

Minutes of the BNA Vision Committee



Date: July 10, 2019 Place: Nashville International Airport Board Room
Nashville, Tennessee

Time: 9:20 a.m.

Committee Members Present: Bobby Joslin, Chair; Jimmy Granbery, Vice Chair; Nancy Sullivan; and Mayor's Representative Jamari Brown

Committee Members Absent: None

Others Present: Doug Kreulen; Cindy Barnett; A. Dexter Samuels, Board Chair; Bill Freeman; Trey Harwell, Board Vice Chair; John Doerge; Christy Smith; and Angela Edwards

I. Call to Order

Chair Joslin called the meeting of the BNA Vision Committee to order at 9:18 a.m., pursuant to Public Notice dated July 5, 2019.

II. Approval of Minutes

Chair Joslin called for a motion to approve the Minutes of the June 12, 2019 BNA Vision Committee meeting. A motion was made by Commissioner Granbery and seconded by Mayor's Representative, Jamari Brown. The motion carried by vote of 4 to 0.

III. Chair's Report

Chair Joslin stated he was shocked how far along the construction has come and knows there is a lot more to come. Chair Joslin stated he is concerned about cost overrun and understands staff is keeping a close eye on it. He stated he would like to see BNA Vision 2.0 and 3.0 coming along as well. President Kreulen stated Mr. Robert Ramsey, SVP, Chief Operating Officer, will give an update on financials in his presentation.

IV. Items for Approval

None

V. Information Items

A. BNA Vision Program Budget and Schedule Summary

Mr. Ramsey briefed the Committee on this item. Mr. Ramsey reported there have been no changes to the Vision Program Schedule in the last two months and there were no changes to the Budget Summary from the June Board meeting. The Concourse D and Terminal Wings Project and Garage C and Airport Administration Building Project were almost bought out. The Concourse D and Terminal Wings Project goes to the Board in August with a final GMP.

Project 3 (Terminal Lobby and International Arrivals Facility) is still in its early phases. The total project budget was \$409M. The initial numbers set for this project were \$327.7M on the construction side, \$36M in soft/other costs, and \$44.8M in contingency. The current trend on construction was \$364.9M. These numbers change on the cost trend sheet which is reviewed with the contractors weekly. The numbers go up and down on a weekly basis as projects are bought out and design processes are refined. Staff had set aside some additional funding for field conditions in this project from lessons learned on Concourse D. There will be more rock than had been anticipated than in the initial 20% concept set of drawings. The antenna farm had not been identified in the 20% drawings. Money had to be set aside for that as well in this project.

Design progressions are now being identified that were not considered when the initial 20% drawings were done. Market conditions are trending at \$9.5M, which is higher than initially anticipated. Nashville is a hot construction market. Since the budgets were set two and a half to three years ago, steel tariffs have been put in place. Staff are looking at more flexible options in terms of the video wall to try to save money. Dynamic glazing was added to the terminal building to match Concourse D, especially at the end of the International Arrivals Buildings (IAB) on the west facing wall to try to keep the building cooler and save on energy costs.

There are extra costs staff had not planned for such as capacity changes. In the initial set of drawings, the need for additional ticketing counters had not been anticipated during the ground level expansion. Now is the time to do that. President Kreulen stated there is a new north/south ticketing wing for the airlines. The additional ticketing counters Mr. Ramsey is referring to on the ground level are for rental cars. The extra costs are currently at \$22M that had not been planned on in the original budget, but the Master Plan is revealing that this work should be done now.

Mr. Ramsey stated there are common use systems that had not been thought of in the original set of drawings such as letting different airlines use the same gates and ticket counters. The need for

additional escalators on the side of the building has now been identified. In the original set of drawings, one escalator was going to be in the middle of the building. If that escalator encounters maintenance issues and is placed out of order, there will need to be another for backup.

Cost reductions/avoidance in the accepted value engineering area being looked at now are the window system, bollard system, and deleting the AB-CD corridor during construction. Another cost reduction/avoidance in the proposed value engineering area is deleting the mezzanine structure in the ticketing hall. Staff and engineering are also looking at the unapproved enhancements such as the moving walkway in the International Arrivals Facility tunnel and additional curbside upgrades. All of these areas combined could save approximately \$22-23M. The third GMP for Project 3 terminal lobby will be in October 2019. CGMP 3 through 6 would begin in January 2021.

President Kreulen stated once a passenger came through the new building, they would go through security where the big video wall would be located. After going through security screening, passengers would walk out into the mall. Above the mall, there was going to be the mezzanine level to include bars, restaurants and offices. Staff would need to delete that project to stay within the \$1.24B budget. If the airport ever decided it wanted to go back and build that mezzanine at a later date, it would be very expensive. That is why it is so important that staff keep the BNA Vision Committee informed of these kinds of hurdles. Staff is trying their best to stay in budget, but to do so, there are things that will need to be deleted. If the BNA Vision Committee would like for certain amenities to stay in the different projects, staff needs to know so that it can talk to the Committee about financing and budget.

Board Chair Samuels stated amenities should not be cut to save money. Committee Chair Joslin stated he completely agreed. He thinks people should be "wowed" when they walk into the airport. BNA should be known as a world class airport. Chair Joslin stated he did not think staff should cut anything amenity wise and stay with what has been proposed in the drawings. Commissioner Sullivan asked if staff could put together a list of options the Committee might be able to review. Commissioner Joslin stated this meeting has been the most informative meeting the Committee has had pertaining to the terminal lobby. Mr. Ramsey stated staff will try to present this type of information on a monthly basis.

President Kreulen stated as work has progressed, staff has recognized things may not look like the drawings. The direction that has been passed down to staff is to be on time and be on budget. So far, staff has been able to achieve that. Staff is now being forced to work on things beyond its control such as the rental car growth that is going to cost \$22M. The question is, how does the airport pay for that \$22M, which is why staff had been looking at cutting the mezzanine and getting into the contingencies to save money.

President Kreulen appreciated the feedback from the Commissioners and stated he understands that the BNA Vision Committee does not want to cut amenities and the Committee wants to stay with what was in the original drawings. Chair Joslin stated the improvements made now will be passed down to generations to come.

Commissioner Doerge stated there is potential revenue in these amenities that staff needs to be sure they are capturing. There would be a loss of revenue from the restaurants and office space if the mezzanine was not built. He also stated if the video screen was changed, it could affect marketing opportunities the airport could sell.

President Kreulen stated the price of the video wall may not have been calculated correctly but staff will not lower anything on the video wall because it was sold as three huge screens to do FIDS, and market Nashville and the airport. He stated Mr. Ramsey is showing that cost as an addition to be sure staff hits that goal. President Kreulen stated there was no demand for a second level bar and restaurant now, so it had not been factored into the revenue calculations. If you remove it, that revenue will never be there without a significant cost to add it later. Commissioner Granbery inquired as to the \$22.8M in cost reductions/avoidance, and whether all of that money would be added to the \$7.5M in contingency. Mr. Ramsey stated the costs included in the \$22.8M are not included in the project estimate at all. President Kreulen stated if you add the \$7M for the mezzanine into the current trend numbers, it would be added to the \$364M in construction costs. The goal is to not exceed the estimate of \$409.3M. If you add the full \$22.8M, that would put it over budget. Now that the Commissioners have given their feedback not to change the customer service and not to change the look, President Kreulen stated he will be working with Ms. Marge Basrai, VP, Chief Financial Officer, to figure out how to pay for the expansion of the rental car facilities. Commissioner Granbery asked if it would be presented as a scope change to increase the \$409M. President Kreulen replied yes. Commissioner Granbery asked if the architect could do a 3-D video of what the airport will look like. President Kreulen reported yes, MNAA has that. Commissioner Farnsworth stated she thought it would be very beneficial to the newer Commissioners to be able to view the 3-D video where you put on the glasses and do a virtual walk through. President Kreulen stated staff would schedule that. Mayor's Representative Jamari Brown asked if staff had thought about merging BNA Vision 1.0 with 2.0 because of growth. President Kreulen stated MNAA has been working on that and will continue to work on that once he knows what capacity the Authority has to take on additional debt.

President Kreulen stated it was brought to everyone's attention last month that roadways for ground transportation, departures and arrivals would all need to be expanded. That has not been included in

Vision yet and that is money that has not been budgeted yet.

Mr. Ramsey continued the presentation with pictures of construction on the north terminal wing, south terminal wing, Concourse D, the Central Utility Plant and Terminal Garage C. President Kreulen stated the canopy columns had to be put in now in order to build the stairwell for the existing garage.

Commissioner Granbery asked Mr. Ramsey if MNAA had ever thought about having its own concrete batch plant considering the amount of concrete that is being poured. Mr. Ramsey stated staff had looked at that extensively, but it was not feasible due to challenges with locations.

This item was presented for information purposes only with no action required.

VI. Adjourn

There being no further business brought before the BNA Vision Committee, Chair Joslin adjourned the meeting at 9:49 a.m.



Amanda C. Farnsworth, Board Secretary