

FLY314.com FAQs

April 2017

How would the airport get approval for a private operator?

Any plan advanced would be subject to:

1. Federal Approval (FAA)
2. Local Approval (City)
3. Airline majority approval (KSTL)

This process can take at least a year to build, select and complete.

For more information: [Title 49 USC § 47134](#)

Why is Fly314 doing this?

Fly314 is exploring the opportunity to return this facility to a best-in-class airport with an undisputed reputation for creating jobs.

Who is Fly314?

Fly314 and Fly314.com are projects of Grow Missouri, Inc.

Who owns the St. Louis-Lambert International Airport now?

The City of St. Louis.

The airport is in St. Louis County, but the City of St. Louis owns the airport. When the airport was first created under the vision of Albert Bond Lambert, and with his private financing, they needed an area away from the populace for this then-innovative concept of an airfield. The land needed was outside the City of St. Louis boundaries within St. Louis County, the site where the airport is today.

Would St. Louis City still own the airport under this application?

YES. St. Louis City would still own the airport, but it would be privately managed to allow for innovation and transfer of funds to the City for other purposes and expansion of economic development opportunities – it would be good for the airport, good for the City and good for the region.

What is the next step?

The FAA has 30 days to approve (or disapprove) the preliminary application.

What is the timeframe? How long will this take?

It could take up to two years for full approval. This is a long process subject to many layers of approval:

1. Federal approval (by the FAA)
2. Local approval (by the City)
3. Airline majority approval (required by federal statute)

Is the City committing to something the City can't get out of?

NO. The preliminary application is just the first step in a long process. In order to allow the City to “get into the game” of airport innovation, the City must first ask the FAA to hold one of the slots in the pilot program for the St. Louis-Lambert International Airport. The City can opt out of this at any point. The City and its stakeholders should agree that this is good for the airport, good for the City, or good for the region.

How much money are taxpayers footing for this process?

None. No taxpayer dollars have been or will be spent on the application process. The Office of Mayor asked Grow Missouri, Inc. to pay for this process. Grow Missouri, Inc. is picking up the entire tab for this application process and is contracted with the Office of the Mayor.

How do taxpayers support the airport now?

Airport revenues pay for the airport's operations. It's called an “enterprise fund” of the City's. Airport revenues are created through taxes and fees paid by users of the airport.

What does the City get from the airport now?

The airport makes a marginal profit. The airport generates roughly \$6 million annually for the City under a formula. This is not expected to grow.

What will the City and its taxpayers get for this public-private partnership?

New money to spend on City needs. The City would get either a one-time lump sum cash payment and/or yearly cash payments estimated to be 4X to 10X current revenues under the life of the lease agreement. Plus, the risk and debt of the airport will be transferred from the City to the private operator, which will also benefit City taxpayers.

How much money will this generate for the City? Who gets to decide where that money goes? By what process?

The amount of money the City gets will be agreed to by the City and the new operator in the lease agreement. The City legislative process – the Board of Aldermen – and/or the charter amendment will decide where the new money will be spent.

What happens to the airport's debt?

The City is currently responsible for the airport's bond debt, but with this proposal, that goes away and shifts to the private operator.

How long do these agreements normally last?

Typical lease lengths for agreements of this nature are around 40 years.

Do City taxpayers have a say in this? Is a charter change needed? How many voters are needed to approve that change?

The City taxpayers and/or their local elected officials will have a say on final local approval. City voters may ultimately vote on this idea through a charter amendment proposal on the ballot.

Support from 60% of those who vote in the election is required for approval of a charter amendment. FLY314 welcomes the charter process to further engage the citizens in this process.

Will this process be transparent?

YES. There are several stages of approval at the federal level, and the FAA will hold a public hearing. Plus, the City will ask for public input through the charter amendment process and through community outreach.

Has this been done in other cities? If so, how was the result?

YES. This project has been successful in San Juan, Puerto Rico. Plus, Westchester New York's airport announced its plans to pursue a public-private partnership in Nov. 2016.

For example, with the San Juan International Airport, Puerto Rico received \$615 million upfront in a lump sum payment, the private operator agreed to invest \$1.4 billion in the airport over the term of the lease, and the operator will also share airport revenue with the government, estimated at \$552 million in exchange for the 40 year lease. The transition was smooth, all airport employees who wanted to continue working kept their jobs, and the operator has already completed a \$148 million renovation.

This process has proven to be effective world-wide, especially in Europe. Over 40% of European airports have at least some private shareholders, which also handle three out of every four passengers. (Airports Council International-Europe, 2016 study)

If the private operators go bankrupt, will the Airport stop its operations?

NO. The FAA's requirements and federal statutes clearly address this concern, requiring that in order to approve the transaction the Secretary of Transportation must find that the "operation of the airport will not be interrupted in the event that the ... lessee becomes insolvent or seeks or becomes subject to any State or Federal bankruptcy, reorganization, insolvency, liquidation, or dissolution proceeding or any petition or similar law seeking the dissolution or reorganization of the purchaser or lessee or the appointment of a receiver, trustee, custodian, or liquidator for the purchaser or lessee or a substantial part of the purchaser or lessee's property, assets, or business." Section (c)(2).

The FAA's procedures also expressly address this concern. The FAA Notice requires that as part of the Final Application the sponsor and chosen private sector operator must provide a description of "how the private operator, the public sponsor, or both will address the ... [c]ontinued operation of the airport in the event of bankruptcy or other financial or legal impairment of the private operator, in accordance with the specific terms of § 47134(c)(2)."

The FAA goes on to say that the Final Application should include "any provision for reversion to the public sponsor" as well as "a legal opinion and certification that the proposed plan will be effective under operation of all applicable law, including but not limited to bankruptcy law, in assuring the continued operation of the airport."

In prior airport transactions under the Airport Privatization Pilot Program, the private sector operator has provided the FAA with a legal opinion of outside bankruptcy counsel stating that in the event that such operator becomes a debtor in a bankruptcy case under title 11 of the United States Code, the sponsor will be permitted to gain entrance to the airport and to operate the airport without regard to the "automatic stay" under Section 362 of the Bankruptcy Code such that the sponsor would be entitled to commence or continue an action or proceeding to enforce

its police or regulatory power in order to ensure that the operations of the airport would not be interrupted. The City intends to require its chosen private sector operator to provide a similar legal opinion to both the City and the FAA.

Isn't this program only for airports in financial trouble?

NO. Airports do this to increase efficiency, attract private innovation and funding, and to free up funds from the airport for other important City needs such as transportation and more.

Will this impact union employees at the airport?

NO. Federal law requires that collective bargaining agreements are not touched by the lease, and the FAA can enforce the law.

Will this impact security and safety at the airport?

NO. Safety will still be highly regulated by the federal government and the TSA.

Will the new operator have the power of eminent domain?

NO.

Can the new operator sell its lease of the airport?

Not without City, FAA and TSA approvals.

How does this affect the idea of the China hub?

Innovation would benefit economic development. Ideas include things like cold chain storage, USDA port of embarkation, a dual custom/cargo clearance facility. A China hub is just one idea.

Does this have any effect on St Louis County? Will some of the money go to surrounding counties?

It depends upon what happens after final approval. Capital transferred out of City airport grounds could be applied for other regional purposes. If economic development partnerships were increased in and around the airport, most would expect that new activity to benefit the county as well as the City.

Do you need support from Missouri's U.S. Senators and Representatives? Does the City have it?

Support from our congressional delegation is not required but the City and Fly314 will ask for their support.

Missouri's congressional delegation historically has provided strong support for the innovation of the airport. For example, in the 1970s when there was a movement by some to replace Lambert Airport, deeming it obsolete, Missouri's congressional delegation successfully opposed that proposal. In more recent times, eleven years ago, Missouri's congressional delegation successfully supported the W1W runway expansion. With their support on this important initiative they will help lead Lambert Airport and regional economic development into the future.
