TO: Wichita Airport Authority

SUBJECT: U.S. General Services Administration
Lease Amendment No. 3
Wichita Dwight D. Eisenhower National Airport

INITIATED BY: Department of Airports

AGENDA: Wichita Airport Authority (Consent)

Recommendation: Approve the lease amendment.

Background: The U.S. General Services Administration (GSA) handles all leasing matters for the Transportation Security Administration (TSA), which occupies space within the new airline terminal that is used for passenger and baggage screening personnel and equipment, as well as several administrative offices adjacent to the security checkpoint. This space is called “Block A” by the TSA. The TSA is funding the design and construction of a new suite of statewide and regional offices in the new terminal, which is referred to as “Block B,” to replace the existing offices located in the old terminal. The Airport was selected by the GSA and TSA last year to house the statewide offices after the agencies conducted a search for suitable office space elsewhere in Wichita.

Analysis: The lease agreement for the Block A space and the future Block B space was approved by the Wichita Airport Authority (WAA) on February 10, 2015. The GSA is now desirous for the WAA to perform the work within the Block B space located on Level 2 of the terminal. Bids for the construction project have been received and a contract will be awarded in separate action based upon a recommendation by the Board of Bids.

Financial Considerations: Through this lease amendment, the GSA/TSA agrees to reimburse the WAA for the design and construction of the tenant improvements in a lump sum payment of $1,000,739 when the Block B construction project is completed. However, the total cost of the project attributable to the TSA is $1,247,104. As a result of the increase in the project cost, the GSA/TSA will pay an additional amount of $246,365 for the Block B space through amortized facility rent payments to the WAA, which will be included in a future supplemental lease amendment that adjusts the square footage rate upon completion of the project. The lease agreement currently provides annual facility rent of $75,370 to the WAA for the Block A space. Rent for the Block B space is currently set at an annual amount of $129,600, which will begin upon beneficial occupancy of the space.

Legal Considerations: The lease amendment has been reviewed and approved as to form by the Law Department.

Recommendations/Actions: It is recommended that the WAA approve the lease amendment.

Attachments: Lease Number GS-06P-LKS41032 Lease Amendment No. 3.