

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, October 3, 2011

Present: Dave Bayouth, Charles Fletcher, U.L. Gooch, Dwight Greenlee, Willis Heck, John Hennessy, Thomas Pryor, Bill Ward, Brent Wooten, Kurt Yowell

Absent: Steve Harris, Kevin Myles, Dr. Thom Rosenberg

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

City Staff: Sharon Dickgrafe, Chief Deputy City Attorney
Branden Hall, Budget Analyst, Finance Department

Others: Pat McCollom, Program Manager, AECOM
Mark Kelly, Vice President, AECOM

Chairman *pro tempore* Fletcher called the meeting to order at 2:40 p.m.

Approval of Minutes

Motion by Heck, second by Greenlee, to approve the minutes of the September 12, 2011, Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Victor White, Director of Airports, advised the Board of recent activity related to Airport business.

Wildcat Construction has been issued a notice to proceed with the 2100 Block Airport Road Improvement Project. John Oswald, Airport Engineering and Planning Manager, described the various portions of work associated with the project. The 2100 Block of Airport Road is on the east side of the Mid-Continent Airport campus, and is the location of several tenant businesses. Much of the infrastructure along this part of Airport Road has not been improved since Mid-Continent Airport was first built. The project will rehabilitate the pavement and parking surfaces in this area, improve lighting for both the street-side and the ramp-side, upgrade the level of security fencing to allow more vehicles to park closer to the airfield fence, and improve the landscaping. The whole project is scheduled to be complete in mid-December.

The Federal Aviation Administration approved the Airport's Disadvantaged Business Enterprise (DBE) goal, which covers the next two federal fiscal years, through 2014. The total participation goal is 7.11 percent for all federally funded projects at Mid-Continent Airport. A portion of the total, 2.0 percent, is targeted for race-neutral DBE participation, and 5.11 percent is targeted for race-conscious participation. The Airport's DBE plan can be accessed from the Website

www.flywichita.com. Contractors will be required to keep records showing that they have made a good faith effort to reach these stated goals. There are no federally funded projects planned for Col. James Jabara Airport over the next two years, so a DBE goal is not in place for that airport. Chairman *pro tem* Fletcher asked if the goal was a minimum, and if the Airport could exceed that amount of participation. Mr. White said the Airport cannot ask for more than the stated goal. Contractors are encouraged to exceed the goal, but we cannot require a goal higher than 7.11 percent. All of the planning, design, and construction firms that are working on federally funded projects at the Airport must make an effort to reach the DBE goal.

Valerie Wise provided Board members with souvenir books marking the Courtesy Crew 5th Anniversary. On September 20, Vice Mayor Lavonta Williams spoke at a luncheon honoring the Courtesy Crew at Go Wichita Convention and Visitors Bureau. The book is a compilation of comments received from the public about the valuable service the Courtesy Crew provides at Mid-Continent Airport.

Ms. Wise informed the Board that two Honor Flights will depart from Mid-Continent Airport on October 4 and October 6. Honor Flight organizes trips for veterans to the World War II Memorial in Washington, D.C. The public is encouraged to meet the returning flights on October 5 and October 7, around 7 p.m. Board member U.L. Gooch will be on one of the Honor Flights this week.

The Bombardier Learjet expansion project, related to manufacture of the Learjet 85, continues to develop. The Airport will manage the construction of two employee parking areas in support of the project, on property that will be leased from the Airport. The project funding plan relies on an Economic Development Administration (EDA) grant of \$2 million, and a contribution of \$1 million each from the City of Wichita and Sedgwick County, for a total project budget of \$4 million. The Airport will act as the project manager and hire a grant administrator, which is a requirement of acceptance of EDA grants. Bombardier Learjet is designing the parking areas, and the Airport will request bids for the construction and manage the construction process. The Learjet 85 project involves expansion and re-arrangement of many of the facilities at the Wichita Bombardier Learjet campus, and will increase employment at the plant by 800-1,000. Mr. Gooch asked what the job requirements of the grant administrator were. Mr. Oswald said that the Airport is looking to hire someone that is experienced in the grant application and administration process, especially with respect to EDA grant requirements. A notice has already gone out for Requests for Proposals (RFPs), and the deadline is Wednesday. Chairman *pro tem* Fletcher asked about potential need for new water runoff studies. Mr. White said the engineering firm designing the parking area is responsible for conducting stormwater quantity and quality studies, and complying with City design regulations. Dwight Greenlee asked if the RFP for the grant administrator position was available for review. Mr. White said it is on the electronic procurement section of the City of Wichita's Website. Traci Nichols, Properties and Contracts Administrator, is working with Bombardier Learjet on the lease terms for the land used for the parking sites, which is also influenced by the grant requirements of the EDA.

The Airport is working on new hangar developments at Col. James Jabara Airport, as well. One potential tenant is showing strong interest. The Airport continues to investigate options for

further development on the south and west side of the Jabara campus, where road and utility access was completed a few years ago. John Hennessy asked if leases were public information. Mr. White said that executed leases are public information, and when a lease comes before the City Council for approval, it is posted as part of the meeting agenda on the Internet, prior to approval. Mr. Hennessy clarified that he was asking in regard to historical leases. Mr. White said that all past leases are available for review. Mr. Gooch asked if developments closer to Webb Road, in front of the central Jabara campus, were still possible. Mr. White said, yes, the Airport is interested in speaking with any potential developer, but businesses on the Airport campuses must be aviation-related.

Chairman *pro tem* Fletcher asked for more background on the downward trend in passenger numbers as seen in the Monthly Enplanements graph included in the agenda packet. Ms. Wise said that the decrease in passenger numbers is related to the airlines' reduction of flight capacity. Flight capacity out of Mid-Continent is down seven percent compared to last year, but flights are still full. Mr. White added that the reduction in flight capacity is being seen across the country.

Brent Wooten asked for an update on the involvement of the design review council in the final approval of the Transportation Security Administration's September 11 Memorial. Mr. White said the memorial piece has been installed in the terminal, and there are a few more features that will be added, such as a proximity barrier, display lighting, and exhibit description plaques. When the new terminal is close to completion, the Airport will have to consult the City of Wichita's Design Council on the location of the memorial in the new terminal, since it is a public art piece.

Mr. Greenlee asked if a decision had been made about the plan for the management of the concessionaires in the new terminal. Mr. White said that the Airport is considering hiring two general concessionaires: one for retail, and one for food/beverage. (The Airport currently has one concessionaire that handles both retail and food/beverage). The advice of professionals in the concessions business is that managing concessions through one company may continue to be a more efficient model at Mid-Continent, given its size and customer volume. When the new terminal project begins in full force, LeighFisher will study the concessions business at Mid-Continent, and develop a plan for profitable concessions management. Airport staff plans to attend the Airport Revenue News conference next year on the topic of concessions, to gather more information. Concessions planning should begin about two years prior to the terminal opening date, so once a good estimate of the terminal opening date is known, the Airport can begin to recruit concessionaires and develop the concession areas for vendors.

ACT 3 Project Update

Pat McCollom, AECOM Program Manager, spoke to the Board about the status of the ACT 3 Project. In September, the AECOM contract extension was presented to the City Council, but it was deferred. It will be taken to the City Council again on October 11. As a result, project progress has been placed on hold, including AECOM's collaboration with HNTB to update design drawings. AECOM met with Sundt Construction of Mesa, Arizona, on September 16, regarding interest in bidding for the ACT 3 construction work. Meetings with Westar Energy

continued to prepare for the future electrical needs of the Airport. Representatives of the Adelaide Airport (Australia) visited to discuss Mid-Continent Airport's experiences in the terminal planning process. The group from Adelaide has been consulting airports across the country to gain insight for their own terminal construction project. Earlier today, the Airport and AECOM met with representatives of the City of Wichita Public Works Department, to discuss issues with the program management and construction management contract.

Mr. White said that because the Airport has not been able to begin the terminal construction bid process as early as expected, the bid opening may be moved into January to avoid conflicts with the holidays. The parking structure design team interviews were held last week, and the announcement of the firm selected will happen within a couple of weeks.

Mr. Greenlee asked when the terminal construction might begin, if the bid opening is moved into the middle of January. Mr. McCollom said he estimated construction could begin towards the end of April.

Mr. White provided further information about the delays in the AECOM contract approval. The Airport has been working with the City Manager's Office to address concerns about the program management (PM) and construction management (CM) services that were included in the Supplemental Agreement No. 6 with AECOM that was presented to the City Council in September. When AECOM was first hired in 2005, City Manager Kolb and the City Council members serving at that time approved of the PM and CM structure that the Airport wishes to proceed with through the completion of ACT 3. Many of the questions and concerns are coming from new council members that were not involved in the beginning of the ACT 3 Project, so it is taking extra time to review the history of ACT 3 and how the current contract extends services that began several years ago. AECOM's role is to be the Airport's agent, or owner's representative, to make sure that the contractor hired to construct the terminal is following FAA standards and the project stays on schedule. The FAA requires airports to employ engineers to oversee federally funded construction projects.

Mr. Greenlee asked if the Airport foresees any problems with the approval of the supplemental agreement with HNTB for continuation of design services. Mr. White said that the ACT 3 construction delay and the AECOM PM service contract delay is also extending the period of time that HNTB had originally agreed to work on ACT 3, and HNTB is requesting additional compensation for the time they have had to maintain staff on a project that is not proceeding.

Chairman *pro tem* Fletcher asked Mr. McCollom what his expectations were in being able to negotiate a contract extension with HNTB. Mr. McCollom said that AECOM is prepared now to start contract extension negotiations with HNTB, so if they are given approval to continue program management services, the HNTB negotiation process can begin shortly thereafter. Mr. White added that, prior to the expiration of the current AECOM contract, AECOM had been in contact continuously with HNTB regarding extension of design services.

Mr. Greenlee asked if the City was aware of the added costs that will be incurred as a result of the construction delay. Mr. White added that not only will there be additional costs related to maintaining design team continuity with HNTB as discussed previously, but also the potential

for construction costs to go up, for bond interest rates to increase, and risk of loss of federal grant funding if the project does not continue soon.

Bill Ward asked if there was still pressure from the FAA to start the construction project. Mr. Oswald said that when he attended the FAA conference in Kansas City last week, he spoke to the regional FAA director about the delays in the ACT 3 Project and the Airport's proposed timeline to start construction in early to mid-January. If ACT 3 stays on course with the current proposed timeline, then the FAA is still able to work around the delay, but if the project is held up for several more months, then the FAA will need to re-evaluate the availability of grant funding for the project.

Mr. White said that the \$7 million grant from the TSA for the baggage handling system must be used by late 2014. A six month delay would require the Airport to request an extension of funding availability, and given current economic uncertainties with the federal budget, the Airport could not expect that an extension would be granted.

Kurt Yowell asked for further information about what services were covered under the extra fee assessment from HNTB. Mr. McCollom said the extra fees are the difference between the base contract original schedule and the work delivery for the various ACT 3 project packages to date, plus the escalation in costs going forward. The work delivery schedule itself is about a year and a half later than proposed, but the majority of the fees reflect the escalation in costs. Mr. White added that the escalation in costs takes into account the increases in the Consumer Price Index over the delay period.

Mr. Wooten asked if the City Council was aware that an additional supplemental agreement with HNTB was the next item of business for continuing with construction. Mr. White said that the City Council was informed, both at the Workshop in May and in June when the Council approved continuing with ACT 3, of the need for supplemental agreements with AECOM and HNTB. The City Manager was briefed on this in early August. At the September 13 City Council meeting, when the supplemental agreement for AECOM was first presented at Council, there was a perception from some contractors that approving the AECOM supplemental agreement meant that there would not be a separate bid process to select a contractor to perform the construction work. That is not the case. At this time, the CM services related to the parking structure that were included in the original supplemental agreement have been removed from the contract. The Airport is now looking for ways to reduce the costs for the CM services related to the terminal construction portion of the project. Mr. McCollom added that the effect of reducing the amount of fees that are applied to CM services is a reduction in the scope of services, which undermines the FAA's requirements for the project. One of the cuts already made is a cost estimator position; independent fee estimates are an FAA requirement for construction management. Willis Heck said he wanted to make sure that the construction oversight functions referred to are requirements of the FAA. Mr. McCollom said the services being discussed were FAA requirements. Mr. White said the City Manager's office brought up the same question last week, and it was also explained that there is an FAA manual that outlines the requirements for all of these services.

Mr. Yowell asked about the outcome of today's earlier meeting with City Public Works. Mr. White said the City engineering staff offered their services in any capacity that might help in reducing the costs of a third party construction manager. In managing a large project, such as ACT 3, it is most efficient to centralize project oversight; dividing management tasks between two or more groups results in loss of accountability in the project. If it is determined that City staff are qualified to perform some of the services, and will be available for the duration of the project, then those City staff will report to AECOM and work under AECOM's direction. The City has also raised concerns about out-of-state firms being hired for the project. The FAA requires that firms doing airport terminal construction management work fulfill certain experience requirements, and none of the local groups have done airport construction management work. Mr. Wooten asked if the planning presentations to City Council in 2006 included a construction management budget. Mr. White said that in 2006 a financial capacity study was completed for all of ACT 3, which included a section on professional fees that combined the costs of architects, engineers, program management, and construction management for around \$30 million. The City Council was not provided a line item break down for each division of professional fees. Mr. Wooten asked if the AECOM contract was a cost plus basis contract. Mr. White said it is a cost plus fixed fee structure.

Executive Session

Motion by Chairman pro tem Fletcher, second by Greenlee, to recess into Executive Session to consider consultation with legal counsel on matters privileged in the attorney-client relationship relating to legal advice and contract negotiation, and that the Board return from Executive Session no later than 15 minutes and reconvene in the Board Room. Motion carried unanimously.

The Board recessed for Executive Session at 3:40 p.m.

Motion by Chairman pro tem Fletcher, second by Greenlee, to extend Executive Session for an additional 10 minutes at 3:55 p.m. Motion carried unanimously.

The Board reconvened at 4:05 p.m.

Other Business

The next WAAB meeting will be Monday, October 31, 2011 at 2:30 p.m.

Meeting adjourned at 4:07 p.m.

Kathryn Keathley, Clerk