

MUNICIPAL CORPORATIONS COMMITTEE

DATE: April 7, 2009

CALLED TO ORDER: 5:31 p.m.

ADJOURNED: 6:50 p.m.

ATTENDANCE

ATTENDING MEMBERS

Michael McQuillen, Chairman
Jeff Cardwell
Maggie Lewis
Robert Lutz
Dane Mahern
Jackie Nytes
Christine Scales

ABSENT MEMBERS

AGENDA

Presentation on Indianapolis International Airport – Robert Duncan, Director

Presentation on Indianapolis Streetcar Project – Stephen DeVoe, President

MUNICIPAL CORPORATIONS COMMITTEE

The Municipal Corporations Committee of the City-County Council met on Tuesday, April 7, 2009, at the Indianapolis International Airport Board Room. Chairman Michael McQuillen called the meeting to order at 5:31 p.m. with the following members present: Jeff Cardwell, Maggie Lewis, Robert Lutz, Dane Mahern, Jackie Nytes and Christine Scales.

Presentation on Indianapolis International Airport

Robert Duncan, Director

Mr. Duncan stated that he is excited that the committee was able to hold their meeting at the Airport. He said that the Airport Authority and the public is very pleased with the new facility.

Mr. Duncan distributed a handout detailing some information about the Indianapolis International Airport (attached as Exhibit A). Some key points include:

- The original Airport Authority was established as a municipal corporation by the state in 1962.
- The Authority is governed by an eight-member board appointed by the Mayor of Indianapolis and officials of Marion and Hendricks counties.
- They are responsible for owning, developing and operating six airport facilities:
 - Indianapolis International
 - Metropolitan
 - Mt. Comfort
 - Eagle Creek
 - Hendricks County
 - Downtown Heliport

Mr. Duncan gave some facts and stats of the Indianapolis International Airport. Some of those were:

- 7,700 acres
- New Terminal
 - 40 gates
 - 1.2 million square feet of space
- Two parallel runways
- One crosswind runway
- Total airport parking spaces is 17,000 (5,000 spaces more than at old airport)

Mr. Duncan stated that in order to build the new airport and meet the U. S. Fish and Wildlife guidelines, the airport had to create 400 acres of wetland habitat for the bats. He said that it has been a very good environmental project.

Mr. Duncan stated that the airport is a principal passenger airport serving the city and the central Indiana region. The airport ranks 42nd in the U.S. for total passengers (92% of traffic is origination and destination (O&D) passengers) and ranks seventh for cargo volume.

Mr. Duncan continued with his presentation discussing some of the revenue capacities, service areas and economic bases. Some of those were:

- Indiana has a residual airline agreement that helps ensure a high level of debt service coverage.
- Approximately 62% of airport operating revenues are from non-airline resources.
 - Parking lots, concessions, rental cars and advertising
- A \$4.50 passenger facility charge was authorized by the federal government that helps fund capital improvements.
- Secondary service region is defined by driving distance to other airports and the availability, price and quality of airline service.
- Overall population served by the airport is approximately 3.3 million.

Mr. Duncan stated that there are eleven airlines serving Indianapolis. Some of those are: Northwest, US Airways, Southwest, United and AirTran. Mr. Duncan stated that passenger traffic has declined by 1.3% compared to 2007. He said the decline compares better than average for the top U.S. airports. Mr. Duncan stated that Indianapolis International has 162 daily departures serving 37 destinations. He said that most of the traffic out of Indianapolis goes to a hub. He said that they are working on trying to get more point-to-point direct service.

Mr. Duncan stated that cargo airlines account for about 50% of landed weight at the airport. He said that Federal Express started at the airport in June 1998. Additional FedEx growth is anticipated. Mr. Duncan stated that the Indianapolis Maintenance Center was built between 1991 and 1994 to serve United Airlines. He said that in 2003, United went through bankruptcy, and the facility became the responsibility of the airport. He said that there is roughly 1.4 million square feet of space that is currently leased. Mr. Duncan stated that the airport implemented a noise study under the Federal Aviation Regulations, which determines noise contours around the airport. He said that this program has been in progress for over 20 years. The noise maps are updated every five years. Mr. Duncan stated that as of 2008, the airport had 250 noise complaints documented, of which 176 of those complaints came from five people. The noise mitigation program has been successful.

Mr. Duncan stated that the airport had to build a new airport control tower and relocate and lower I-70 to make room for a third parallel runway, if required. He said those things had to be done before the work started in the new terminal.

Mr. Duncan stated that a new fire station had to be built as part of the midfield project. He said that there is a federal requirement under their certification that the fire trucks have to reach any point of the airport within three minutes. He said that with the midfield terminal being as big as it is and located where it is, they could not meet those response times from the original fire station. There are now, therefore, two stations at the airport so that adequate response times are met.

Mr. Duncan stated that the benefits of the new terminal are to enhance capacity (designed to be expandable), maintain competition, reduce emissions and reduce average aircraft taxi time by 34% with the terminal being in the middle.

Chair McQuillen asked how much room for growth is left on the property. Mr. Duncan stated that the third runway provides for expandable growth from an aircraft operations area. He said that in looking at Concourse A and B, they start at gates A3, A4, A5 and B3, B4 and B5. There are no A1 and A2 or B1 and B2 gates. He said that future expansions will add four more gates. He said that there is a footprint out to the north of the current terminal where a detached concourse can be constructed to run an underground people mover to get persons to the terminals.

Councillor Cardwell asked if Mr. Duncan could talk about the possibilities of having a major airline locate to Indianapolis. Mr. Duncan stated that Republic Airways is a major airline that is located here.

Councillor Cardwell asked what the prospects for the old terminal are. Mr. Duncan stated that he anticipates that the board will start a committee to formally look at what those reuse possibilities are. He said that right now there is an auction scheduled for June and July 2009, to sell off some of the surplus equipment that is in the building. Mr. Duncan stated that the building is over 50 years old and is very expensive to operate and maintain. He said that there is potential for demolition of concourses.

Councillor Cardwell asked what the future of FedEx and their expansion is. Mr. Duncan stated that FedEx will continue to expand in Indianapolis. He said that it is a very efficient operation for them. Councillor Cardwell asked how Indianapolis compares to Memphis as far as up-to-date operations. Mr. Duncan stated that Indianapolis is second to Memphis. He said that Memphis is getting to the point of being constrained, so most of their growth will have to either come to Indianapolis or some of their other regional hubs.

Councillor Lutz asked if the board will be looking at plans for redevelopment of the High School Road corridor and Minnesota Street area. Mr. Duncan stated that there has been nothing in mind yet for how the old terminal area should be redeveloped. He said that there will have to be a balance of what should be looked at from an aeronautical point of view, because the airport is somewhat constrained on direct airfield access potential. He said that there is very little area left for someone to come in and want to do a fairly good sized aeronautical development that requires airfield access.

Councillor Lutz asked if Mr. Duncan had an opportunity to review the airport's operating costs to see where they are. Mr. Duncan stated that the airport is getting a handle on the operating costs. He said that they are running right where they projected. There have been a couple of surprises but nothing really major.

Councillor Nytes asked Mr. Duncan where he thinks Indianapolis is in attracting more international flights. Mr. Duncan stated that it comes down to the market. He said that it is difficult because an airline needs to know how many people they can put on an airplane each day. He said that they have to have a decent load factor on that plane to justify a daily international flight. Councillor Nytes asked if Indiana provides any appeal to the airlines relative to Chicago in terms of congestion. Mr. Duncan answered in the affirmative. Councillor Nytes asked what the meaning of a hardened building is where the control tower and terminal is located. Mr. Duncan stated that it means that the buildings are designed to withstand an F4 tornado.

Councillor Mahern asked who is responsible for checking the air quality for the airport. Mr. Duncan stated that the airport checks the air quality, and the state comes in and checks also. Councillor Mahern asked with the expansion that has taken place, how the airport is set for mass transit. Mr. Duncan stated that there has been some preliminary research on light rail into the terminal.

Councillor Lewis asked if Mr. Duncan has a pulse on how the vendors are doing at this time. Mr. Duncan stated that overall they are doing reasonably well considering the drop in passengers. Councillor Lewis asked if the terminal is at capacity with regards to the vendors. Mr. Duncan answered in the affirmative.

Councillor Scales asked what other features the airport is using to advertise the airport to airlines in order to compete with other airports. Mr. Duncan stated that one advantage is the airport's ability to be as efficient as it is. He said that it is a very easy airport for passengers to use; it is not congested and there are very few delays.

Councillor Nytes stated that there was a concern that employees of the airport were experiencing difficulty getting out to their job via transportation. Mr. Duncan stated that he had not heard of any difficulty with employees getting to their job. He said that when the airport relocated, they hired about 90 additional employees to cover the increased size of the building. He said that IndyGo has a bus line that runs out to the airport, and as far as he knows, it has worked for most people.

Chair McQuillen stated that one complaint that he has heard is the inability of visitors who are not ticketed to visit certain restaurants and vendors. He asked if that is something that can be addressed or changed. Mr. Duncan stated that it is a security issue. He said that they have looked into trying to make that happen. He said that it would not be a good experience because of the red tape that people would have to go through.

Councillor Lutz asked if a person has to have a ticket even though they have a Clear Pass. Mr. Duncan answered in the affirmative.

Presentation on Indianapolis Streetcar Project

Stephen DeVoe, President

Mr. DeVoe stated that the Indianapolis Streetcar Project began in 1998, when the City and a citizens group wanted to explore a trolley system to run from the Indianapolis Zoo to the Circle Centre Mall. He said that they have worked for two years and spent \$150,000 to come up with a design to present to former Mayor Bart Peterson, but the project did not go through. Mr. DeVoe said that they tried to reactivate a more general project about two years ago when a private citizens group met to talk about transportation, recognizing that Indianapolis has major transportation problems.

Mr. DeVoe stated that there are at least 50 states that are considering what they are proposing. He said that the streetcar project is not mass transit. It is not about commuting and getting back and forth to work. He said as a city develops; it becomes a part of the transportation system. Mr. DeVoe said that no property will be condemned, because it runs in the street with every street being a potential right-of-way. He said that there will be steel rails in the street and an overhead wire. Mr. DeVoe stated that the vehicles are a variety of types. He said that if it is an area where there are tourists, then the streetcar should be an antique. He said if the streetcar is run as a transportation system, then they would go with a modern one.

Mr. DeVoe stated that the streetcar group went to Portland, Oregon to view their streetcars and how they work. He said Portland opened their system in 2001, and they are now on their fifth expansion. They have \$2.5 billion of new construction, changed their zoning laws and development standards and created district land value.

Mr. DeVoe stated that Indianapolis Streetcar established two objectives; the first was to understand why streetcars are exploding across the country. The second was to do a survey of the downtown portion of the city. He said that these streetcars will basically replace the blue and red line buses from IndyGo. He said that, unlike buses, the streetcar is perfectly suited for stopping every two blocks. Mr. DeVoe stated that this kind of a system will run roughly from Wishard Hospital to the Indianapolis Zoo and across to the Circle Centre Mall to pull that whole area together.

Mr. DeVoe stated that they are going to release a report that summarizes their findings. He said that the first portion of the report deals in detail what the streetcar is about and how to identify a streetcar district. Mr. DeVoe stated that an engineering firm will draw designs that will show where stops will be and where power sources are located.

Chair McQuillen asked how the fare structure is based. Mr. DeVoe stated that it is a public transportation system, and every system is an 80/20 formula: 80% of the revenue

is tax money and 20% pays for the system. He said that the judgment is made by the City.

Councillor McQuillen asked how easy it would be to remove the overhead electrical wires when there is a parade or when tearing down a building. Mr. DeVoe stated that those wires cannot be moved. He said that those wires are continuous. If there was a serious situation like tearing down a building, then they can be removed.

Councillor Scales asked if there were any other options explored for transportation. Mr. DeVoe answered in the negative, stating that it is an open issue.

Councillor Lutz asked if there has been a dollar amount figured for having the streetcars. Mr. DeVoe stated that the general rule is about \$10 million per mile of track. He said that the system can be built two ways; one is to have a dedicated track in the street where only the streetcar runs. Mr. DeVoe stated that it would probably be between \$40 and \$50 million for the system, with five or six streetcars, a barn and a maintenance facility. He said that in terms of the operating costs, the streetcar is cheaper to operate than a bus.

Councillor Lutz stated that in Portland, they started planning for the streetcars in 1970, and construction started in 1980, with operation beginning in 2001. He asked Mr. DeVoe if his agency is looking at that same kind of timeline. Mr. DeVoe answered in the negative, stating that it would be foolish, but the construction could begin in six months.

Councillor Lewis asked if the streetcar is just for the downtown area and not connecting the neighborhoods to downtown. Mr. DeVoe stated that right now it will be for the downtown area.

Councillor Nytes asked how the streetcar thinking relates to the performance of the monorail. Mr. DeVoe stated that the monorail is not public transportation. He said that there is no ground level access to it. He said that a public access monorail can be done, but it would be much more expensive than the streetcar.

Councillor Cardwell asked how Mr. DeVoe's agency is funding the research. Mr. DeVoe stated that they do not have the need to solicit funds, as contributions are being made without request. Councillor Cardwell asked how Mr. DeVoe anticipates funding a \$40 to \$50 million project, and if it will be done through the private sector. Mr. DeVoe stated that it is not fundable as a private sector project. It has to be paid for with public dollars. He said that there are ways to finance the project with a concept called Develop Build Operate and Maintain (DBOM). He said that a company will come in, finance the project, build and maintain the project and operate it. Then there will be a reverse lease back where the City pays them off over a period of time.

Councillor Cardwell asked if anyone has discussed the possibility of an economic improvement district. Mr. DeVoe stated that if there is a strong enough vested interest, it can happen. He said that it cannot be another tax paid project.

Councillor Nytes asked when Mr. DeVoe said that it cannot be another tax paid project, if he was referring to the project not being paid for by property taxes, but at some point becoming public funding. Mr. DeVoe stated that it has to be public funding for the operation of the streetcars. He said that the question is how much of the construction costs can be woven into public financing. Councillor Nytes stated that it could be some sort of a tax that was not a standard property tax. Mr. DeVoe stated that no one wants to touch the property taxes. Councillor Nytes asked if there can be an economic development district so the assessments can be paid by something that is not property taxes. Councillor Cardwell answered in the affirmative, stating that it is a voluntary tool system that will have to get a buy-in from those that will benefit from the system.

There being no further business, and upon motion duly made, the meeting was adjourned at 6:50 p.m.

Respectfully Submitted,

MM/lw

Michael McQuillen, Chairman