

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, June 6, 2011

Present: Steve Dunne, Charles Fletcher, U. L. Gooch, Dwight Greenlee, John Hennessy, Kevin Myles, Rebecca Pilshaw, Dr. Thom Rosenberg, Bill Ward, Brent Wooten

Absent: Willis Heck, Thomas Pryor, Kurt Yowell

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

City Staff: Jay Hinkel, Deputy City Attorney
Branden Hall, Budget Analyst, Finance Department

Others: Michael Carter, AECOM
Bruce Bitter, B&B Metal Arts
Bradon Bitter, B&B Metal Arts
Keith Osborn, Federal Security Director, Transportation Security Administration
Phillip Garcia, Assistant FSD, Transportation Security Administration

Chairman Greenlee called the meeting to order at 2:34 p.m.

Approval of Minutes

Motion by Ward to approve the minutes of the May 2, 2011, Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Victor White, Director of Airports, informed the Board of several Airport business items that the Wichita City Council (City Council) will consider in its June 7 meeting. The Airport has asked for approval to hire Jim D. Koontz & Associates, a specialist in roof design and engineering, to evaluate the damage done to roofs during the September 2010 hailstorm. This project will be presented in the Non-Consent Agenda portion of the meeting because the City Council requested an opportunity for further discussion before the project is voted on. Repairs to roof structures that were substantially damaged were completed immediately following the hailstorm. This included the Mid-Continent terminal and the airfield electrical vault. An additional 40 roof structures need to be evaluated so that the Airport can proceed with repairing damage. Koontz & Associates was selected through the City's Staff Screening Selection Committee as an

independent consultant to provide unbiased information about the roof conditions to the insurance company.

Chairman Greenlee asked who was responsible for providing insurance coverage in the case of buildings occupied by tenants. Jean Zoglman, Finance Manager, explained that as of January 1, 2011, tenant property is not covered in the Airport's blanket policy. None of the tenants that are still covered under the Airport's insurance policy reported damage, but the Airport needs to fully assess all of the structures it is responsible for to ensure that damage is not overlooked and property is maintained. Mr. White said that the contract with Koontz & Associates is only for evaluation of the roofs; it does not include plans for repairing damage. John Oswald, Engineering and Planning Manager, added that the firm will also create master specifications that can be used by Airport staff in the future to address these sorts of structural concerns independently. Chairman Greenlee asked if Koontz & Associates would be negotiating the insurance settlement on behalf of the Airport. Mr. Oswald said that the contract under consideration does not include such services.

Mr. White asked Ms. Zoglman to explain the Airport's insurance policy. Ms. Zoglman said that since the Airport is covered under the City of Wichita (City) insurance policy, she believes the City will communicate with the insurance company. The Airport would like to hire Koontz & Associates to gather information about the extent of damages to Airport buildings, which will be provided to the City for use in filing a claim with the insurance company. The City's deductible is \$2 million; the Airport is liable for about \$10,000 of the deductible, and the self insurance fund will cover any difference between the Airport's deductible and the master policy deductible. Bill Ward asked if the City charges the Airport an insurance premium. Ms. Zoglman said that the Airport is charged a premium. The purpose of the professional structural evaluation is to clearly represent the need for repairs to the City and its insurance carrier.

Dr. Thom Rosenberg asked if the designs for the new terminal factored in hail resistance, since hailstorms are typical of severe weather in this area. Mr. White said that when the architectural designs for the terminal were first presented, the design team assured the Airport that the roof design would withstand severe weather, and the Airport would inquire again about that issue in light of recent storm activity.

Brent Wooten asked who did the immediate repairs following the September 2010 hailstorm. Mr. White said Midwest Roofing completed the emergency repairs. Mr. Wooten then asked if there were any local firms that submitted proposals for the roof evaluation project. Mr. Oswald answered that one local firm submitted a proposal. Mr. White added that once the report on the roof conditions is received, the Airport will request proposals for repair work based on what the consultant recommends. Mr. Oswald said he would expect more local firms to submit proposals for the repair work. Mr. White said that whatever repairs are needed for the terminal building will be done at a level keeping with its forecasted occupancy life, since a new terminal building is expected to be complete within five years. Chairman Greenlee asked how the emergency repairs were holding up. Brad Christopher, Assistant Director of Airports, said the repairs were done in two phases. Initial repairs were made to keep water from entering the structures. Then, a couple of weeks later, the roof to the airfield electrical vault was replaced because it is a critical

system, and two sections of the west end of the Mid-Continent Terminal were repaired to a five year durability standard. Mr. White said there are still reports of leaks in various places in the terminal, so additional repairs must be completed.

Also at the June 7 City Council meeting, the Airport will seek approval for the Federal Aviation Administration (FAA) to conduct a radar relocation feasibility study. Mid-Continent Airport is the site of an Airport Surveillance Radar System (ASR-9), which is the regional air traffic radar system. The current location of the radar is a prime area for airfield development at Mid-Continent, so it is in the Airport's interest to take advantage of that area for commercial uses if possible. The radar relocation feasibility study will take two years to complete. Then, if an alternate location is identified, the U. S. Congress must approve the funds to build a new radar site. The entire process would take around five years to complete.

On the following week, at the June 14 City Council meeting, the Airport will seek approval for a land lease with Clear Channel Outdoor, Inc. (Clear Channel) to install a billboard on Airport property along Kellogg Drive, next to the Best Western Airport Inn. This location was the original entrance to the Airport. The lease is for use of a 60 foot x 60 foot plot of land to erect a 14 foot x 48 foot billboard. This business item was originally scheduled for the June 7 City Council meeting, but it was deferred for one week at the request of the City Manager's office, to allow time for City Council to consider how the moratorium announced in 2004 against installation of billboards on City property applies to the current situation. This site has not been attractive for other types of developments, but if an alternate use presents itself, the Airport can buy out the contract with Clear Channel. Mr. White recommended that the Board express its opinion on the appropriateness of the billboard development with a vote. There are other billboards on Airport property, and a new billboard on the site under consideration would not detract from the current property uses. Steve Dunne asked what other types of uses might be appropriate for the parcel of land. Mr. White said the parcel is about an acre, so other types of property development are possible. Mr. Dunne asked if anyone had proposed a commercial development for the site. Mr. White said other businesses have not shown an interest in the property, nor has the Airport sought out a developer for the parcel. The owner of the Best Western Airport Inn was in discussion with Clear Channel to put the billboard on his property, but the deal was not finalized, which led Clear Channel to approach the Airport about erecting the billboard on Airport property. Chairman Greenlee asked if the parcel in consideration was in fact a full acre. Mr. White said he did not have the precise measurement; part of the difficulty in developing the property is that the access drive from Kellogg to the Best Western divides the parcel. Chairman Greenlee commented that the Airport allowed the access drive to be installed for the purpose of alternate access during a construction project at Best Western many years ago, and that it should have been removed upon completion of the project.

Motion by Fletcher to recommend to the City Council that Airport property be allowed to be used for the construction of a revenue-generating billboard as long as it meets all City and State requirements. Motion seconded by Ward.

Motion by Hennessy to amend the resolution to add that there are two existing billboards on Airport property, and that the proposed Clear Channel billboard is in agreement with the commercial development policy in practice at the Airport.

Chairman Greenlee commented that there were many billboards along Highway K-42 for several years, as well. Rebecca Pilshaw asked what policies are in place to dictate the kinds of advertisements the Airport will allow on its property. Mr. Christopher said that Jay Hinkel, Deputy City Attorney, has advised the Airport on the topic of advertisement content, which was addressed with Clear Channel.

Chairman Greenlee called for a vote on the motion as amended by Hennessy. Motion carried unanimously.

Keith Osborn, Federal Security Director (FSD) with the Transportation Security Administration (TSA), addressed the Board concerning a proposed September 11 Memorial to be displayed at Mid-Continent Airport, which will incorporate a steel I-beam from the ruins of the World Trade Center that the TSA has acquired. Mr. White reminded the Board that they viewed the I-beam at a previous meeting. Mr. Osborn continued by saying that the TSA's goal has been to display the I-beam in a way that appropriately conveys the reverence the piece deserves in an inspirational manner. The TSA has been working with B & B Metal Arts (Hoisington, Kansas), to develop an art piece incorporating the I-beam. Mr. Osborn introduced Bruce Bitter of B & B Metal Arts, who explained the design of the memorial to the Board. Five main design elements: the words "We Will Never Forget", a flag of 9 stars and 11 stripes, the World Trade Center towers, an eagle with wings outstretched as in flight, and a 24-inch section of the I-beam artifact placed in the clutches of the eagle, will be arranged on a four-foot diameter circle made of stainless steel and mounted on a stainless steel pedestal. The depth of the plate will be about one inch thick, with added dimension for the separate design elements. The piece will be treated to create color in the flag and the body of the eagle. Mr. Osborn said the memorial will most likely be displayed in the corridor that leads to baggage claim, next to The Landing restaurant. Given the size and weight of the piece, about 28 inches in depth and close to 500 pounds, Mr. Osborn consulted Ryan Miller, Building Maintenance Superintendent, about the placement of the memorial. Mr. Miller has concurred that placing the memorial in the baggage claim corridor would not constitute a safety risk in the terminal. Mr. Osborn recognized B & B Metals Arts for generously donating their work in the creation of this memorial. Remaining portions of the I-beam will be used in smaller versions of this memorial that will be made for various airports throughout Kansas. Mr.



*September 11 Memorial
Design by B & B Metal Arts*

Osborn asked for the Board's support for this project and its placement in the Mid-Continent terminal, emphasizing that Mid-Continent will be the first TSA airport to have a World Trade Center artifact incorporated into a memorial piece. Mr. Ward asked if a place in the new terminal has been designated for this memorial. Mr. White said that its location in the new terminal has not been discussed, but it will definitely be a fixture in the new terminal. Mr. Osborn added that a location in the public area of the terminal would be most suitable for the memorial. Mr. Hennessy commended the TSA for its excellent work in planning the memorial and he is proud that Wichita was chosen for the location of this piece. Mr. Osborn recognized Philip Garcia, Assistant FSD, for acquiring the I-beam artifact and selecting B & B Metal Arts as the designers. B & B Metal Arts plans to have the memorial completed by September 11, 2011, so it can be unveiled in an anniversary ceremony. Mr. Osborn concluded the presentation by presenting Mr. Bitter with a letter from David Nicholson, CFO of TSA, formally accepting the donation of work and materials from B & B Metal Arts in the creation of the memorial.

Motion by Dr. Rosenberg to support the use of the World Trade Center I-beam artifact in the proposed memorial piece. Motion seconded by Fletcher. Motion carried unanimously.

Mr. White informed the Board that the Airport Authority was represented at the 2011 Riverfest Sundown Parade. Staff members and their families marched in the parade, and several Airport vehicles were driven in the parade: an Airport Police and Fire vehicle, Airport fire trucks, a rotary broom truck, and a sand spreader/plow truck used by Airfield Maintenance.

The lease agreement with FlightSafety International to build the Cessna service facility was executed. The development covers about seven acres of land, with 66,000 square feet of new construction at a value of \$7 million, and an increase of \$60,000 per year new revenue for the Airport. The lease agreement with Fugate Aviation to construct a corporate hangar was also executed. The Airport continues to work on approval of the construction plans, with groundbreaking expected in the near future.

Valerie Wise, Air Service and Business Development Manager, provided an update on Airport advertising programs. The Airport will continue the Foursquare marketing promotion through June, which began in May. The first ten travelers that use mobile devices to check-in at the Mid-Continent venue page of Foursquare receive a coupon for a free cup of coffee at one of the Great American Bagel stands. Customer response to this promotion has been weak, and its success will continue to be monitored. The Airport sponsored an Earth Day poster contest. The winning entry came from a 3rd grade class at Kensler Elementary. The poster was converted into a sign that has been placed at each recycling station throughout the terminal, and the class was given a special tour of the Airport.

ACT 3 Project Update

Mr. White presented the information he will share with the City Council about the progress of the Air Capital Terminal 3 Project (ACT 3) in the City Council Workshop on June 7. The purpose of the Workshop is to present the project's history, the architectural designs, and the

budget plans as a review for incumbent City Council members and as an introduction to newly elected City Council members. In the weeks following the Workshop, the City Council is expected to make a decision about the completion of the ACT 3 Project.

The City Council has made a series of decisions since 2002 to move ACT 3 forward, in preliminary planning, design, and construction work. In 2004, the City Council voted unanimously to construct a new terminal at Mid-Continent Airport. In 2008, construction work began on the aircraft parking apron needed for the new terminal. The following year, the City Council approved the relocation of Mid-Continent Drive and the Landside Utilities project; two infrastructure improvements which are also necessary for the success of a new terminal. The Airport received a federal grant from the TSA for the in-line explosives detection baggage screening system, a federally mandated airport security system. The FAA approved the collection of a Passenger Facility Charge (PFC) at Mid-Continent in late 2010. In October of 2010, the City Council moved to suspend further work on ACT 3 in light of the economic downturn and resulting potential for decrease in air travel revenue.

Ms. Pilshaw asked if the City Council authorized the acceptance of the grant funds. Mr. White said the City Council, in its role as the Airport Authority, authorized the Airport to accept several federal grants related to the ACT 3 Project since 2004. U. L. Gooch asked how much money had been invested to date in the ACT 3 Project. Mr. White answered \$38 million has been spent to date. Twenty-two million dollars in FAA grants has been accepted to date, a majority of which funded the engineering, program management, and construction completed as of this point.

Mr. White reviewed the history of the Mid-Continent terminal and its ability to provide convenient and satisfactory service to air travelers. The main structure of the current terminal has been in use since 1954; concourses were constructed in 1976; two more gates and an expanded ticketing area were added in 1985; major building renovation and expansion was completed in 1989. Only small scale improvements have been implemented in the years since 1989. The current terminal does not sufficiently meet passenger volume and service needs; does not comply with federal security standards or building codes; and causes persistent maintenance challenges with aging mechanical, plumbing, and electrical systems.

Ms. Pilshaw asked how the building could continue to operate out of compliance with the Americans with Disabilities Act (ADA). Mr. White answered that the City was sued over this issue (Jay Hinkel, Deputy City Attorney, verified that the lawsuit was filed by the Independent Living Resource Center), and the case was settled under the condition that the City would construct a replacement terminal building. The Wichita-Sedgwick County Access Advisory Board and local disability groups have been actively consulted in the planning process for the new terminal. In 2004, the City Council considered the option of renovating the existing structure to meet building code standards. The financial analysis in 2004, and again in 2006, indicated that the costs to renovate were comparable to new construction. In the end, the new construction was supported by the City Council because renovation would take twice as long as new construction, customers and tenants would be severely inconvenienced, and the end result would not address the architectural problems of the 60-year-old facility.

The cost of constructing a new terminal will be \$160 million, with an additional \$40 million to be invested in parking facility improvements, including a covered parking garage. Funding will come from: federal grants (FAA and TSA); Passenger Facility Charges; use of airport services, such as concessions, parking, and rental cars; leases; aviation system revenues; and General Obligation bonds. No local tax dollars will be used to fund the ACT 3 Project. Approximately 30 percent of the new terminal construction costs will be funded through General Obligation bonds, and approximately 85 percent of the parking facility will be funded through bonds, which will allow the Airport to invest in other necessary capital improvement projects in the coming years. The financial plan for ACT 3 assumes an average annual net income of \$2 million, a debt service coverage ratio of 1.10, a debt service reserve equal to 50 percent of the annual debt service payments, and an operations and maintenance expense reserve equal to six months. The financial forecast predicts greater than \$2 million in annual net income in the years following the opening of the terminal. Over its 60 year history, the average annual growth rate of the Airport has been greater than one percent, which gives the Airport confidence in budgeting for an annual net income of \$2 million.

The next portion of Mr. White's presentation featured the architect's renderings of the new terminal layout and interior design concepts.

Mr. White concluded by emphasizing the factors that indicate the ACT 3 Project can be supported: the local economy has stabilized and is showing weak growth, current passenger trends show steady gains, funding sources are primarily Airport-generated and aviation system revenues, and the financial plans for the project include contingencies for unanticipated shortfalls. Ms. Zoglman explained the cost reduction contingency options as: abandoning other projects in the Capital Improvement Plan; applying for a Community Improvement District (CID) special taxation zone; constructing the new terminal with 10 gates, instead of the preferred 12 gate configuration; deferring the purchase of loading bridges; seeking more AIP grant funds; or pursuing corporate sponsorship. If the City Council supports the completion of the ACT 3 Project, the terminal construction contract could be awarded by late 2011, which would put the terminal opening date on schedule for 2015.

Mr. Hennessy complimented Mr. White on the quality of the presentation. Mr. Wooten asked if the \$38 million that has been spent to date was included in the \$160 million total construction cost. Mr. White answered that it is part of the total figure, adding that the terminal building cost is estimated at around \$100 million, with the rest of the funds marked for fitting the building with necessary furnishings and operational equipment.

Chairman Greenlee commented that the Airport should further investigate the possibility of naming rights for the new terminal. He then asked if the general feeling of the City Council members towards the project was known; at one time it appeared that the majority of the City Council approved of the new terminal. Mr. White said that he had spoken with a couple of the City Council members that were supportive, but was not aware of all opinions. Regarding the issue of naming rights, Mr. White commented that Pittsburgh International Airport is debating opening their terminal up to re-naming, and the Detroit Metropolitan Wayne County Airport requested proposals for naming rights for a newly constructed terminal but did not receive any

bids. The corporate sponsorship marketing trend is gaining acceptance in the airport industry, but an established method of success does not yet exist. Dr. Rosenberg commented that Pittsburgh International may be seeking brand sponsorship to reinvigorate its airport following the exit of US Airways. Mr. White said that the Airport would need to establish clear rules about what would be considered acceptable sponsorship, similar to billboard developments. The best approach would probably be to offer sponsorship options for various sections of the terminal, instead of seeking one donor for the entire terminal. In addition, Mid-Continent Airport already has a unique name in the world of airports, so relinquishing the terminal name to a corporate sponsor would sacrifice the Airport's established identity. Funding for the public arts program for the terminal could be handled in much the same way as building sponsorship.

Other Business

The next WAAB meeting will be Monday, July 11, 2011 at 2:30 p.m.

Meeting adjourned at 4:16 p.m.

Kathryn Keathley, Clerk