

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, August 1, 2011

Present: Dave Bayouth, Charles Fletcher, U.L. Gooch, Steve Harris, Willis Heck, John Hennessy, Thomas Pryor, Dr. Thom Rosenberg, Bill Ward, Brent Wooten

Absent: Dwight Greenlee, Kevin Myles, 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, Program Manager, AECOM
Pat McCollom, Program Manager, AECOM
Mark Kelley, Vice President, AECOM

Chairman *pro tempore* Rosenberg called the meeting to order at 2:30 p.m.

Approval of Minutes

Motion by Hennessy; second by Ward to approve the minutes of the July 11, 2011, Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Victor White, Director of Airports, reminded the Board that the Wichita Flight Festival will be held at Colonel James Jabara Airport on August 20 and 21.

The Federal Aviation Administration (FAA) has been on furlough since the last week of July because Congress did not approve the re-authorization of FAA funding before the expiration of the previous bill. Airport projects waiting on FAA approval and funding grants may be delayed as a result. This includes the Jabara Airport pavement rehabilitation project and the parking lot expansion at the Bombardier LearJet manufacturing facility. The furlough does not affect air traffic control tower personnel.

At the June meeting, the Board gave its support to the Transportation Security Administration's (TSA) plan to commission a September 11 Memorial art piece, with the understanding that the artist would not charge for production of the memorial. Since that meeting, the Airport learned that extra funding will be necessary to procure the materials for the memorials that will be displayed in each TSA airport in Kansas. The fundraising goal is \$200,000. Since Wichita is the

largest community that will receive a memorial piece, the fundraisers would like to collect about \$140,000 in donations from the Wichita area. The local Federal Security Director of the TSA has received approval from Mayor Brewer to continue with the project, since financial support is being requested from the public. Mayor Brewer is lending his support by contacting the Wichita Community Foundation to request that it be the centralized collection point for donations, since it is a recognized tax-exempt organization.

Brad Christopher, Assistant Director of Airports, provided an update on the air conditioning system in the terminal. An auxiliary cooling unit was delivered earlier in the day, which will provide temporary cooling to the terminal while the chiller motor is being repaired. Temperatures in the building are expected to return to normal operating range by tomorrow morning. It may take up to six weeks for the chiller motor to be rebuilt, since replacement units are no longer available.

Mr. White commented that the Airport will likely be faced with more equipment repairs as we try to extend the building life of the existing terminal. The revolving doors at the main entrance of the terminal shut down about six months ago. Replacement parts were not available in that case, either. New sliding doors will be installed to provide a reliable main entrance doorway, which is also a less expensive solution than replacing the entrance with new revolving doors. Repairs to the roof will continue to be made as needed in response to leaks, as an alternative to the cost of roof replacement.

Charles Fletcher spoke to the Board about the work of the Kansas Aviation Advisory Committee (KAAC). Mr. Fletcher and Mr. White recently attended a meeting of the KAAC, where the committee discussed gathering support for legislation to improve airspace safety requirements in Kansas. The Kansas Department of Transportation (KDOT) has created a GoogleEarth overlay program that allows organizations interested in developing near airports to determine if their plans fall within the building regulations for airspace safety, such as tower height restrictions near an airport. This program has been developed to make Kansas aviation development codes similar to those already in force in Nebraska and Oklahoma. The KAAC wants members and organizations with interest in aviation to send letters of support for the KDOT program to the Kansas Secretary of Transportation. Mr. White added that if the Board is in support of the KDOT program, he would draft a letter to the secretary of transportation on behalf of the Board. As communications towers become more widespread across the state, and certainly in metropolitan areas, they could have an impact on runways, minimum approach and take-off heights, and airport utilities. A tower close to the airport may not be considered an obstruction by the FAA, but it still might affect the minimums for the instrument landing system for the airport, which could limit the airport's usefulness to the public. The KDOT program is important because it will encourage the state to adopt a standard for all Kansas airports that will prevent large communications towers from being erected near airports. Jay Hinkel, Deputy City Attorney, said having a uniform, state-wide standard would be particularly important because the Federal Communications Commission (FCC) has an administrative action in process (through the efforts of telecommunication companies) that would eliminate the ability of cities to control the placement, or the height, of things like cell phone towers. The FCC has specifically named Wichita as an obstructionist community. Telecommunications is a powerful lobby, and

historically they eventually get what they want. Mr. Hinkel said it is all the more incumbent upon us to try to foster a state-wide standard, if that is possible. Mr. White asked for the support of Mr. Hinkel's legal perspective in the drafting of the letter. Mr. White said in rural Kansas the greater issue is wind turbines, which is affecting many small town airports; but, the principle is the same in any community: anything that is in the vicinity of an airport that affects the approaches is the target of this legislation. The KAAC has been discussing this bill for many months. They decided to start by approaching the Kansas Secretary of Transportation to sponsor the bill, since the KAAC falls under the influence of KDOT. Failing that, the KAAC would pass the bill on to other aviation organizations to find legislation sponsorship through other channels. If Kansas airports fail to take action on this issue, it could result in significant effects on airports in the future.

Mr. Christopher spoke about the work he is doing to revise the Airport-related sections of the City of Wichita Code of Ordinances. The Law Department contacted the Airport about a year ago to ask if any revisions were needed to Airport codes. The subject of Airport code revisions came up as a result of revisions to the City Park regulations, which still included Airport regulations from the time when the Airport was administered by the Park Department. Mr. Christopher has been working with Sharon Dickgrafe of the Law Department since that time to update the Airport sections of the City Code. The new Airport sections will cover all aspects of Airport operations, such as security, safety, operations, and development standards, and contain only information specific to activities at the Airport. Once the revisions are complete, it will be sent to the City Manager for his review, and eventually be presented to City Council for approval. Mr. White offered to send the proposed Airport ordinances to any Board member who was interested in reviewing them.

Bill Ward asked if the new Airport ordinances would be in conflict with the recently adopted Minimum Standards for Aeronautical Activities and Services for fixed base operators. Mr. White said there would not be a conflict because the City Ordinances relating to the Airport are part of the City's legal code and are more closely related to conduct and operational activities that could need law enforcement action for violations. The Minimum Standards deal with the Airport's development and business activities and violations would be more related to contractual issues. Mr. White added that his research into other airports' minimum standards and rules and regulations showed that some airports refer to the minimum standards in the legal code, so the two policies are generally designed to work together.

Valerie Wise, Air Service and Business Development Manager, announced that the Orpheum Theater in Wichita will host an aviation film festival on August 13, which will raise funds for the Orpheum and the Kansas Aviation Museum.

Ms. Wise gave a presentation about the economic conditions affecting the development of commercial air travel. Increasing fuel prices are controlling many of the airlines' business decisions. Projected fuel price increases for the coming year are expected to increase airline operating costs by several billion dollars. Airlines have not increased ticket prices at the same rate as inflation, so airlines are counteracting high fuel prices by increasing ancillary fees and reducing fleet capacity. These changes will impact Mid-Continent Airport by a four percent

decrease in capacity from 2010 and the lowest number of average daily departures in recent history. For fall 2011, there will be nine non-stop destinations out of Mid-Continent Airport. Most airlines will decrease, by at least one, the number of weekly flights to the non-stop destinations. Capacity will increase, though, in flights to Atlanta, Dallas, and Denver. The Airport will seek to maintain flight service through connections to international hubs, airline incentives, and marketing support.

Steve Harris asked for an explanation of the revenue guarantee policy. Ms. Wise answered that the Airport is not allowed to provide a revenue guarantee to an airline on an existing route. Mr. White added that for this reason the AirTran revenue guarantee for flight service to Atlanta is offered through Sedgwick County. The FAA regulations prohibit direct payments to an airline from an airport or its sponsor. Airports may create incentive programs to attract commercial air service. FAA-authorized incentive programs in place at Mid-Continent Airport include free or reduced landing fees, free or reduced rent, and marketing assistance. These types of incentives are limited to a period of two years. Other communities across the nation are finding ways to provide revenue guarantees, which makes it more of a challenge for Wichita to attract air service. John Hennessy questioned how other communities are able to provide revenue guarantees. Mr. White said other communities are providing funding through chambers of commerce and private business donations.

Mr. Harris asked if the Airport promotes Wichita as an air freight destination. Mr. White said the three largest freight companies in the world, UPS, FedEx, and DHL, are currently operating out of Mid-Continent Airport. Those companies have said there is nothing more the Airport could do to increase their business in Wichita at the current time. There has been discussion for many years about making Wichita an air cargo hub, but there is not a business advantage for the air cargo companies to expand operations. Mr. Harris asked if air freight was good business for the Airport. Mr. White said it is good for the Airport; we receive landing fees and entitlement funds from the FAA based on the amount of cargo that travels through the Airport. The amount of cargo that comes through Wichita is relatively small, and has been decreasing over recent years, largely due to the poor economy. The Airport built a new cargo facility a couple of years ago, in which UPS is the largest tenant. FedEx and DHL each have a building, and DHL has actually reduced their footprint here due to a global change to their business model. There is nothing lacking in the cargo facilities at the Airport. A new idea being promoted by aviation consultants is creating "aerotropolis" communities, where air freight is the foundation for manufacturing development. There are already major industrial facilities all around Mid-Continent Airport, so additional development would not make Wichita more attractive as an air cargo hub, but the Airport continues to be in contact with the cargo companies about expanding business here. Mr. Harris said a constituent had asked him about making Wichita an air cargo hub, but it appears that idea has already been explored. Mr. White said in the case of UPS, there is one flight daily from Wichita to the Louisville hub. UPS has said they will not create another hub anywhere else in the country. FedEx has said the same about its hub in Memphis. Recently, St. Louis, which has larger facilities than Wichita, did a major study to explore the possibility of developing an air cargo hub. The airlines' response was that adding a hub in St. Louis was not in their development plans. Cargo carriers are not building new hubs right now; like the airlines, they are struggling financially and are contracting operations to maintain profits.

Mr. Hennessy asked if there were any indications of how long AirTran would continue its present operations under Southwest. Ms. Wise said Southwest has begun making its schedule announcements for January through March 2012, which has included some of the AirTran markets. Mr. Hennessy asked how long the airline merger process usually takes. Ms. Wise said in the case of Delta and Northwest, it took a couple of years. Mr. White said the United and Continental merger has been in process for over a year, and it is not yet completely final. Southwest has said they intend to have a single operating certificate from the FAA by early 2012. More will be known about how Wichita fits into the Southwest/AirTran flight schedule when the spring flight schedule is announced. Dave Bayouth asked if AirTran aircraft are carrying the Southwest logo. Mr. White said that would not happen until the FAA issues a single operating certificate that combines the Southwest and AirTran operations. It is anticipated that these changes will be visible in about a year, because the largest markets, such as Atlanta, will be converted first.

ACT 3 Project Update

Mr. White introduced Pat McCollom, who will become the ACT 3 Program Manager following the retirement of Mike Carter at the end of August. Mr. McCollom presented information about the schedule for the completion of the ACT 3 Project. The next major step is advertising the Package 12 bid for the new terminal, which is expected towards the end of September. A design team for the parking and rental car facility will be selected this fall, with construction planned for the end of 2012. The terminal construction contract will be awarded before the end of the year, with groundbreaking anticipated in the spring of 2012. The parking/rental car facility and the terminal are planned to open concurrently in 2015.

In July, the City of Wichita and KDOT hosted a Disadvantaged Business Enterprise (DBE) workshop to encourage DBE participation in the terminal project bid process. Mr. McCollom asked John Oswald, Airport Engineering and Planning Manager, to provide information on the DBE goals for the terminal project. Mr. Oswald said the Airport's DBE goals will be submitted for FAA approval in a few weeks, after the public review process. Mr. White said it was determined that a specific DBE participation goal can be set for the project, which is a change from previous understandings of DBE outreach requirements. Mr. McCollom continued by informing the Board of the Contractor Forum planned for August 18, which is a general interest meeting for all businesses to learn about upcoming construction projects planned at the Airport. Mr. White said the Contractor Forum will be publicized through City Channel 7, through a press release, and through mailed invitations from the Mid-America Minority Business Development Council.

Mr. McCollom explained the new work breakdown schedule for the ACT 3 Project. Work has been reorganized into four categories: new terminal, new parking structure/rental car facility, capital improvement projects, and building fit out. These four basic categories include many levels of projects and associated tasks. The new schedule is designed to reduce risk associated with construction delays and to create the best environment for a smooth operational transition into the new terminal building. Mr. McCollom presented a staffing chart outlining all potential

staffing needs for the completion of the ACT 3 Project. Staffing levels will fluctuate based on the needs of the active construction projects.

U.L. Gooch asked what projects, in addition to the parking areas, need to be completed before the terminal building construction could begin. Mr. Gooch referred to the work already begun on the supplemental parking areas. Mr. White said the expansion of the Park & Ride Lot and the employee parking lot is close to completion. The building site of the new terminal has been cleared, but additional utility work must be done. As the terminal construction begins, parking areas in front of the terminal will be closed, so the supplemental parking areas will come into greater use, and eventually become the single parking area during the construction of the new parking facility.

Mr. Hennessy asked for an explanation of the terminal contractor selection process. Mr. White said the selection is made based on which of the sealed bids matches most closely the cost and qualifications specified in the request for bids. Mr. Hinkel added that bids will be grouped by the best price from a responsible bidder at the bid opening. The bids will be presented to the City's Board of Bids the following Monday. The recommendation of the Board of Bids is given at the next City Council meeting, which is generally the following day. Then, the contract award is made based on the decision of the City Council. The Board of Bids is made up of seven or eight people of upper management level from various City departments. No department heads are present on the Board of Bids. Mr. Hennessy asked if the Airport Director was able to give a recommendation. Mr. White said his recommendation would be given as part of the information given to the Board of Bids because the FAA standards, Buy American Act, and DBE requirements may require the selection of someone other than the low bidder. Mr. Hinkel said Mr. White's recommendation will be used to determine who constitutes a responsible bidder.

Brent Wooten asked if all of the inspection work will be done with AECOM staff. Mr. McCollom confirmed that inspections will be done by AECOM staff. Mr. Wooten asked how the project that Mr. McCollom managed in Fort Lauderdale compared in size to Wichita's terminal project. Mr. McCollom said the Fort Lauderdale project is a new terminal and an extended runway, at a cost of \$1.2 billion. The staff size is 38. The costs of the two projects are similar, but the Fort Lauderdale project does not include a construction management component.

Other Business

The next WAAB meeting will be Monday, September 12, 2011 at 2:30 p.m.

Meeting adjourned at 4:00 p.m.

Kathryn Keathley, Clerk