

## MUNICIPAL CORPORATIONS COMMITTEE

**DATE:** February 26, 2007

**CALLED TO ORDER:** 4:33 p.m.

**ADJOURNED:** 5:12 p.m.

### ATTENDANCE

#### ATTENDING MEMBERS

Ron Gibson, Chair  
Vernon Brown  
Lonnell Conley  
Sherron Franklin  
Scott Keller  
Isaac Randolph  
Earl Salisbury

#### ABSENT MEMBERS

### AGENDA

#### Indianapolis Airport Update Presentations:

Patrick Dooley, Airport Director

John Kish, Midfield Project Director

## MUNICIPAL CORPORATIONS COMMITTEE

The Municipal Corporations Committee of the City-County Council met on Wednesday, February 26, 2007. Chairman Ron Gibson called the meeting to order at 4:33 p.m. with the following members present: Vernon Brown, Lonnell Conley, Sherron Franklin, Scott Keller, Isaac Randolph, and Earl Salisbury.

### Indianapolis Airport Update Presentations:

Patrick Dooley, Indianapolis International Airport Director, distributed a handout (Exhibit A) detailing his presentation. [Clerk's Note: Exhibit A is on file in the Clerk's Office with an original copy of the minutes.]

Mr. Dooley stated that the Indianapolis International Airport (IAA) is the economic engine that the airport ought to be and that means partnering and leveraging with a lot of community organizations, being engaged in the community, being a great place to greet and send off people, and investing in the airport to benefit both the airport and the city.

IAA has had no discrepancy evaluations in safety and security from the Federal Aviation Administration (FAA) for seven consecutive inspections. He said that IAA believes that there are no other airports in the country with that record. He said that the record speaks to the work of the airport authority board.

Councilman Gibson stated that that record is exceptional.

Mr. Dooley stated that the airport website, indianapolisairport.com, has been redesigned and is more user-friendly. There are additional links on the home page. When airport visitors open their laptops, they will be automatically linked to IAA's WiFi network and website. Accessing the IAA website, using IAA's WiFi is free. Beyond that the airport does charge users for access. This allows people access to flight information as well as community information.

The airport has introduced a registered traveler program called CLEAR. CLEAR is a program that is designed for business travelers. The program gives travelers a predictable experience and gives them a fast-track through security. The travelers will still have to go through security, but they go through a separate line designated for them. There are several airports that have this program including Orlando, JFK terminal 7, San Jose, Cincinnati, Toronto, and New York.

A curbside valet service was added in January and was also designed with business travelers in mind. IAA's strongest day for valet parking was a day of inclement weather. 89 people used the service that day and 478 people have used it to date.

Councillor Conley asked how much curbside valet costs. Mr. Dooley stated that it is \$22 per day and hourly rates begin at \$8 for the first hour and \$2 for each additional half hour. He added that the daily rate for the parking garage is \$20 per day. Councillor Conley asked if there are weekly specials. Mr. Dooley stated that there aren't any yet. A local, minority-owned company, Global Parking, actually runs this program. He said he believes that they are getting ready to market this service. When they began, they had a soft opening, to make sure all the systems worked and all the employees were trained. Councillor Conley asked if a person would have to call ahead for the service or would a person just pull up. Mr. Dooley stated that there are signs that direct a person to the valet parking area and where he/she would just pull up curbside. When a person arrives back to the airport, he/she can just call a phone number to have the car prepared and ready.

Mr. Dooley stated that IAA has great successes in being the economic engine for the city, particularly in the area of cargo. Cargolux, IAA's first international cargo carrier, began service to Luxemburg from Indianapolis with one flight per week. This has increased to two flights and will shortly increase to three flights. Cargolux serves the pharmaceutical community very well. The Indianapolis maintenance center continues to grow with our partners WellPoint, AAR, and Republic/Chautauqua airlines.

IAA has had a strong financial performance in 2006; non airline revenue surpassed the budget by 6%. Assets have continued to increase and 2006 expenses fell below what was projected in the budget. These types of numbers help keep the landing fees and operating costs for the airlines more affordable. The airport continues to have a very strong debt service coverage, which helps secure loans for the midfield terminal.

Mr. Dooley profiled a typical day at the airport:

- 11 airline passenger carriers
- 182 daily departing flights
- 15, 908 seat capacity
- Northwest Airlines: 44 flights per day
- U.S. Airways: 32 flights per day
- Southwest Airlines: 16 flights per day
- Continental Airlines: 16 flights per day

Mr. Dooley stated that 8 million passengers enplaned and deplaned in 2006. IAA continues to have a strong origination and destination market, which is something that drives revenue in the airport, but is also something that helps airlines make decisions. The top five destinations from IAA are Orlando, Las Vegas, Tampa, Los Angeles, and Atlanta. IAA serves 39 markets with non-stop service, which is important to many travelers, especially business travelers. IAA is currently targeting 11 markets for non-stop service. It was tough to add markets in 2006, because many airlines were reducing capacity. (Many airlines were reducing the size of their fleets and trying to get more yield out of each aircraft). In 2007, airlines will begin to bring new equipment into the fleet, which may make these additional markets achievable. There are also 11 markets

that are currently underserved. These are markets where IAA is hoping to increase frequency of flights to those markets or improve the services or amenities available to passengers flying to those destinations.

Chairman Gibson wanted clarification that Washington National is an underserved market. Mr. Dooley answered in the affirmative and said that this market has high load factors and higher than usual fares. Most of IAA's business travelers want more frequency there. The majority of airport growth in Washington has been at Dulles and the Baltimore/Washington airports, even though National is in the heart of the city.

Mr. Dooley stated that IAA has been trying to increase its cargo business. International cargo business is up 16%, because of Cargolux and some occasional international cargo commerce. Domestic cargo and IAA's landed weight increased slightly. IAA is trying to attract more international cargo service. There has been a lot of effort put into the Asian side of the market. IAA is working closely with ACI, an international air service committee. IAA believes cargo is the way to get their foot in the door to eventually get additional international passenger service in the future. The Asian markets are those markets in the future that will get rights to fly into the U.S., so IAA has been working with the U.S. government to make sure Indianapolis is one of the airports that they can fly into. IAA's focus has not been on domestic service or carriers, because when they get additional rights to fly into Asia they will use their own hubs not IAA. IAA is also working with European markets because there are growth opportunities for cargo service there as well.

Mr. Dooley stated that FedEx will expand its facilities to include 4,500 new jobs, 2.5 million square feet, 517 airport acres, 76 aircraft gates, and five daily sorts. FedEx has invested \$700 million dollars in its Indianapolis facilities. Its expansion began in late November and the first phase included additional gates. IAA should begin seeing the results of that in 2007. Another key customer, in terms of economic development, is AAR. AAR has attracted more contracts for Boeing 757 maintenance and is expected to increase its workforce by 10%. AAR has also entered into a three-year, \$75 million agreement with Southwest Airlines to retrofit its 737 aircraft. This should increase its skilled workforce by 5%. Currently, AAR has four different contracts that have the ability to expand.

Growth at the IMC can be attributed to WellPoint selecting this facility. IMC signed an 11-year contract utilizing 120,000 square feet of the Cummins building. The building is currently under construction, but IMC is expected to add 900 new jobs in this facility. The facility is a health care fulfillment facility that handles high end pharmaceuticals and prescription fulfillment. Republic/Chautauqua continues to perform strongly, and is up to 245 employees, when they were only expected to have about 175 – 200.

IAA continues to engage with organizations in the community. Some of the organizations that IAA works with on a regular basis include Indy Partnership, IEDC, ICVA, Chamber of Commerce, and Indianapolis Downtown Inc.

Mr. Dooley stated that IAA has heard the message about getting land back on the tax rolls. A steering group has been put together to work on this. The group inventoried and assessed the land. They are trying to identify how to package it. Unfortunately there are parcels that are not large enough for the types of development IAA would like to see. A realtor has been engaged and signs will be posted shortly.

IAA has been working with other counties, because the airport borders the county and has relief airports in those counties. IAA has been working with Hendricks County to grow Gordon/Gramfield airport. IAA is working with Hamilton County officials and updating the master plan for the Mt. Comfort Airport.

IAA has also been working closely with organizations that help bring visitors to the city including the FFA convention, NCAA Big Ten Championships, Indianapolis Colts, Black Expo, and others. IAA has exceeded its diversity initiatives goals in both MBE and WBE businesses. Most of these firms are also local firms.

Chairman Gibson congratulated IAA on exceeding these goals.

Mr. Dooley stated that there have been additional investments in the airport outside of the midfield project. These include the cargo apron expansion for FedEx, IMC hangar modifications, and new safety and security communications systems. In 2007, IAA will extend taxiway R, reconstruct taxiway H, open a new firehouse, institute both a spill prevention control program and a new command and control center.

Councillor Salisbury stated that he has received calls regarding WellPoint's arrangement with the airport. There are two major TIF districts in the area of the airport. He asked if WellPoint does not pay property taxes or if they have abatement. Mr. Dooley stated that they do qualify for tax abatement, but he does not believe that they have any new requests for abatement. He said he would follow up on it and report back to the committee. Councillor Salisbury stated that it seems to be a concern, and if WellPoint is a part of the community, they should be a part of the tax bill. He asked if WellPoint qualifies as an airport related business. Mr. Dooley stated that he is not familiar with the TIF laws, but he will follow up. Councillor Salisbury stated that the Indianapolis Maintenance Center (IMC) used to be the United facility and asked if there were many tenants in the building. Mr. Dooley stated that the facility is literally filled. Councillor Salisbury asked if all those businesses were airport related. Mr. Dooley stated that all of the tenants in the aircraft hangars are all airport related, because they do aircraft maintenance work. There is also 300,000 square foot of machine shop space that supports that maintenance work. The warehouse facility is aviation related due to IAA's cargo initiatives. The facility is operated by a local logistics company called Schenker. The cargo that passes through the facility is moved in and out within 48 hours. Councillor Salisbury asked if United paid a monthly lease for the facility. Mr. Dooley stated that the monthly lease was designed to pay off the bonds for the facility.

Councillor Salisbury asked if the bonds had been paid. Mr. Dooley answered in the negative.

Councillor Keller asked about the future of the airport on Allisonville Road. Mr. Dooley stated that the airport authority passed a resolution stating that they intend to operate at the current location until Hamilton County approved relocation.

Chairman Gibson stated that he is impressed with the work of all the airport staff. He asked if IAA would be receiving the new x-ray scanner that is in testing in Phoenix. Mr. Dooley stated that they are testing it in Orlando and Phoenix. Once the long-term benefits are evaluated, TSA may attempt to roll out the new equipment.

John Kish, Midfield Project Director, distributed a handout (Exhibit B) detailing his presentation. [Clerk's Note: Exhibit B is on file in the Clerk's Office with an original copy of the minutes.] He introduced several members in attendance: Gary Gibson, administration; Jeremiah Wise, finance and bonds; Marsha Stone, BAA Chief Financial Officer; and Jennifer Tillman, information technology.

Mr. Kish said that midfield is less than two years away from opening. He showed several photos detailing the work that has been done in the past year (Exhibit B). He said that the road system for the new airport comes off I-70 across perimeter road, where there is a new bridge. The interstate access ramps will not be opened early unless the construction equipment cannot get to the site on the local roads.

He said that that civic plaza has a large skylight and is a pre-security space. One of the design goals was to allow visitors to view airport operations and the planes without having to go through security. The downtown skyline is also viewable from civic plaza. There are also smaller skylights over the ticketing lobby.

The West Perimeter Road was used as an experiment by one of the contractors to see if they could more efficiently build a bridge. Instead of building false work to hold up poured-in-place concrete, mound, compacted dirt was used. The soil would then be removed once the concrete was set. The soil is gone, the bridge is fine, but he is not sure that the contractor saved any money doing it this way.

Terminal construction is moving forward with glass walls and a steel infrastructure on the longer concourses and the spurs. The secure connector walkway is above the civic plaza space, will allow passengers to travel from one concourse to another in a secured environment. The skylight is going in, it is referred to as a 200 foot diameter skylight, but it is actually significantly more opaque than a skylight to keep out solar energy.

He said that the ticket counter area is moving forward and the first permanent staircase is in place. Moving people in an emergency was a large part of the design criteria. The

HVAC system is in place for most of the terminal building and the bag belt system in the baggage room is being hung.

Mr. Kish stated that in the ticket hall there was an incident that happened on January 24<sup>th</sup>. While doing a final alignment of some 25-ton steel trusses, the steel shifted. Workers were jacking the trusses up to put them in place for bolting and welding, the trusses moved over instead of up. The area has been evacuated and stopped work beneath the steel; the workers have been moved to concourse construction. The steel has not moved since January. Additional shoring towers have been added, but the cause has not been determined. The steel shifting has not greatly impeded the progress of construction, although no one is currently working under it. Engineers are evaluating how to repair the truss and the surrounding area. No one was injured during this incident and the loss is fully insured. Due to the workers being moved, the concourse is ahead of schedule on both the passenger and airline office levels. Next to the terminal is the 7,000 car parking garage. The garage is being poured by F.A. Wilhelm and is progressing in spite of the weather.

He said that there is another portion of this project that deserves its own identity, the Art Program at the Airport. IAA is very proud of this program and believes the community will also be proud. Several artists have been engaged, about 1/3 of them are from Indiana, including Indianapolis. They will produce art that will be free-standing and integrated architecturally. One of the first pieces will be art glass from Germany and England. This will be a major piece of art in the terminal. It will appear in several of the walls in both Concourse A and B. The glass is hand-blown, it begins as cylinders and the artist then scores to open and flatten it. The color is part of the artistic imagery and several of the panels have poetry inscribed on them. Those panels will be assembled into different presentations complete with poetry from various local poets.

Chairman Gibson said that this is art at its finest and is very impressive. Mr. Kish agreed and said that it is beautiful and IAA is very pleased with it.

Mr. Kish stated that in the next three months, IAA hopes to welcome the artist to Indianapolis for his first installation in the U.S. The next piece of art is called the jet stream and will appear in the ceiling of civic plaza. The structure is a representation of the jet stream as it crosses Indiana. Regrettably, this artist passed away during the construction of the piece, but his estate is carrying forward with the project. The third highlighted piece is being done by an artist in the Bloomington, Indiana area. It is a limestone carving with brass overlays, representing the four forces of nature. There are two large sections of limestone being carved with Native American imagery and will be installed in the ticket hall.

Chairman Gibson asked if it is made of Indiana limestone. Mr. Kish answered in the affirmative.

Mr. Kish stated that the artist has invited IAA personnel to watch him carve, and many have taken him up on the offer. An Indianapolis artist is creating a mural for the security screening area. IAA is very excited about this program.

Mr. Kish said that the Midfield terminal is moving forward with a diverse participation of contractors. Through the end of last year, about 189 different minority and women owned companies have participated in the Midfield program producing about \$167 million of committed contracts. This represents about 22% of the entire project.

Together with the entire airport team, IAA is looking forward to opening in the fourth quarter of 2008. The steel problem has not impacted the schedule and is not expected to have any impact in the future. The project is still on budget; and it may be 2% less than the budgeted \$1,066,000,000. 89% percent of the work has been contracted and 40% of that work has been completed. This is the final stretch of what has been 30 years of planning.

Chairman Gibson thanked Mr. Kish and said that he and his staff have been doing excellent work. He stated that he is continually impressed with IAA's ability to stay on budget and schedule.

With no further business pending, and upon motion duly made, the Municipal Corporations Committee of the City-County Council was adjourned at 5:12 p.m.

Respectfully submitted,

Ron Gibson, Chair  
Municipal Corporations Committee

RG/cmc