

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, June 5, 2006 – 3:00 p.m.

Present: Tim Austin, Dion Avello, Bill Calloway, Ron Estes, Charles Fletcher, U.L. Gooch, Dwight Greenlee, Willis Heck, David Murfin, Jay Russell, Jeff St. Clair, Jay Swanson and Bill Ward

Airport Staff: Victor White, Sandy Coykendall, Mike Carter, Shannon Feltes, John Oswald, Valerie Wise, Jean Zoglman

City Staff: John D'Angelo, City Arts
Doug Moshier, Senior Assistant City Attorney

Others: Mark Chamberlin-Armstrong/Shank
Dan Poole, General Manager, HMS Host
Charles Davis, Assistant Manager, HMS Host
Steve Habtemariam, Manager, Multi Business Services Corp.
Maryon Habtemariam, Multi Business Services Corp.
Michael Habtemariam, Vice President, Multi Business Services Corp.
William Mitchell, HNTB
Dave Dahl, Johnson, Kennedy, Dahl & Willis
Bob Karlake, Midwest Corporate Aviation

Chairman Fletcher called the meeting to order.

Approval of Minutes

Motion by Ward to approve the minutes of the May 1, 2006 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Affordable Airfares Bill. REAP is establishing guidelines for the distribution of funds. The program will be effective July 1, 2006. The City of Wichita will need to apply for funds for this upcoming year to continue the program with AirTran. It is hoped that opportunities will be available for other carriers.

Air Service Update. Northwest Airlines has agreed to add a third non-stop flight to Minneapolis June 8. Allegiant Air began a Saturday flight to Las Vegas on June 3, 2006. This flight will run only through August 26. Atlantic Southeast Airlines began non-stop service on Saturdays only to Orlando on May 27, 2006. This service will end September 2, 2006.

See America Week. The Wichita Convention & Visitors Bureau recently celebrated See America Week in the terminal by offering free donuts and information about area attractions.

Also, the WCVB installed two touch-screens at the Information Desk that provides information on area attractions, lodging, transportation, restaurants, etc.

Automated Customer Service Survey. An automated customer service survey was recently conducted by using two touch-screen TVs set up on each concourse. The purpose of the survey was to gather information from passengers and was primarily geared toward concessions with respect to the new terminal. About 1,200 responses have been received, and 83% of those filling out the survey requested concessions inside the security area.

Advertising Campaign Update

Mark Chamberlin presented the two television commercials. Also coming will be speed marketing in which the television newscasts will announce special fare deals during their morning newscasts and direct viewers to flywichita.com for more information. This will be at no additional cost to the campaign. Radio ads will start on June 19. Outdoor advertising boards were also discussed. Regarding the Courtesy Crew, 113 applicants were interviewed, and 15 outstanding people were hired. Training will take place June 26 and 27. A formal press conference to launch the Courtesy Crew will take place on July 10. Television and radio ads reach the outlying areas. The media strategy was built around women aged 25-54 as this group makes the majority of travel decisions. Print ads are still being developed.

There was discussion about having another Sabre catchment study conducted. Austin requested that at the next meeting the Board be advised when that will be scheduled.

There was discussion regarding the effectiveness of the ad campaign. Studies show that people are willing to spend a little more for good service.

New Terminal Art and Design Council Input

Valerie Wise reported on a conference she attended in Austin, Texas and hosted by American Association of Airport Executives on Art in the Airport. Art in airports is a growing trend. It is stressed at the conference that airports need to be interesting and creative, that a distinctive airport is key to the economy, and that first impressions give lasting impressions. At Austin-Bergstrom Airport, concessions were added that were more characteristic of Austin. Presented were pros and cons to having art in an airport. It is important that there is an adequate budget for maintenance, repairs, appraisals, staff, etc. Artisans were brought in very early in the design phase and worked with the architects.

John D'Angelo spoke on behalf of the Design Council. The Design Council is charged with reviewing the aesthetics on all projects funded with City dollars. A collaborative team of designers, artisans and architects work together to produce a better product. There are many forms of art other than paintings and sculptures. A joint meeting between the WAAB and the Design Council is being planned and it will be an opportunity to meet and hear the Board's concerns.

Terminal Area Redevelopment Program Design Contract with HNTB

Over the past six months, a contract with HNTB for the design of the new terminal has been negotiated. Terms of the contract were presented to the Board. Mike Carter reviewed the design

team services. The total fee for design services is \$12,660,000. Local sub consultants include Gossen Livingston, PEC, Dudley Williams, Greteman Group, and Allied Laboratories. DBE sub consultants include: Landworks Studio, Fire Sprinkler Consultants, Lightworks, Carol Naughton & Associates, Hinman Consulting Engineers, Integrated Design Engineering Associates, Blevins and Bradbury, and Apex Cost Consultants. Other sub consultants (specialists) are: Ross & Baruzzini, a specialist in communications and security systems, Coffeen Fricke & Associates for acoustics, Logplan for baggage system and screening, and Faithful and Gould for cost estimating.

The design fee breakdown is: terminal building - \$9.5 million, apron and taxiway paving - \$1.5 million, roadways and parking - \$1.5 million, utility relocations - \$220,000, which totals \$12,666,000 or 8.7%. The cost of construction is estimated at \$145,460,000. In addition to this cost are: security screening and equipment - \$7.5 million, professional services - \$31 million, recommended program reserves - \$27 million, bringing the total program budget to \$211,160,000. The recommended program reserves include risk associated with construction, of which the largest element is excess escalation that could occur during the five years of planning and construction. This was impacted by Hurricane Katrina and construction projects in China and affect the prices of steel and aluminum needed for the project.

The City Council will be asked to approve the \$12,660,000 for the HNTB contract, additional services by DMJM in the amount of approximately \$236,000, supplemental tasks in the amount of \$1,353,400, and Reprographics services in the amount of \$250,000, for a total program budget of \$14,500,000. The supplemental tasks would include such projects as asbestos study for removal from the existing terminal, study concession and tenant space that may have to be moved, study reuse of the remaining old terminal building, and campus-wide technology master plan. Funding sources for design will initially be from general obligation notes paid by airport revenue. Ultimately, it will be funded by FAA grants, PFC receipts, bonds, and other airport revenue. The design is scheduled to begin in the second quarter of this year, the design development and construction document phase should be finished the end of the first quarter of 2008. The design team will fast-track the design of the temporary parking as the current shuttle lot is the area for the north cargo facility. Then the north cargo facility will begin construction. Although that is a separate project, it needs to be coordinated with the terminal construction. Before the new terminal is completed, it will be necessary to open a portion of it in order to decant the facility from the old terminal. A large portion of the existing terminal will then need to be torn down before occupying and operating the remaining gates. This is scheduled to take place in the last quarter or half of 2010. It is expected to be completed by the end of 2010.

Discussion ensued regarding the 8.7% design fee and professional services. Mr. Carter stated that the design fee is typically between 8% - 10%. Mr. Murfin commented that the professional services fee amounts to about 21% of the cost of the project. Mr. White stated that today's action for the Board is to approve the HNTB contract, and not to approve the budgeted items. These are estimates of what the total project budget might be. One of the costs included in the professional services item is for cost estimating services. HNTB has a cost consultant who will track costs at the time of bidding, and DMJM will have a separate cost consultant in order to have a crosscheck between the two.

Staff requested that the Board approve the HNTB contract, the \$14,500,000 budget for the design, and recommend it to the City Council acting as the Wichita Airport Authority. The targeted goal for the DBE is 10%. HNTB has committed to enhance that participation.

There was discussion related to the higher estimated project cost from the original estimated cost. Mr. White stated that at this time it is unknown what the cost will be until the project is bid, which is expected to be in two more years. It was pointed out that the original \$145 million cost estimate was for construction cost and did not include the total project cost.

Discussion ensued regarding the escalated cost of building a new terminal and cost of remodeling. A financial capacity study by Leigh Fisher is underway in which the cost of the new terminal plus any other capital improvement costs of the airport system over the next 15 years is being studied. This will help to determine how much the airport system can afford. Mr. White stated the airlines are onboard with the new terminal plans.

Mr. Russell stated this will be one of the most important decisions this Board makes and will talk to his City Council appointer. It was his opinion that the public is concerned with increasing costs of public projects. Mr. White stated there are meetings scheduled with the City Council about this contract. It is hoped that the two separate cost estimators will come up with an accurate cost of each portion of the project.

Mr. Fletcher recommended the Board approve the contract. At that time the Board made the decision to build a new terminal, it was believed that the cost would be higher than was estimated.

Mr. Russell felt there was insufficient time to review the contract and that the City Council expects the Board to do their due diligence to determine if this is a good contract.

There was discussion regarding the reasons to build new versus remodeling the existing terminal. Mr. Mitchell stated there are things that could change during the schematic design as related to the budget. For example, if the two-level roadway is taken out of the plan, there would be a reduction in fees because of the engineering necessary for elevated roadways.

Mr. White stated that HNTB presented the first cost estimate in December 2005 and staff has been negotiating the scope of services since that time. An independent cost estimate was conducted which is required by the FAA to look at the scope of services to make sure the fee is within 10% of what DMJM's independent firm arrived at. The cost of the design contract is a good cost, but it is not yet known what the total construction cost will be.

Mr. Carter stated that the \$145 million estimate includes a normal escalation. DMJM's cost consultant recognized other escalations could occur due to unknown events.

Mr. Avello stated that a design contract would be necessary if the existing terminal is remodeled or a new terminal is built. By approving this contract, the project can begin.

Motion by Swanson that the Wichita Airport Advisory Board recommends that the City Council acting as the Wichita Airport Authority approve the HNTB contract.

Mr. Gooch pointed out that airport projects are funded differently than public projects in that airport projects do not use local tax dollars.

Motion carried, 11 – 2 (Nays: Russell and Estes).

HMS Host Concession Plan

At the previous WAAB meeting the Board voted to move forward with HMS Host's concession plan and to allow Host another month to continue its negotiations with the current DBE concessionaire, Multi Business Services Corporation. Documents distributed included: a letter and proposal from HMS Host dated June 2, 2006, a letter dated June 4, 2006 from Multi Business Services Corporation, and a letter from Mr. Habtemariam's attorney dated June 4, 2006.

The original plan calls for:

- Converting Sarah's into a Starbucks,
- Converting the east concourse snack bar to a Great American Bagel that the DBE would manage,
- Add a retail wall in the east concourse,
- Add a kiosk bar in the west concourse,
- Miscellaneous refurbishments.

A revised Option 1 plan calls for:

- Sarah's remaining with an enhanced menu
- No Starbucks
- Convert east concourse snack bar to a Great American Bagel (managed by Host)
- Add a retail wall in the east concourse
- Add a kiosk bar in the west concourse
- Miscellaneous refurbishments

During negotiations, an Option 2 plan was arrived at that calls for:

- Convert Sarah's to Starbucks, but not the entire space. The other part of the space would be a smaller Sarah's.
- Convert east concourse snack bar to a Sarah's Café
- Add a retail wall in the east concourse
- Add a kiosk bar in the west concourse
- Miscellaneous refurbishments
- Add Sarah's Ice Cream kiosk/facility in a location to be identified in the main terminal

Option 2 is complicated as cost and other factors are unknown. Host is prepared to move forward with any of these options, but prefers Option 1 as it is least disruptive to existing operations and would be most efficient to implement. Mr. White stated that Host desires to continue its relationship with Multi Business Services Corp.

Mr. Swanson stated that the goal is to increase revenue, and people want Starbucks.

There was discussion regarding other possible locations for Starbucks.

Motion by Austin that the Board approve revised Option 1.

It was Murfin's impression that when the Board approved \$400,000 of capital improvements for concessions, it was anticipated that revenues would increase about \$40,000 per year. In response to Murfin's question, the original plan was to cost about \$600,000 for improvements; the revised Option 1 is expected to cost about \$215,000. The cost of Option 2 is unknown. According to Mr. Habtemariam, the estimate for construction costs for the east concourse renovation is \$18,000.

Dan Poole, HMS Host, stated that Option 1 is worth about another \$200,000 in sales. The airport takes 10% of that.

Mr. Habtemariam agreed to invest in Sarah's if Option 1 was approved to refurbish it and change his menu.

Discussion ensued. Mr. Poole stated that Starbucks will not approve a site that is divided; it must be a single site.

Mr. Austin stated that in previous Board action, Host was to identify how it would achieve the DBE requirement. Option 1 shows the DBE requirement and it is less of an investment. Mr. Poole stated that Mr. Habtemariam still needs to sign the supplemental agreement agreeing to the terms that exist with Host in reference to how sub concessionaires are managed.

Mr. Poole stated that Starbucks has looked at three sites and approved only one site, which is the full utilization of Sarah's. It is Host's business philosophy to use the best option to take care of the traveling public. It is possible to add more concessions later, but the DBE must be managed in order to not run him out of business.

*Motion passed 7 – 5. (Yeas: Austin, Willis, Avello, Greenlee, Gooch, Ward, Calloway;
Nays: St. Claire, Russell, Fletcher, Swanson, Murfin.)*

April 2006 Statistical/Project Report

Total passengers were down 6.11% for the month of April over a year ago. For the year, passengers are down 4.64%.

Other Business

Mr. Heck announced that his chairmanship of REAP ends on June 12 and will no longer serve on the WAAB.

Mr. Fletcher announced that an election of officers will take place at the July 10 meeting.

The Air Service Development job should be decided by the next meeting.

Regarding KTTI, a proposed lease agreement has been presented to the County. The County management is supportive of the terms. Discussion followed regarding the terms.

The next WAAB meeting will be Monday, July 10, 2006.

Meeting adjourned at 5:13 p.m.

Valerie Wise, Clerk