



DULUTH AIRPORT AUTHORITY

Duluth International Airport Solicitation 23-4406

Airport Consulting Service for Development of
Airport Airline Use and Lease Agreement
Request for Qualifications

Issued: April 4, 2023

Proposals Due: May 9, 2023, 3:00 pm (local time)

INTRODUCTION

The Duluth Airport Authority (Authority), operator of the Duluth International Airport (Airport, DLH), is seeking written Statements of Qualifications (Statements) from qualified firms with a thorough knowledge of, and experience in, the preparation of agreements for facilities leased by airlines, as well as providing analytical insights, financial modeling, current industry best practices and economic analysis, to deliver critical support to the Authority and provide a comprehensive negotiation plan with the airlines, leading to the execution of a new airline lease and use agreement.

BACKGROUND & PURPOSE OF REQUEST FOR QUALIFICATIONS (RFQ)

DLH is a Non-hub Primary Commercial Service Airport and is served by Delta Air Lines, United Airlines, and seasonal service from Sun Country Airlines. The Landline Company provides inter-line agreement service to the Minneapolis St. Paul Airport for Sun Country year-round. We are currently operating in hold over on a month-to-month basis under agreements that expired in December 2020.

The Airport's current facilities include a 109,000 square foot terminal building built in 2013, four passenger boarding gates which include four jet bridges and two ground boarding access points. The Airport is located on approximately 3,200 acres with a primary runway of 10,591 feet long and crosswind runway of 5,719 feet long.

The Authority has a cost per enplaned passenger of approximately \$12.44 for 2021 and a signatory landing fee of \$2.18 per 1,000 pounds and non-signatory landing fee of \$2.80 per 1,000 pounds for 2023. The Authority's operations are not funded by property taxes and rely on aeronautical revenue (landing fees, terminal rent, etc.) and non-aeronautical revenue (parking, rental cars, etc.). The landing fee and terminal rental rates are adjusted annually.

While it is our intention to have a fee structure that is attractive to airlines doing business here, it is desired to arrive at a fee structure that balances the financial needs of the Authority while still meeting the cost expectations of the airlines.

The Authority currently allocates all expenses to classifications which separates terminal, airfield, and other revenues and expenses.

STATEMENT DUE DATE & TIME

All Statements must be received at the address below no later than local time 3:00 p.m. May 9, 2023. All proposals must be addressed to:

Duluth Airport Authority
Attn: Jana Kayser
4701 Grinden Drive
Duluth, MN 55811

All Statements must be submitted in a sealed envelope clearly marked with 23-4406 RFQ Airport Consulting Services. All submittals shall include one (1) complete, original Statement marked "ORIGINAL" and one (1) electronic copy (USB drive.). Any RFQ submittal not received by the deadline may not be considered.

CONTRACT OBLIGATIONS

Although the Authority anticipates that any Respondent submitting a Statement will provide the major portion of the services as requested, subcontracting by the Respondent is acceptable in

performing the requirements of this RFQ. The Respondent is responsible for the performance of any obligations that may result from this RFQ and shall not be relieved by the non-performance of any subcontractor. Any Respondent's Statement must identify all subcontractors and outline the contractual relationship between the Respondent and each subcontractor.

For each portion of the proposed products and services to be provided by a subcontractor, the technical Statement must include the identification of the functions to be provided by the subcontractor and the subcontractor's related qualifications and experience. The inclusion of MBE/WBE/DBE-certified subcontractors as part of the consulting team is highly encouraged. No goals have been set for this project.

The combined qualifications and experience of the Respondent and any or all subcontractors will be considered in the Authority's evaluation. The Respondent must furnish information to the Authority as to the amount of the subcontract, the qualifications of the subcontractor for guaranteeing performance, and any other data that may be required by the Authority. All subcontracts held by the Respondent must be made available upon request for inspection and examination by appropriate Authority officials and such relationships must meet with the approval of the Authority.

CONTRACT DOCUMENT

Any or all portions of this RFQ and normally any or all portions of the Respondent's response will be incorporated by reference as part of a final contract.

TIMELINE OF STATEMENT PROCESS

The following timeline is intended to illustrate the anticipated timeline for the RFQ.

RFQ Posted Online: April 4, 2023
Written Questions Due: April 17, 2023
Answers to Questions Posted: April 21, 2023
Statements Due: May 9, 2023
Anticipated Contract Execution: June 12, 2023

QUESTIONS

All RFQ questions must be submitted in writing no later than local time 12:00 p.m. on April 17, 2023. Questions must be emailed to purchasing@duluthmn.gov. Please be sure to put "23-4406 Airport Consulting Service" in the subject line. Any question submitted after this date will not be answered.

All questions submitted in accordance with the requirements stated above will be answered in writing and posted to the Purchasing website at <http://www.duluthmn.gov/purchasing/bids-request-for-proposals/> along with the original RFQ. The firm shall acknowledge receipt of any addenda that may be necessary in the Statement.

SCOPE

The Authority desires a contractor to provide airport consulting services to focus on the renewal of airline use and lease agreements. The Authority seeks the following items to be addressed related to this matter:

- Provide information on current airport industry practices related to airline use agreements and provide analysis to support recommended business agreement strategies to align with the Authority's recently approved Airport Master Plan and Airport Strategic Plan.

- Airport Strategic Plan can be found at <https://duluthairport.com/wp-content/uploads/2022/03/DAA-Strategic-Plan-2020-2025-Revised-18JAN22.pdf>.
- Airport Master Plan information can be found here: <https://duluthairport.com/master-plan/>.
- Conduct a rates and charges study.
- Review and refine the current revenue, expense, and square footage models to be included in an updated rates and charges model to ensure accuracy.
- Recommend a rates and charges methodology which best supports the airport's interest while remaining competitive and supportive to the airlines.
- Formally define the different types of operators such as signatory and non-signatory, in new agreement.
- Lead the development with the support of DAA staff an updated and streamlined rates and charges model aligned with the recommended methodology chosen.
- Conduct a strategic discussion with senior management to outline the various options that have been considered in trying to arrive at a balance between legacy and ultra-low-cost airlines as well as passenger ground-shuttle operators, including a ground shuttle secure to secure operation.
- Discuss the impacts on each type of carrier to arrive at a model that can be executed with an analysis by airline for each alternative to be considered.
- Develop a rate schedule and CPE analysis for each.
- Review and update airline incentive package to be included as exhibit to airline use and lease agreement.
- Review and update current FAA required provisions to be included as an exhibit to the airline use and lease agreement.
- Participate in airline negotiation meetings in order to create the final airline use and lease agreement.
- Draft the use and lease agreement upon the selection of the model by the Authority.
- Revise lease agreement resulting from negotiations with the airlines with an update to the model and analysis done in the selection phase.
- Conduct follow up negotiations and discuss remaining issues with airlines.
- Prepare final lease document for legal review and execution to meet requirements of legal counsel and senior management.

PROPOSED PROJECT TIMELINE AND FEES

Proposed Timeline: 6-7 months

Fee Structure: To be requested and negotiated with entity with highest ranked Statement of qualification submission.

RFQ SUBMISSION REQUIREMENTS

1. Qualified firms, individuals, or teams must demonstrate in their Statement, knowledge and experience in projects similar to that requested in this RFQ.
2. Statements must include the overview of the proposed method or approach for providing the requested products and services.
3. Statements must list at least three (3) airports, within the last four (4) years where similar tasks were completed, what the scope was at each airport and include the airport contact references for each of the three.
4. Statements must include a letter of recommendation from two (2) airports referenced in item 3 above.

5. Statements must provide the name of the program manager who will serve as the primary contact to the Authority, any other personnel who may provide assistance during the project, and what their roles will be in completing the tasks. Include resumes and past relevant work experience for each member of the team.
6. If you or your firm has a standard set of terms or conditions or standard contract, please submit them with your Statement. All terms and conditions will be subject to negotiation upon selection of the consultant.
7. Summary of ability and desire to supply the required products and services. Briefly summarize the Respondent's ability to supply the requested products and services that meet the application requirements defined in this RFQ. Statement must also contain a Statement indicating the Respondent's willingness to provide the requested products and services subject to the terms and conditions set forth in the RFQ.
8. Statement Life - A Statement must be included that indicates the length of time during which the Authority may rely on all Statement commitments. The Authority requires that this period of time not be less than 10 months from the due date for submission of Statements. Any Statement accepted by the Authority for the purpose of contract negotiations, must remain committed through the contract negotiation period and a final agreement is in place.
9. Signature of Authorized Representative - Respondent personnel signing the Statement must be legally authorized by the organization to commit the organization contractually.

The Authority reserves the right to reject any or all Statements and further to waive any informalities in the Statements for the purpose of accepting the firm most advantageous to the Authority. Selection of the consultant will not constitute a legally binding agreement until the terms of the agreement have been negotiated and fully executed in writing by the Authority.

STATEMENT EVALUATION PROCEDURE

The Authority has selected a group of personnel to act as the Statement evaluation team. All evaluation personnel will use the evaluation criteria stated below:

- Project Team Composition, Experience and Availability 50%
- Quality of References 40%
- General RFQ Compliance 10%

Based on the results of this evaluation, the qualifying Statement determined to be the most advantageous for the Airport Consulting Services RFQ, taking into account all of the evaluation factors, may be selected by the Authority for further action, such as proposal submission and contract negotiations. If, however, Authority decides that no Statement is sufficiently advantageous to the Authority, the Authority may take whatever further action that is deemed necessary to fulfill its needs. If, for any reason, a Statement is selected and it is not possible to finalize a contract with the Respondent, the Authority may begin contract preparation with the next qualified Respondent or determine that no such alternate Statement exists.