

RESOLUTION NUMBER 220
Transportation and Commerce Committee to
Provide legislative oversight of City
Exploration of the Federal Aviation Administration Airport Privatization Pilot Program
with respect to St. Louis-Lambert International Airport

WHEREAS, in early 2017, at the direction of the previous Mayor, the City of St. Louis applied to the Federal Aviation Administration to be considered for its Airport Privatization Pilot Program (APPP); and

WHEREAS, the APPP is a program that sets forth certain conditions under which municipal governments that own and manage a commercial airport, and which also receive significant federal funding for its airport, may explore entering into a public-private partnership with qualified investor-operators **to manage and operate, but not to sell**, its airport in order to effect operational, financial, service quality and other significant improvements; and

WHEREAS, on April 24, 2017, the FAA notified the City of St. Louis that its preliminary application had been accepted, and granted permission to make a full application for participation in the APPP program; and

WHEREAS, predicate to filing such final application, the City of St. Louis is required to complete an exhaustive process of due-diligence that includes among other things, a comprehensive audit of St. Louis-Lambert International Airport, including a detailed review and analysis of management, finance, environmental, structural and other areas of existing airport operations as well as a highly technical analysis and review of short and long-term capital needs of the airport; and

WHEREAS, the data gathered in the process of this due-diligence will form the basis of recommendations to the Board of Estimate and Apportionment, the Board of Aldermen and its Transportation and Commerce Committee, and the Airport Commission, on how to best improve the Airport, and whether or not, and under what circumstances, the City should consider engaging a private entity **to manage and operate, but not to purchase its airport**; and

WHEREAS, undertaking this due-diligence allows the City to fully and independently evaluate current airport operations and finances, the current and future needs of the airlines and other commercial tenants of the Airport, the opinions and desires of major employers and businesses who are dependent upon the airport to get their employees and or cargo in and out of St. Louis efficiently, the citizens of the City, and the greater St. Louis region who use the airport, and the employees of the airport, its vendors, and others whose jobs and economic well-being is derived from the Airport; and

WHEREAS, the comprehensive due-diligence expected in this application requires specific skill-sets related to aviation, public finance, infrastructure, capital markets, federal agencies and other highly technical disciplines not generally available within existing city departments; and

WHEREAS, the City, through its Law Department and in accordance with City Ordinance 64102, solicited proposals for advisory services to perform these due-diligence tasks, evaluate the data and estimate value and costs, including whether or not, and under what circumstances, **to pursue privatization of airport management and operations but not the**

sale thereof ; and

WHEREAS, the Law Department and selection committee has recommended that a team including Moelis & Company, LLC, McKenna & Associates, LLC, and Grow Missouri, Inc., be retained by the city to serve as its advisor and to provide these previously enumerated services. Further, the selection committee has requested, and the proposed advisor has agreed to advance all costs associated with their responsibilities in this project, including professional fees and expenses of all members of the advisory team, not subject to reimbursement by the City except in the event the city enters into an agreement with a private entity **to manage and operate but not purchase** the airport, and such agreement is approved by the Board of Estimate and Apportionment, recommended to and approved by the Board of Aldermen and signed into law by Mayor; and

WHEREAS, it is estimated that the costs of assembling this team of experts, and effectively performing the comprehensive due-diligence, professional analysis and recommendations to the City are likely to be significant, into the lower eight figures, and therefore beyond the budget reach of the City of St. Louis absent the agreement of the recommended consultants to advance all costs with no-recourse to the city if in its sole discretion it is either unwilling or unable to enter into an agreement with a private firm **to manage and operate but not purchase** St. Louis-Lambert International Airport; and

WHEREAS, a further condition imposed upon the consulting team prohibits any individual or firm included on the team from simultaneously or subsequently participating as a team member, advisor or investor with any firm or group wishing **to manage and operate but not purchase** the Airport; and

WHEREAS, the Charter of the City of St. Louis explicitly reserves to the Board of Estimate and Apportionment the responsibility to recommend to the Board of Aldermen any legislation to enter into an agreement **to manage and operate but not purchase** the City-owned St. Louis-Lambert International Airport; and to the Board of Aldermen, through action of its Transportation and Commerce Committee, and the full board itself by a vote, meeting in public session, to consider or approve any such recommendation; and

WHEREAS, while neither the Board of Aldermen nor its Transportation and Commerce Committee have a direct role in the management of the City, we do have a responsibility to provide oversight and direction through the legislative process to ensure that the best interests of the City and its citizens are protected; and

WHEREAS, while we are critical of both the previous and current city administration for a lack of comprehensive communications with this Board with respect to the City's participation in the APPP, we are now assured that all parties acknowledge and agree that in accordance with the City Charter, any proposed agreement **for the private management and operation but not purchase** of St. Louis-Lambert International Airport must first be recommended by a majority vote of the Board of Estimate and Apportionment, and then approved by a vote of the Board of Aldermen; and

WHEREAS, we are assured by the agreement of the current Mayor that the following points will be addressed and adhered to by the consulting team recommended to advise the City with respect to the APPP:

- All advisers and consultants assisting the City with this process, along with the all related governmental entities, will adhere to strict protocols while evaluating and making

recommendations to the Board of Estimate and Apportionment and the Board of Aldermen as to improving airport operations, reducing or eliminating bonded debt obligations of the Airport Authority, and in evaluating potential public-private partnerships; and

- The consultants will provide a transparency portal accessible to all members of the general public through link to the City of St. Louis Website, that will offer easily understood explanation of facts related to the **APPP** and comprehensive and timely reporting of the due diligence activities under way on behalf of the city. Such portal will in every possible case provide access to documents, contracts, reports, meeting minutes and other materials so that any member of the public may at any time review the activities of the city with respect to the **APPP**; and

- That at least every sixty (60) days, subject to scheduling, a representative of the administration along with a representative of the consulting team will appear at a meeting of the Transportation and Commerce Committee of the Board of Aldermen to provide an update on the project and answer questions posed by the committee; and

- That at least every sixty (60) days, subject to scheduling, a representative of the administration along with a representative of the consulting team will appear at a meeting of the St. Louis-Lambert International Airport Commission to provide an update on the project and answer questions posed by the Commission; and

- At all times and in all matters the consultants will adhere to the spirit and letter of the state statutes governing public meeting, open records and transparency in government.

NOW THEREFORE BE IT RESOLVED by the Board of Aldermen that this body designates the Transportation and Commerce Committee, through its Chair, to provide necessary legislative oversight to the activities of city employees and consultants working on the **APPP** and authorizes and directs it to convene meetings and hear reports and testimony from city employees and consultants, and members of the community as appropriate no less than every 60 days and to report thereafter to the full Board of Aldermen toward the end that the Legislative Branch of the City of St. Louis is fully informed of all aspects of this important undertaking.

Introduced on the 9th day of February 2018 by:

The Honorable Marlene E. Davis, Alderwoman 19th Ward

Adopted this the 9th day of February, 2018 as attested by:

Donna Elliot
Assistant Clerk, Board of Aldermen

Lewis E. Reed
President, Board of Aldermen