

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, April 7, 2014

Present: Dave Bayouth, Charles Fletcher, U.L. Gooch, Dwight Greenlee, John Hennessy, Richard Kerschen, Carl Koster, Thomas Pryor, Dr. Thom Rosenberg, Bill Ward, Brent Wooten

Absent: Karyn Page

Airport Staff: Victor White, Brad Christopher, Kathryn Keathley, Traci Nichols, John Oswald, Valerie Wise, Jean Zoglman

City Staff: Jay Hinkel, Deputy City Attorney

Others: Pat McCollom, ACT 3 Project Manager, AECOM
Brian Youngers, Signature Flight Support

Chairman Greenlee called the meeting to order at 2:32 p.m.

Approval of Minutes

Motion by Fletcher, second by Bayouth, to approve the minutes of the March 3, 2014 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report – Victor White, Director of Airports

Brad Christopher, Assistant Director of Airports, informed the Airport Advisory Board (WAAB) of the native grass restoration program that the Airport began in 2008. Since that time, the Airport has been converting property that was previously farmland to hay crops, which saves about \$20,000 a year in maintenance costs, compared to mowing the acreage. Much of the land has been planted to native grass and wildflower varieties, which improves wildlife benefits and sustainability. An additional 2.5 acres will be planted to native grass this year in the area around the FlightSafety Cessna Maintenance Learning facility.

Dr. Rosenberg asked if the native plantings increase concerns of bird strikes. Mr. Christopher replied that the plantings do not increase the risk of bird strikes, compared with other agricultural uses. The height of the grass generally discourages loafing by Canada Geese, which is the species that is of most concern for bird strikes. The grass on the inner perimeter will continue to be mowed, precisely for aviation safety. U. L. Gooch asked if there were hay crops at Jabara Airport. Mr. Christopher replied that there is some acreage of hay at Jabara, mostly brome grass.

Valerie Wise, Air Service and Business Development Manager, presented air service information. SeaPort Airlines will begin service from Great Bend to Wichita with support from the federal Essential Air Service program. The service is expected to begin mid-May, likely with

at least one flight daily. SeaPort is based in Portland, Oregon and currently serves 21 cities in 9 states. Delta Air Lines will increase capacity by approximately 18% in June, with larger aircraft on the routes to Atlanta and Minneapolis. Southwest Airlines will publish its fall schedule in the near future, which is expected to feature additional destinations from Dallas-Love Field, which expansion will be possible as a result of the expiration of the Wright Amendment in October 2014. In the months of April, May, and June, there will be a Kansas Honor Flight every two weeks. Ms. Wise is beginning preparations for the new terminal grand opening celebration. WAAB members will be advised of events as the time nears.

Traci Nichols, Properties and Contracts Manager, informed the WAAB of recent activities related to selection of the food and beverage concessionaire for the new terminal. The request for proposals (RFP) was advertised March 10th, a pre-proposal meeting was held the last week of March, and the submission deadline is April 25th. A single operator will be selected to manage the food/beverage concession. The RFP encourages vendors to include local and regional entrepreneurs in their proposals. The airport concession Disadvantaged Business Enterprise (ACDBE) participation goal is a minimum of 4.5%. The retail concession will be a separate contract and RFP process.

John Hennessy asked what the RFP criteria were for local business participation, as he has spoken with local restaurateurs that are very interested in opportunities in the new terminal. Based on past experience with airport concessions, Mr. Hennessy stated that the quality of service provided by national vendors has been disappointing, and that local entrepreneurs are more likely to provide a better product for customers because they have more interest in maintaining business competitiveness and have lower management costs. Mr. White stated that it is important that the concession operator have airport experience to be successful, because the operating environment in an airport is much different than in other settings, and entrepreneurs with a majority of experience in other venues often find it to be a challenging environment. There will be more competition for the food/beverage contract than in the past and two key selection factors will be experience and the type of concessions offered, which is expected to improve the quality and value of the concessions. Ms. Nichols added that the contract specifies that the pricing must be within 10% of restaurants in the area. Dave Bayouth asked who would be putting in the equipment for the restaurant locations. Mr. White replied that the capital investment for the food/beverage locations in the terminal will be made by the concessions vendor; the Airport provides the shell space. There is a \$350/sq.ft. minimum investment that the vendor must make in the concession locations. Charles Fletcher asked what the ratio of food to retail space is expected to be. Pat McCollom, ACT 3 Program Manager, replied that there is approximately three times more food space planned than retail. The number of locations for each is equal: 4 locations for food and 4 locations for retail, which includes approximately 2,000 sq.ft. on the second floor concourse side that is additional construction, one of the enhancements added with budget savings. Based on comments from businesses that have toured the terminal, the amount of space planned for each type of concession appears to be optimal. The RFP requires proposals to specify which local entrepreneurs will be partners in the food/beverage concession offerings. Chairman Greenlee asked about the term of the contract. Mr. White replied that it will be ten years with a five-year renewal option, which is an exception to the Federal Aviation Administration's (FAA) policy that exclusive contracts be no greater than five

years. However, the FAA approved this exception due to the large capital investment required by the concessionaires. Ms. Nichols stated that there are also service standards in the contract, with penalties for the vendor if service is not maintained to specified levels.

Chairman Greenlee asked if any of the national airport retail concessionaires have shown interest in opportunities at Mid-Continent. Mr. White replied that it is not yet known who may submit proposals, as the RFP for retail concessions has not been advertised. Mr. Gooch asked if staff had opportunities to meet the national retail vendors at aviation conferences and discuss business at Mid-Continent. Mr. White replied that, over the last year, he has contacted the approximately one dozen national airport retail concession companies to make them aware that Mid-Continent would be opening up retail opportunities.

Dr. Rosenberg asked if the advertising contract will change with the new terminal. Mr. White replied that the contract with Clear Channel will continue, but it is expected that more of the advertising will be digital displays. Ms. Zoglman stated that the advertising commission percentages are expected to be the same. Clear Channel has the option to request that the percentage be reduced since the terminal was not open by the date specified in the original advertising management contract terms, but they have not exercised that option as of this time.

Chairman Greenlee asked if the concessions contract states what types of food or which brands are to be offered. Mr. White replied that the RFP recommends certain locations be used for certain food service offerings, e.g., food court or quick serve kiosk, but no additional specifications are stated. In the current airport concession market, it is not practical to specify particular brand offerings, because each company has exclusive contracts with different brands. For example, HMS Host is the only North American food concessionaire that has a franchise for Chili's or Starbucks. Another company or local franchisee would not be able to operate either of those in the Airport.

Mr. Fletcher stated that it would be beneficial to the Airport to have WAAB members on the food/beverage concession selection committee. Mr. White stated that the City Manager has not determined the full list of committee members, but at least one WAAB member will be included. Chairman Greenlee has volunteered to fill the one confirmed seat. Mr. Fletcher stated that he is concerned that the other committee members will not have enough knowledge about the Airport. Mr. White stated that there will be at least three individuals on the committee with deep knowledge of Airport operations, with himself, Ms. Nichols, and Chairman Greenlee, and that the Purchasing, Finance, and Law Departments representatives that will be on the committee are also very familiar with Airport business. Given the importance of this contract for Airport business over the next decade, great care has been taken in the preparation of the RFP process and the contract terms, so that the quality of proposals is expected to be high. Discussion continued regarding the benefit that the WAAB's involvement provides for Airport development decisions.

Motion by Fletcher, second by Dr. Rosenberg, to recommend that the selection committees for the master vendors for the food/beverage concession and the retail

concession include at least three members from the Airport Advisory Board. Motion carried unanimously.

Mr. White informed the Board that on April 8th, there will be a public hearing and vote by the Wichita Airport Authority (WAA) on a resolution to change the name of the Airport to Wichita Dwight D. Eisenhower National Airport. If the WAA adopts the resolution, the legal process of changing the name will be complete at that time. Mr. White will notify the FAA of the new name, so that aviation directories and navigational charts will contain the correct name. Due to the length of time it will take to revise all necessary publications and develop the brand for the new name, use of the name will not take effect until close to the time of the new terminal opening. Discussion continued regarding the significance of the WAAB making a formal recommendation that the WAA not change the Airport name.

Motion by Dr. Rosenberg, second by Bayouth and Hennessy, to advise the Wichita Airport Authority that the Wichita Airport Advisory Board's recommendation is to not change the name Wichita Mid-Continent Airport. Motion carried, 10 in favor (9 voting in favor; 1 abstaining) and 1 opposed.

Parking and Rental Car Facilities Project Update – John Oswald, Engineering & Planning Manager

Work continues to construct the foundations, walls, and columns for the parking and rental car facility. Concrete pouring for the second floor deck has begun in Area A, the section closest to the terminal. The horizontal area of the garage is delineated in three sections: A, B, and C. The second floor beams for Area B and the entry and exit ramps are in the process of being formed. In response to a question from Rich Kerschen regarding the difference between the contract completion date and the currently anticipated completion date, Mr. Oswald replied that the contractor is expected to be granted a contract extension and that the facility will be done in the spring of 2015 due to delays caused by inclement weather. Mr. Kerschen expressed concern that the current progress did not indicate that the facility would be complete by the projected date. Mr. Oswald stated that the construction crews are working long days and Saturdays to compensate for work delays. Mr. Gooch asked if there were penalties for the contractor for not meeting the completion date. Mr. Oswald replied that there were.

In the coming months, the landscape plans will begin to take shape. The Airport has control of ground water rights on the property and will be establishing four wells that will be distributed around the campus to supply irrigation needs and occasional public use.

ACT 3 Project Update – Pat McCollom, ACT 3 Project Manager

The terminal is on schedule to be complete in 358 days. The glass installation is approximately 60% complete. The skylights are all installed and the roofing is substantially complete. The process of completing the exterior walls continues. The Apron Phase III project that will control the collection of aircraft deicer is progressing. Apron paving work began last week. The target date for having the building enclosed and air conditioned is early June, after which the interior wall finish work can begin.

The food/beverage concession RFP and pre-proposal meeting were held last month. Contract change orders were approved for the Police & Fire Building remodel and the systems integrator project. Meetings have been held regularly with the systems integrator to coordinate tasks for that project. The first notice to proceed was issued for the passenger boarding bridges.

The City Manager has advised that some members of the City Council/WAA have requested that the WAAB review and approve future construction change orders for the terminal and parking projects. Discussion continued on what criteria should be used to determine which change orders warrant WAAB oversight and what review process would be most efficient. Mr. Fletcher expressed concern about the construction costs exceeding the budget. Mr. McCollom stated that the budget contingency balance is currently approximately \$3 million and that anticipated costs are not expected to exceed available funds. Mr. Kerschen suggested that the WAAB select a dollar amount for approvals, similar to the process typically used on large construction projects, and have meetings as needed in between the regular schedule for change order reviews. Mr. White stated that he had a similar idea: that the WAAB appoint a sub-committee that could meet as needed to review change orders and make recommendations for approval to the WAA. The time involved in the process is an important consideration, as items must be submitted for WAA approval at least two weeks prior to the City Council meeting date. Mr. Hinkel stated that the Purchasing Department has recommended that the City Council approval threshold be raised to changes over \$50,000 in value, which appears to be favored by the City Council. The WAAB may follow the same example, or it may make more sense to set a percentage amount, given that the terminal is such a large project. Mr. White added that the Purchasing Manager suggested an overall percentage threshold of 10% for any City project. For the terminal project, that percentage would represent over \$10 million.

Dr. Rosenberg asked if the WAAB was able to vote by e-mail. Mr. Hinkel replied that e-mail voting would be subject to open meeting rules, and was generally not recommended because it is difficult to ensure the proper e-mail procedures are followed correctly. Chairman Greenlee asked if telephone voting was allowed. Mr. Hinkel replied that it was no longer allowed.

Mr. Gooch suggested that three individuals from the WAAB be selected as a sub-committee to review change orders, which would simplify the process. Bill Ward asked if the contract review and approval procedures being discussed complied with the FAA requirements that the Airport Authority and the City Council operate separately. Mr. Hinkel stated that he does not believe that the FAA has made a regulation that prevents the WAA from following a contracting procedure that is similar to that of the City of Wichita, since State of Kansas law provides for the operating structure of the WAA as a unit of the City of Wichita. Mr. White agreed with Mr. Hinkel that the FAA would not object to the review process being discussed.

Dr. Rosenberg stated that he did not feel that a three-person sub-committee would be representative of the WAAB as a whole, and that, even if the WAAB voted as a whole on the change orders, that enough of the members had expertise in the area to properly evaluate the need for a construction-related change. Mr. Kerschen stated that he believed the reason that such a process is important is to ensure fair and proper use of funds. Mr. White stated that AECOM follows an extensive review process to evaluate the need behind proposed change order

expenditures. Mr. McCollom stated that AECOM reviews the proposal, makes an independent estimate of the cost, compares it with the contractor's estimate, negotiates the cost with the contractor, and if an agreement is made, moves forward with contractual approvals. This process often takes several weeks. Tom Pryor stated that the review process is also trying to evaluate what is gained by the extra cost and work. Mr. White stated that the main reasons change orders come about typically are: owner-requested changes that will improve profitability, customer service, or building maintainability; contractor requests that are necessary to maintain the project plan, time schedule, or if they have found a better way to construct; unforeseen circumstances that must be addressed to maintain the project plan; errors and omissions on the part of the project designer; and changes that must be made to comply with government regulations or tenant needs.

In response to a question from Carl Koster, Mr. McCollom stated that the primary question at hand was Change Orders #16 and #17, which triggered City Council questions about setting up a WAAB review process. Mr. Ward asked what the Transportation Security Administration cost change is to date. Mr. McCollom replied that it is approximately \$750,000. Mr. White stated that the Airport had requested several years ago that a separate review board, to include WAAB members, be set up, but it was never approved. The City Manager is currently requesting that the WAAB decide upon a procedure that officially communicates its involvement in the oversight of the project.

Motion by Gooch, second by Bayouth, that the Wichita Airport Advisory Board appoint three of its members to a sub-committee to review change orders valued over \$50,000 for both the terminal and the parking facility projects, prior to Wichita Airport Authority approval. Motion carried unanimously.

Charles Fletcher, Rich Kerschen, and Brent Wooten volunteered to be the Change Order Review Sub-Committee.

Other Business

The next WAAB meeting will be Monday, May 5, 2014 at 2:30 p.m.

Meeting adjourned at 4:50 p.m.

Kathryn Keathley, Clerk