

CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

MINUTES

Monday, March 5, 2001 - 2:00 p.m.

Present: Gary Adamson, Robert Alford, Tim Austin, Dion Avello, Charlie Bouilly, Beth Garrison, Carl Koster, Dorothy McKay, and Jay Swanson

Absent: Elizabeth Kinch and Larry Fleming

City Staff: Allen Bell, Ray Trail, Ernie Garcia, Doug Moshier

Airport Staff: Bailis Bell, Steve Flesher, Jean Zoglman, Valerie Wise

Chairman Bouilly called the meeting to order.

Bailis Bell introduced Steve Flesher, the new Air Service Development Director for the City of Wichita.

Approval of Minutes

Avello moved to approve the minutes of the February 5, 2001 Wichita Airport Advisory Board meeting as amended. Motion carried unanimously.

Off-Agenda Item - Mayor's Air Service Proposal

Alford moved to take up a discussion of the Mayor's Air Service proposal. Motion carried unanimously.

Ray Trail, City Finance Director, presented a proposal that was given to the Governor, President of the State Senate, and the Speaker of the House of Representatives on March 2, 2001. The City of Wichita has received a proposal for low-cost airline service from Ryan International Airlines. Under the proposal, the City would lease two Boeing 737s and contract with Ryan International to operate the aircraft. The aircraft will be outfitted to handle business class passengers with 100 seats on each plane. Ryan will provide four scheduled flights a day, six days a week, to and from Kansas City in a way the permits convenient connections to Southwest Airlines flights as well as other airlines. The fares would be no more than \$200 or lower, round trip. Ryan would operate on a cost basis. The City has proposed to the State of Kansas that funding for this plan be evenly divided between state and local government. The City's intent is to make a minimum three-year commitment to make this program work. It is hoped that a revenue stream can be achieved to cover the costs. If costs exceed the breakeven point, a subsidy would be necessary from local and state governments.

The State is asked to share in half of the start-up costs working capital contributions, which are one-time and non-recoverable. Annual operating costs of this proposal are estimated at \$13 million.

This proposal is directed mainly at business travelers as opposed to excursion travelers. The City will also seek to reduce the underwriting risk by establishing a system of “take or pay” contracts with local businesses and other organizations to purchase enough tickets in advance to ensure solvency.

The State is not in favor of using the lottery to subsidize air service. State officials have indicated that a different source of State funding, such as the State’s transportation funds, may be used to participate in this proposal

The proposed six-day service would omit Sundays. However, if there is demand for Sunday service, the plan can be adjusted.

Allen Bell stated that negotiations with Southwest Airlines are underway to link into their ticketing and baggage services. Southwest has not yet responded to this request. It is hoped that Ryan could access a gate next to Southwest Airlines in Kansas City to make it convenient for travelers. A critical element to this plan is ease of connection with a low-cost carrier in Kansas City. A traveler could also carry his/her luggage to any airline in Kansas City. These details have not been fully developed.

Although Ryan International would be operating this service, this would be a publicly supported and funded air service. The contract would stipulate that Ryan would be reimbursed for their expenses irrespective of the cash flow from the service.

Avello relayed a recommendation for the City of Wichita and Sedgwick County to buy a 737, paint it with City of Wichita graphics, and give it to an airline to operate with low fares. This concept would not be limited to business travelers, but would be open to the community. Comments he received were that it was not worth \$200 to take this shuttle to Kansas City.

Trail stated the least costly element of this plan is the lease of the aircraft. Of the annual costs, a little over 10% is associated with leasing the aircraft. Ryan had stated during negotiations that it does not want the risk of owning or leasing the aircraft.

Walk-up fares from Kansas City and Wichita to Wichita’s top ten destinations were compared. On average, there would be a savings of \$200 to these cities with this proposal.