



Fly 314 Coalition

Process Update Presentation

March 13, 2019

St. Louis Lambert International Airport Private Partnership Exploration

Communications Outreach Team
Strategic Communications Briefing



What are the Key Objectives of This Process?

Deliver the **best options** for the City to:

- 1 *Enhance and Improve the St. Louis Airport*
 - * *Improve operating revenues through private partner innovation, diversification and improved use of land assets [metrics and overall customer experience]*
- 2 *Generate meaningful proceeds for the City*
 - * *Generate upfront and/or periodic payments that can be used for non-airport City purposes, examples are*
 - *Infrastructure improvements*
 - *Improve City Services*
 - * *Expand regional economic development relationships*
- 3
 - * *Original objectives identified in Preliminary Application to FAA*

Why Explore A Private Partnership?

- All publicly-owned airports in the United States have a high degree of private involvement for most airport operations. One expert states that, in some respects, U.S. airports are the most privatized in the world because most of the “finance, planning, and operating activities” are outsourced to private, for-profit companies. (*See source below)
- Investment in airport infrastructure makes the facility more attractive to airlines and passengers; increasing the return on investment and increasing the public’s use of the airport
- St. Louis Lambert International Airport has 7000 employees working at the airport. There are 500 City employees working at the airport

The City Team: Who Is The Working Group?

The Working Group is comprised of seven City officials assembled to manage the process and guide an advisory team in exploring a potential investment partnership between the private sector and the City of St. Louis.

- 1 Linda Martinez, Deputy Mayor for Development (Mayor's designee) *
- 2 Jim Garavaglia, Deputy Comptroller Finance & Development (Comptroller's designee)*
- 3 Gerard Hollins, *Financial Analyst for the Board of Aldermen (President's designee) **
- 4 Paul Payne, *Director, Budget Division (Working Group designee/chair) **
- 5 Rhonda Hamm-Nieubruegge, *St. Louis Lambert International Airport Director*
- 6 Marlene Davis, *Ward 19 Alderwoman*
- 7 Mike Garvin, *Deputy City Counselor*

* Designates voting member

Who Approves The Process?

Any final agreement that allows a private entity to manage and operate the airport would require approval from:

- The Board of Estimate and Apportionment
- Board of Aldermen
- Federal Aviation Administration (FAA)
- A majority of operating airlines at St. Louis Lambert International Airport

Why St. Louis Lambert International Airport?

Why would a private company have any interest in St. Louis Lambert International Airport?

Type of private involvement	Service contracts	Management contracts	Developer financing for capital investment	Long-term lease or sale
Example:	Janitorial services Landscaping Shuttle bus operations Concessions	Parking facilities Airport-wide management	Terminal development Fuel systems Cargo Solar	Airport privatization pilot program
Specific case:	Pittsburgh Boston Washington, D.C.	Albany Indianapolis	Boston Fuel La Guardia Austin rental car	San Juan New York Stewart

**Public Private Partnerships (P3s) in transportation are contractual relationships typically between a state or local government, who are the owners of most transportation infrastructure, and a private company. P3s provide a mechanism for greater private-sector participation in all phases of the development, operation, and financing of transportation projects.*

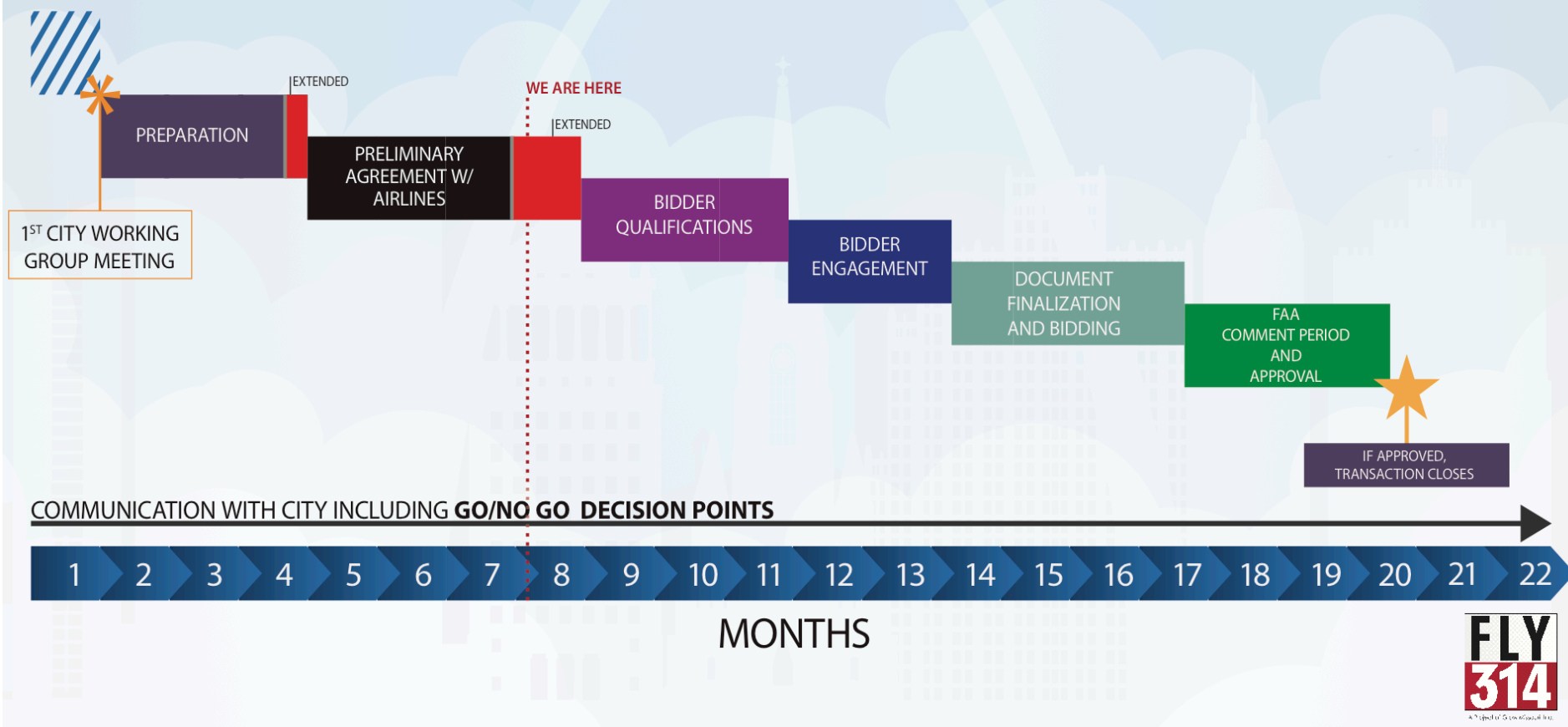
Annual Passenger Traffic, 1985–Present;

Year ◆	Total Passengers ◆	% Change ◆	Year ◆	Total Passengers ◆	% Change ◆
1985	19,942,401	—	2003	20,431,132	▼ 20.27%
1986	20,352,383	▲ 2.06%	2004	13,396,028	▼ 34.43%
1987	20,362,606	▲ 0.05%	2005	14,697,263	▲ 9.71%
1988	20,170,060	▼ 0.95%	2006	15,205,944	▲ 3.46%
1989	20,015,015	▼ 0.77%	2007	15,384,557	▲ 1.18%
1990	20,065,737	▲ 0.25%	2008	14,431,471	▼ 6.20%
1991	19,151,278	▼ 4.56%	2009	12,796,302	▼ 11.33%
1992	20,984,782	▲ 9.57%	2010	12,331,426	▼ 3.63%
1993	19,923,774	▼ 5.06%	2011	12,526,150	▲ 1.58%
1994	23,362,671	▲ 17.26%	2012	12,688,726	▲ 1.30%
1995	25,719,351	▲ 10.09%	2013	12,570,128	▼ 0.94%
1996	27,274,846	▲ 6.05%	2014	12,384,015	▼ 1.48%
1997	27,661,144	▲ 1.42%	2015	12,752,331	▲ 2.97%
1998	28,700,622	▲ 3.76%	2016	13,959,126	▲ 9.46%
1999	30,188,973	▲ 5.19%	2017	14,730,656	▲ 5.53%
2000	30,558,991	▲ 1.23%	2018	10,408,575 (Through August)	▲ 6.0%
2001	26,695,019	▼ 12.64%	This slide provides the reader a history of passenger traffic at Lambert, with 30M passengers being the best year in 2000 when Lambert was still a hub for TWA.		
2002	25,626,114	▼ 4.00%			

P3 Airport Process Timeline

AIRPORT WORKING GROUP TIMELINE

ESTIMATE FOR ST. LOUIS LAMBERT INTERNATIONAL AIRPORT



PRELIMINARY AGREEMENT WITH AIRLINES

Initial conversations with the airlines that operate at St. Louis Lambert International Airport to determine what terms they need met in order for them to approve a bidder's proposal.

BIDDER QUALIFICATIONS

A vetting process to determine which bidders are qualified to lease the airport and run it efficiently through the term of the proposed lease. Release an RFQ (Request for Qualifications) that firms will need to respond to in order to show that they are qualified.

BIDDER ENGAGEMENT

Follow up with the bidders who have expressed interest in leasing the airport. Bidders engage in due diligence on financial and operational aspects of the airport. City and its advisors discuss with bidders and their advisors the critical terms of the proposed lease and related documents and obtain information about each bidder's plans for improvement of the airport.

DOCUMENT FINALIZATION AND BIDDING

The City makes final determinations on the terms and conditions of the proposed lease and related documents that will govern airport operations following the lease. Bidders are invited to make final bids based on that documentation and the city makes a selection of the winning bidder.

FAA COMMENT PERIOD AND APPROVAL

The FAA is required to have a 60-day comment period to receive public comments on the proposed lease and will also conduct a public hearing during that period. Following the receipt of all comments and the public hearing the FAA will make a final decision on whether to approve the proposed lease. The Transportation Security Administration will also be required to approve the winning bidder's assumption of all responsibilities under the Airport Security Plan.

TRANSACTION CLOSES

Following the receipt of all necessary approvals and the completion of all necessary transition work, the transaction closes with the payment to the City of all required initial payments under the lease and the shift to the winning bidder of continuing management of the airport.

Q & A

