

Cargo Departures:
- Total: 1,527
- Change: +3.5%

Total Departures:
- Total: 84,609
- Change: +1.6%
Airport Statistics FY2017

Total Revenues
(dollars in thousands)

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Revenues</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2016</td>
<td>$163,000</td>
</tr>
<tr>
<td>FY2017</td>
<td>$164,000</td>
</tr>
</tbody>
</table>

Airport Revenues
(dollars in thousands)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2016</th>
<th>FY2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airlines</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Concessions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Parking</td>
<td></td>
<td></td>
</tr>
<tr>
<td>PFC Revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Other</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

3.4% increase from FY2016 to FY2017.
Contact Info

Rhonda K. Hamm-Niebruegge
Airport Director

314-426-8020
RKHamm-Niebruegge@flystl.com
www.flystl.com