

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, March 8, 2010

Present: Charles Fletcher, Ron Estes, U.L. Gooch, Dwight Greenlee, Willis Heck, John Hennessy, David Murfin, Thomas Pryor, Bill Ward, Brent Wooten

Absent: Henry Helgerson, Kevin Myles, Dr. Thom Rosenberg

Airport Staff: Victor White, Brad Christopher, Sandy Coykendall, Kelly Fabrizius, John Oswald, Valerie Wise, Jean Zoglman

City Staff: Joe Allen Lang, Chief Deputy City Attorney
Branden Hall, Budget Analyst, Finance Dept.

Others: Mike Carter, AECOM
Devon McBride, USDA
Bob Karlake, Midwest Corporate Aviation
Bryan Orr, Signature Flight Support
David MacGillivray, Springsted
Dan Claassen, ExecHangar

Chairman Fletcher called the meeting to order at 2:30 p.m.

Approval of Minutes

Motion by Hennessy to approve the minutes of the February 1, 2010 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Brent Wooten was introduced as the newest Board Member. Mr. Wooten is a Civil Engineer and President of Baughman Company. Mr. Wooten said he appreciates the opportunity to serve on the Board.

Chairman Fletcher reported that he and Mr. White attended the annual AAAE/ACI Legislative Conference in Washington D.C. The FAA Reauthorization bill should go before the Senate this week. The House already passed a bill that includes a \$7 Passenger Facility Charge ("PFC"). While we were in Washington we met with an FAA PFC specialist regarding the approval for our PFC application to maintain the \$4.50 for the terminal project. The specialist did not seem to think there would be any problem once the application is received. We also spoke to our Congressional delegation regarding sending a letter to the FAA showing their support for the Terminal and the FAA Reauthorization bill. This bill has a lot of broad interest and support and after many years of temporary extensions of the bill, it could possibly get passed this week.

Chairman Fletcher distributed to the Board a booklet from the State Aviation Committee which he is a member of.

Mr. White said as he mentioned to the Board last month a preliminary meeting was held regarding a possible Air Traffic Control training school in Wichita. Last week he met with the Wichita Area Technical College (“WATC”) representatives again and they are very interested in doing this. The obstacle is that they need a control tower to do the training in at Jabara Airport. There currently is not a tower located there and it would cost anywhere from \$500,000 to \$3 million to get one. We would have to determine what the specifications are and what the minimum level of tower the FAA would accept on a contract basis. A sight study also would have to be done to establish where on Jabara Airport a tower could be located. There is also a question as to who would fund the project. There were some brainstorming ideas regarding the possible use of stimulus funds. When we spoke with the Congressional delegation there was a lot of discussion regarding a potential of round two of the stimulus funds, however this time it would be a jobs bill. FAA administrators said that there could potentially be about \$500 million available just for airports and construction projects so we are going to see if anything develops.

Chairman Fletcher asked if the Board had any questions regarding the fact that HMS Host did not have a liquor license for a few days. Mr. White said the State changed their process for renewal of liquor licenses this year. They used to mail out a package with all of the application materials to the license holders in December, however due to budget cuts they did not do that this year, instead they mailed a post card which was sent to Host’s corporate headquarters in Bethesda, Maryland. Host claims they did not receive the post card so once they found out that there was a new process, they had lost a month in the application process. Once the application was completed the materials were sent in to the State, however they were lost so the application packet was hand-delivered to Topeka and they were told that they take the applications in the order they come in and Host’s was at the bottom of the pile. Mr. White said he was able to request the assistance of the Secretary of the Department of Revenue and she made sure the license was issued and we were back in business the next day. Unfortunately, about four to five days worth of liquor sales was lost. Chairman Fletcher asked if that has been generating a lot of revenue. Jean Zoglman said it is the only part of concessions that did not suffer at all last year.

Mr. White advised the Board about a potential flight training school. K-State is looking at supplementing what they have at the Salina Campus and locating it somewhere in the metro area. A number of airports are in discussions with them. They were interested in locating it at Mid-Continent Airport, however they could not find a place to do it and now they are looking at doing it at Jabara Airport in conjunction with the National Center for Aviation Training. We recently met with WATC representatives to determine what the necessary steps are. We are at a disadvantage because that facility will not be completed until August or September at the earliest and K-State is looking for something that is move-in ready.

Mr. Murfin asked what the size requirements are for the KSU facility. Mr. White said it is not clear, however the WATC representatives met with the Dean as well as a Director of the flight training group and they believe they need a classroom that will seat approximately 30 students and that is dedicated for that purpose. They would also need a room for flight simulators and a

hangar that would hold three to five airplanes. Mr. Murfin asked what was in the old building on Webb Road. Mr. White said he considered that building and recently inspected it, however the building is not currently habitable. It either needs to be leveled or brought up to standards which could be highly expensive. Mr. White said there is still a chance that K-State cannot move the project as quickly as intended and then the Center for Aviation Training campus would be completed and available for use. Mr. White said he would keep the Board advised of any new developments.

Brad Christopher updated the Board on the Wildlife Mitigation Ad Hoc Committee. Mr. Christopher advised the Board on the history and formation of the Committee and distributed to the Board the Executive Summary and Recommendations which provides a chronology of events and includes the list of ten (10) recommendations that the Committee submitted to both the City and County. Mr. Christopher then presented a PowerPoint presentation to the Board of the Committee's ten (10) recommendations. The City Manager intends to schedule this issue for the City Council's consideration in a workshop and the indications are that the County Commission is also going to request a presentation regarding the recommendations as well.

Motion by Greenlee to make a recommendation to the City Council to accept the ten (10) recommendations of the Ad Hoc Committee. Motion carried 9-1, Murfin opposed.

Mr. Christopher said he would also like to thank Dwight Greenlee, Kevin Myles and Bill Ward for their participation on the Ad Hoc Committee, their time on this is appreciated.

ACT 3 Project Update

Mike Carter, AECOM, presented to the Board a PowerPoint presentation providing an update on the current schedule, upcoming meetings and photos to reflect the recent changes from construction.

The list of packages has not substantially changed. We are proceeding on the Landside Utilities package right now, the only thing that has changed is the procurement for the terminal building. The month of February was spent working with the FAA regarding construction access and the safety plan. The bidding period will commence in April and will be approximately an eight week bidding period. It is anticipated that the bidding will complete in June and the construction will start in August.

Mr. Gooch said he knows the timing of this project has been a continuous concern as it relates to the cost. He asked if the current dates on bidding and starting construction would be pushed back. Mr. Carter said he does not believe they would, although those things do happen.

Chairman Fletcher said as he understands it, the delay now is that the City Council and City Manager wanted to push back the workshops. Mr. White said that is not affecting the schedule because the plans are not yet ready to bid. Mr. Carter said we were going to date the documents on the 9th, but because the delay in the City Council workshop and the fact that we needed to make some changes to the FAA documents, the dating of those documents was moved to March 26th. They will be sent on that date or shortly thereafter to the Office of Central Inspection. And

that office is aware that our bidding period is going to start approximately two weeks later. The Design Team does not anticipate that they are going to have any changes, they have been working with the documents for over three years now trying to get everything ready. There are always changes in the Code that they decide need to be implemented, however those would be minor things that could be addressed in an addendum.

Mr. Gooch said the reason this keeps coming up is because we talk about the reflection of the cost every time a delay occurs. Mr. White said everything we are hearing indicates that the prices for bids are going to remain pretty stable for the rest of this year. Mr. Carter added that the prices are still going down, they are decreasing at a little smaller rate right now, however they are still on the downward slope, and certain material costs are going down now as well.

Mr. Estes asked when the new terminal is scheduled for completion. Mr. Carter said it is scheduled to open in the second quarter of 2013. Mr. Estes said even though some of the packages will be done later, such as the telephone and apron. Mr. Carter said some of those are campus wide improvements, however the portion that ties directly into the terminal building has to be completed. Mr. Estes said we have lost several months from FAA and Office of Central Inspection review and the workshop delay, yet we are still on track for the same opening, is it because there was enough float in the schedule. Mr. Carter said some of the delays have not had an impact on the schedule. For the last six months we have been working with the Design Team, Architects and Engineers getting the plans to where we are comfortable with them. We want to make sure everything is right. Mr. Carter said we are utilizing the time when events occur that delay the schedule. The construction duration of 33 months has remained the same for some time. Although we have been moving that down, it might have started out early in 2013 and now it is the second quarter of 2013.

Mr. Estes asked for an example of how we would save money by delaying the project. Mr. Carter said he is not saying that is the reason the project is being delayed, rather we are not losing money because of the delays. We are monitoring two different types of cost indexes: one of them is the cost of construction costs that generally reflects the costs of materials and then there is the Turner's Building Cost Index which is considered to be what the contractor is willing to rent their expertise and equipment for. When we first started this project the Turner's Index was at a pretty substantial rate, but the Engineering News Record Cost Index was very reasonable and now it is the other way around. Now Turner's has been going down at a smaller rate than it was last year, although it has been continually going down since August of last year. When it is time to bid we will do it, however we feel it is more important to do it right than it is to do it right now. Mr. White said when we have received the FAA's and Central Inspection's approval the last step will be to get the blessing of City Council.

Jean Zoglman introduced, David MacGillivray, of Springsted, Inc. Springsted has been a Financial Advisor on special projects for the City since the mid 1980's and the Airport Authority brought him on board to assist with developing our Capital Financing Plan. Having Springsted's assistance has benefited the Airport Authority by using their knowledge of the City and how they approach things to make sure that what we are developing lines up with what the City is going to do and Mr. MacGillivray has come here to discuss that portion of the project. Mr. MacGillivray

provided a handout to the Board and then began a PowerPoint presentation explaining the goals of the project, the major assumptions and parameters, and the long-term financial standing of both the Airport Authority and the City. Mr. MacGillivray explained that the overall goal is to put together a structure that minimizes the risk to the City.

Chairman Fletcher asked if the revenue assumptions that were made are considered conservative. Mrs. Zoglman said Jacobs Consultancy assisted with developing those assumptions and have advised that they are very conservative. Those were made and are adjusted based on looking at current operations, they do not plan for huge increases just because there is a new terminal. We do plan on some increases in parking fees once the garage is here, however other than that it is essentially maintaining current operations. However, the traffic projections do play a role in that and we continue to work with those. One of the things we need to be able to answer for the financial workshop is how bad can it be before this plan will not work and we will have that answer as well.

Mr. Estes asked if the CIP numbers are just for the airport or if they are City wide. And, if the numbers only reflect the airport, does this fund all of the non-terminal activities as well. Mr. MacGillivray confirmed that this reflects the non-terminal, non-garage airport projects through 2018. Mr. Estes said page four and five of the handout refers to 120% of coverage and 50% of debt service reserve and page four actually has hard numbers for those, how do those relate to each other considering we want to have a cushion or a comfort level. Mrs. Zoglman said the financial benchmarks we are trying to establish plan for everything. The City would like some cushion so that is why we are making reasonable assumptions. Mr. Estes said but these are target cushions and we are only expected to maintain the current level of operations. Mrs. Zoglman said that is correct.

Mr. Estes asked how this overlaps with other City general obligation bonds that the City has already issued or is planning to issue. Overall, it is not a problem for the statutory debt limit of the City. Mrs. Zoglman said as we have discussed there is a 3% limit for the Airport Department and those type of things and we will go above that, however the City has a 30% cap and they are significantly lower than that so as far as capacity within their debt limit, they are comfortable with being able to cover the full \$150 million for our purposes.

Mr. Heck asked what the total debt service is. Mr. MacGillivray said it is \$250 million, which is for the terminal and then \$96 million for other non-terminal related airport projects.

Minimum Standards for Aeronautical Services

Mr. White provided handouts to the Board on the Commercial Hangar Operator and the Non-Commercial Fractional Private Hangar Operator to aide in their discussion. The Committee decided that on the Non-Commercial Hangar Operator the hangar size should be no less than 12,500 square feet which is less than the previously established 15,000 square feet. The other decision was that no commercial activities of any kind will be allowed including flight schools, charters, maintenance or sales to the public. Fueling will be allowed as long as it is aircraft owned by or leased by owners of the hangar itself. It was also decided to allow a third option regarding aircraft maintenance. An owner of an aircraft or its employees can provide

maintenance, it can be done by a Fixed Base Operator (“FBO) or SASO based on the airport or now, if a specialized maintenance service provider is required, a temporary permit could be obtained.

Mr. Greenlee asked what the phrase “no long-term storage of non-Aircraft items” meant. Mr. White said he would rather there be no storage of non-Aircraft items, however the intent is if a person needs to store something for a weekend or so they would have the ability to do that. However, the primary purpose of the hangar is to store aircraft. There was discussion regarding the wording of that phrase and it was decided to leave the language as is.

The Committee continues to agree that fueling facilities are permitted if the owner of the hangar wishes to install them. If the hangar operator installs their own fueling facilities the intent was to have it be located on the premises, although since sometime in the future the plan is to have a centralized general aviation fueling facility somewhere on the airport we may require everyone to locate their tanks at that facility, depending on what happens.

Mr. Ward asked if there was anything that establishes EPA rules and that sort of thing. Mr. White said those type of rules would be covered in the lease agreement.

Mr. Murfin said when you state that there has to be one ownership per aircraft, real life is completely different. If three people own a plane and only two want a hangar it will not work. Mr. Murfin said this could be a first attempt and it is better than what there was to start with, however the airport is trying to create and say what is right and wrong and in reality it is so dynamic. Mr. Murfin asked why a hangar is required to be a certain size.

Mr. Claassen agreed that real life is completely different and said the part that makes this not work is the 12,500 square foot hangar size requirement. There may not be 2,500 square foot segments left available to sell because aircraft are not the same size. Also, what if one person wants two aircraft in their hangar. Mr. White said the standard only states that it has to be no less than 12,500 square feet. Mr. Claassen said if three people take 3,500 square feet there would be 2,000 square feet left available and an aircraft cannot be put in 2,000 square feet. This requirement would mean that we cannot sell that space and it makes the project not feasible. If the requirement could just simply state that an owner has to buy whatever square footage is necessary for their aircraft to occupy the space then it would work. Mr. White said he thinks the reason that number was picked is to keep a person from having a 400 square foot Cessna 150 from buying a share in a hangar and having access to fuel, at some point you could have four 150’s and no jets. Mr. Claassen asked what would be wrong with that. Mr. White said he is in the business of protecting the airport and does not want to harm the other businesses here that are currently abiding by the rules that have been established. Mr. Claassen suggested making it a 1,000 square feet requirement and said the reality is his facility will not even have avgas. Mr. Murfin asked how you can determine the square footage if the aircraft are odd shapes. Mr. Claassen said you take the wingspan by length of the aircraft, it provides extra income by doing that and it creates zero hangar waste.

Chairman Fletcher said looking at the Commercial Hangar Operator versus the Fractional Private Hangar Operator in the Commercial it states that each space can be no less than 1,500 square feet, Chairman Fletcher suggested making them both the same. The Board did not have any objections.

Mr. Estes said on the third bullet of page 3 the last sentence states that corporate purposes shall not be in any way related to commercial use. If he is interpreting that sentence correctly it says that if he has a company that does maintenance of aircraft he cannot put one of his aircraft that may be used for corporate purposes in that hangar. He would not be able to buy a share of this fractional facility because he has a company that is involved in commercial activity, even though that particular airplane is not involved. Mr. White said Mr. Estes is right and maybe the best way to correct that is to take out the word "maintenance" because the intent was to prevent someone who is operating airplanes-for-hire type of operations.

Mr. Claassen asked if on page 1, paragraph 2 the hangar size could be changed back down to 12,000 square feet because that is divisible by 1,500. Mr. White said that was fine with him. Chairman Fletcher asked if there were any objections from the Board and there were none.

Mr. White said that although he would like to provide flexibility for different styles and types of individual hangars in the Commercial Operator Category, 2,000 square feet would probably be the smallest building he would like to see.

Mr. White said the difference between the Commercial Hangar Operator and the Non-Commercial Fractional Private Hangar Operator is that the former cannot have fuel. Although, if fuel is needed they can contract with a FBO or they can locate a self-service facility on the premises that is run by an FBO. Also, those spaces cannot be subleased.

There was discussion among the Board regarding the ability to sublease or make assignments. Mr. White suggested that could be changed to show that subleases could be done only by the approval of the Airport Authority which is the way the current airport leases are drafted.

Mr. Claassen said if he owns a Bonanza he has the right to fuel that aircraft as long as he adheres to the safety standards. Mr. White agreed and said the standards state that on the first page. Mr. Claassen said if he is a Commercial Hangar Operator and someone brings their airplane and stores it in the hangar, they cannot fuel that aircraft. Mr. White said they cannot unless they meet our standards and currently the airport does not have a standard. Mr. White suggested it may be necessary at some point for the airport to establish a set of fueling standards. There are fire codes and safety codes and other airports are making rules for how that is regulated. It is something that the airport is required to allow as long as there is a standard. Mr. Claassen suggested changing the wording to say that fueling is not prohibited, rather it just has to adhere to standards that may be imposed by the Airport Authority.

Mr. Estes said he interprets it to mean that the Commercial Hangar Operator cannot dispense fuel to the tenants. Mr. White said that was the intent. Mr. Claassen said okay.

Chairman Fletcher advised that Mr. White will send an email out to the Board with the changes that were discussed prior to the next meeting.

Other Business

The next WAAB meeting will be Monday, April 5, 2010 at 2:30 p.m.

Meeting adjourned at 5:00 p.m.

Kelly Fabrizius, Clerk