

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, June 2, 2008

Present: Robert Beattie, Ron Estes, Charles Fletcher, U.L. Gooch, Dwight Greenlee, John Hennessy, Tom Pryor Dr. Thom Rosenberg, Jay Russell and Bill Ward

Absent: Willis Heck, David Murfin and Kevin Myles

Airport Staff: Victor White, Brad Christopher, Sandy Coykendall, Kelly Fabrizius, John Oswald, Valerie Wise, Jean Zoglman

City Staff: Joe Allen Lang, First Assistant City Attorney

Others: Mike Carter, DMJM Aviation

Chairman Fletcher called the meeting to order at 2:30 pm.

Approval of Minutes

Mr. Beattie pointed out that he, rather than Mr. Murfin, made the correction to the Minutes at the last meeting.

Motion by Greenlee to approve the minutes of the May 5, 2008 Wichita Airport Advisory Board meeting as amended with the correction. Motion carried unanimously.

Director's Report

Mr. White reminded the Board that the Barnstormers Tour is coming up June 25th & 26th. Valerie Wise said that the optimistic estimate is that there will be 1,000 spectators and approximately 50 vintage aircraft at the event. Mrs. Wise said once there is updated information regarding the event, it will be sent to the Board.

Mr. White pointed out two items given to the Board Members. The first is a letter of agreement with Jack Pelton of Cessna regarding the Columbus Site. The purpose of the letter is to let Cessna have access to the site prior to the time a lease agreement is finalized in order for Cessna to undergo the preliminary planning and site work. The other item is a copy of a joint letter of support to the FAA regarding the new terminal project signed by Senators Roberts and Brownback, Congressmen Tiahrt and Moran and Congresswoman Boyda. The letter states their support for the request for \$20 million in discretionary FAA funding that will be put toward the ramp and apron projects. Tomorrow there is an item on the Wichita Airport Authority/City Council agenda to apply for and accept an FAA Grant for Phase I of the ramp construction and the amount of money the FAA has tentatively agreed to offer this fiscal year is over \$5 million. Another \$7 plus million will be for entitlement funds for part of the planning for the entire

project. The Airport Authority also has received a grant for discretionary money from the FAA for the Jabara runway electrical system project. That grant has already come in and the project should be starting in early July. There will be some runway closures; however the closures will be limited to the periods of time that will have the least amount of impact.

Mr. White advised there will be five items on the City Council Agenda tomorrow, June 3rd. Those items are: the previously mentioned item regarding the Apron Phase I Grant; the assignment of leases from Hawker Beechcraft to Signature Flight Support Services which the Board approved last month; a budget transfer for the Airfield Joint Reseal project which would take \$150 million out of the budget for Mid-Continent and put the same amount into the budget for Jabara causing no budget impact; a supplemental agreement for Flight Safety International to begin construction for adding two more bays; and the last item is related to the Apron Phase I where the City Council authorizes issuance of general obligation bonds to pay for the project. The Airport Authority cannot issue bonds, therefore the City does and then the Airport Authority reimburses the City and covers 100% of the cost for the bonds.

The Airport Authority/City Council has indicated a preference for the Airport Board reviewing, voting and giving their recommendation on agenda items as often as possible before items are presented to them for approval. Mr. White suggested it might be easiest today to have a consent agenda where the Board votes on all five of these items at once, unless there is a request to pull an item off for a separate vote.

Mr. Beattie and Mr. Estes both questioned the airport terminal item, and asked if it meant there is going to be an increase of \$7 million in cost. Mr. White said that it is very confusing the way the memo had been written. When the terminal project was created back in 2005, it probably would have been simpler to have said at that time this is a \$150 million project, the budget is \$150 million and each time something is added, it is subtracted from the \$150 million. Instead, the opposite theory was taken; it started at zero and then increases every time something needs to be added in. The item tomorrow is adding \$7 million into what started as zero and now raises it up to \$24 million. So \$17 million has already been approved and another \$7 million will now be added on. The overall project cost is not being increased; currently it is at \$24 million. Staff has preferred to take it a piece at a time as the project develops without committing 100% to this project all at once in a single budget. However, now that construction is commencing on the project, and bids will be taken next spring for the bulk of the work, in the future we will formally adopt the entire project budget.

Mr. Estes asked if the \$5 million from the FAA is going to be \$5 million of the \$7 million or \$5 million of the \$17 that has already been spent. Mr. White said that it would be part of the \$7 million. Also, the \$7 million is only an estimate, since a part of the total for the ramp project is for construction phase professional services, and that contract will probably end up being less than expected. Thus, the total of the construction work plus professional services will likely be a little less than the \$7 million.

Mr. White said if it was acceptable, the Board could vote on all items as consent items so if the Airport Authority asks for the Board's recommendation that information could be provided. Mr. White reminded the Board that the Hawker Beechcraft assignment was voted on last month.

Motion by Estes that the Wichita Airport Advisory Board recommend the Wichita Airport Authority approve all of the above-mentioned agenda items. Motion carried unanimously.

Joe Lang provided a briefing on two significant changes to the Kansas Open Meetings Act that the Board is subject to. The changes will be effective July 1, 2008. The first is that the definition of a meeting required to be open to the public has changed from being a majority of a quorum to a majority of the body. Up to this point more than three members have not been able to meet to discuss items outside of this meeting. That will change now so that up to six Board Members can do so as long as there are 13 members on the Board. This will make it easier to have informal discussions and studies outside of the regular meetings. The balancing change in that is in the serial meeting law which says that a series of meetings with less than a majority cannot reach a decision by a majority. If four Board Members were discussing something and decided to proceed in a certain direction and then discussed it with three more members, by a series of meetings it is considered a consensus by a majority. Even though not all of the members are meeting together at the same time, if a series of meetings collectively involves a majority of the Board then it is a violation of the act if a decision is reached through that series of meetings. This would not apply to Mr. White providing information on an individual basis to the Board Members, it is only when a decision is being reached or matters being discussed that should be voted on. It should not affect the way this Board operates other than that it is something to be cautious about.

Airport Advertising

Mr. White advised that the airport advertising contract with Clear Channel discussed last month is in the process of being finalized. Mr. White said the contract will go to the Airport Authority on June 17th for approval. Mrs. Zoglman said that since this is the first time the Wichita Airport Authority has entered into an advertising concession agreement staff collected various examples of advertising agreements to put together what staff feels is a good agreement. Currently, there is advertising in the terminal in the way of backlit transparencies along the concourses and behind baggage claim as well as the showcases in the walkway as you approach security. The Accounts Receivable Clerk runs the program now and there are agreements in place with 45 different advertisers for those spaces. Staff decided that with the new terminal coming up it necessitated the need for expert help with how advertising should be done. What was found is that what is done today effects what is able to be sold in the new terminal, therefore in addition to getting advertising expertise in the new terminal as to the location and what type of technology should be involved, staff decided to have Clear Channel look at the current program in this terminal.

Currently the advertising program being done in house is bringing in just under \$250,000 per year. That is gross revenue and does not account for any salary that is spent for the electrician to change out the displays or the Clerk's time doing the work. The agreement that has been negotiated with Clear Channel is that in the first 12 months Clear Channel guarantees revenue of \$200,000 and the subsequent 12 months it will be \$250,000. The Airport Authority will also receive a percent of the revenue, which is in addition to what is already guaranteed. The displays will be changed out in the current terminal and in the new terminal a lot more technology will be

used. The term is for 3 years in the current terminal and 8 years in the new terminal, if the building opens in 2012, with the idea that there is an option to renew if Clear Channel has done a good job and with a new investment of capital. Clear Channel will spend approximately \$125,000 in each building. Some of the items that will be put in the current building can be transferred to the new. Mr. White said one of the best parts is that the Airport Authority does not have to put up any capital to buy the new equipment and displays. This was the best deal that could be negotiated considering Clear Channel is putting up a \$250,000 investment.

Chairman Fletcher asked if other companies applied for this. Mrs. Zoglman said an RFP was issued that was publicized nationally as well as within the airport industry. There were three respondents to the RFP and all three were interviewed. Chairman Fletcher asked who was on the selection panel. Mrs. Zoglman stated that the City has a standard list of who is on an RFP selection panel. It consists of a representative from Purchasing, Law, Finance, the City Manager's Office, Public Works, and Planning. It is a standard committee that reviews requests for proposals. Chairman Fletcher suggested the need for a member of this Board to have been there to help make the selection since it is going in the airport. Mrs. Zoglman reported that Clear Channel was the clear winner.

Mr. Hennessy asked what the difference in revenue was in the existing terminal as compared to what it would be with Clear Channel. Mrs. Zoglman said the current revenue is \$250,000 and Clear Channel is guaranteeing \$200,000 the first year followed by \$250,000 the following year. If Clear Channel is not able to sell at that level initially, there may be a slight decrease in revenue, however the next year it is right back up to \$250,000. Mr. Hennessy asked if the amount of revenue that could be lost, may be not worth the investment of the new technology because anytime a third party is brought in, the profits get divided. Mrs. Zoglman said those are the exact same things airport staff considered when trying to decide whether to keep this program in-house. However, if the program was going to be kept in-house it would require a skill set that is not currently present which would mean adding a staff position or providing the training for someone to do it. Mr. White said that by bringing in a national firm like Clear Channel, it will bring in national contracts that the airport does not currently have. Clear Channel can also charge a little more because it is a different type of display, also there can be more advertisers per unit. Mr. Hennessy said he understands the concept, but wonders if there is a different market for that. Mr. White said that staff checked with several airports around the country, and by far more airports use professional advertising, and have for quite some time. In every case found, when an airport transitioned from in-house to a professional firm, the revenues went up, sometimes significantly.

Mr. Gooch asked if there were any control factors built in on the quantity and quality of the advertising. Mrs. Zoglman said the locations of the advertising are depicted on a map that shows where they can be located, so locations cannot be added without the Airport Authority's approval. Also, the content of every advertisement has to be approved by the Director before it is put up, if there is anything objectionable it will not be displayed. Staff focused on this issue to make sure the Airport Authority maintained control, even though Clear Channel is responsible for finding the advertisers. Joe Lang said there had to be a balance between giving as much discretion as possible to the Director, however not allowing so much unbridled discretion that it becomes a first amendment issue.

Mr. Greenlee asked if Clear Channel would have a local sales force. Mr. White said they will not have employees that live in Wichita, however they will bring a team to Wichita in mass to start the program off.

Mr. Greenlee asked if there would be a limit as to how fast the displays would scroll. Mr. White said the advertising firm knows how fast to scroll the advertisements to ensure they will still be retained and sell. Mr. Greenlee said scrolling advertisements can be distracting and irritating. Mr. Greenlee also said that a certain amount of the duratrands had previously been reserved for public service agencies and asked if that practice was still being followed. Mrs. Zoglman said at this point those types of advertisement have been put in any spaces that were not filled. If there are vacancies, public service advertisements could go in those spaces, however if there is a paid advertiser, it would take precedent. WSU is the only company the Airport Authority currently has an agreement with for those types of advertisements.

Dr. Rosenberg said it would be nice to offer spaces for public service advertising, he said that television stations have to give 5-10% advertising free, however those commercials are usually run in the late night or early morning therefore are not widely seen. Dr. Rosenberg said it would be nice if the Airport Authority could hold back 1-5% of their advertising space for public service. Dr. Rosenberg also asked if the advertisements would be placed in areas where people will be sitting waiting for flights or if there would be restrictions on where the advertisements could be located. Mrs. Zoglman said they are proposing keeping the locations along the concourses, however the displays will be edge lit, and not the electronic type that could create an irritation factor, also the advertisements would not be in the gate themselves. Mrs. Zoglman said one of the initial things Clear Channel will be doing is replacing the Hotel Courtesy Board and it will be a nice visual display that people will be able to see right away.

Mr. Beattie asked if several people complained about an ad, if it could be replaced. Mr. White said that Clear Channel advised their business is to sell airport advertising and would not put in displays that are offensive because it would hurt their ability to sell to the next potential advertiser.

Chairman Fletcher asked if there was an option in case the airport received several bad calls about a particular advertisement that the Airport Authority could ask Clear Channel to take it down. Mrs. Zoglman said the airport retains final authority, if the decision is that it is unacceptable then it has to come down. Mr. Lang said the approval is set before the advertisement goes in. If it goes in and is later found to be offensive, that issue is not specifically covered in the contract. Mr. White said that Clear Channel would like to keep the airport, community and potential advertisers happy and is not going to be putting in displays that could be found offensive.

Mr. Gooch asked if the image of Wichita would be projected to promote the City within the new terminal. Would that be something that the City of Wichita would have to pay to advertise within this structure or would it be a separate arrangement. Mr. White said for the airport image the advertising company, Armstrong Shank, works with Valerie Wise on airport branding. Also, the Wichita Convention and Visitors Bureau may be interested in some type of involvement.

Mr. Gooch stressed the importance of promoting Wichita, so when a passenger arrives they have an idea of where they just landed. Mr. White said in the current building there is a Welcome to Wichita sign, there are touchscreen televisions on the visitor information counter that provide information on hotels, weather and the community to the public at no charge. It is a balance of different competing elements. Mr. White also mentioned that one of Clear Channel's ideas for the Hotel Courtesy Board was to have the back display be an image of the Keeper of the Plains to provide an image of the community.

Dr. Rosenberg suggested it might also be appropriate for Mr. White to see if the City of Wichita would be willing to do other things to promote the City at the airport. Mr. White said the City recently hired a new marketing manager and it might be a good project for her.

Dr. Rosenberg moved that the Agreement with Clear Channel be presented to the Airport Authority for approval. Greenlee seconded. Motion carried unanimously.

Parking Issues

Mr. White said that the new park and ride shuttle lot is doing very well, however the long-term parking lot in front of the terminal continues to fill up on a regular basis. The goal is to manage the flow of the cars so that the long-term lot is not always full. The experts say the solution to the problem is to price the lots differently by either raising the price in the long-term lot or lowering the price in the park and ride lot. Staff has been considering raising the \$7 rate in long-term to \$9 and then lowering the rate in the park and ride to \$5, or possibly going from \$7 to \$8 in the long-term lot and from \$7 to \$6 in the park and ride, which would provide a price range of options of \$6, \$8 and \$12. But, the actual prices for each lot will be set after staff determines the best range and gap between each lot's maximum daily price, so the above figures could shift slightly one way or the other. Staff will implement the new rates in July as a "summer special" and see what the result is with respect to cars moving from one lot to another.

Dr. Rosenberg said if you want to encourage people to go to the park and ride lot, theoretically it may take more gas because the shuttle will have to run more frequently which will cost more money, so it may not be a good idea to lower the fee too much. Mr. White said there are three shuttle buses now and a fourth is on order and the frequency of the cycles should be kept at no more than 15 minutes. There are peak periods right now when two shuttles are being run simultaneously and that is something being managed carefully, it does cost more money to run the shuttles due to high fuel costs. The goal might be to raise one lot, but lower the other in an effort to keep the pricing revenue neutral or maybe bring in a small amount of additional revenue to cover the extra shuttle costs.

Mr. Gooch asked about how the parking management company's pay is contracted. Mr. White said the Airport Authority pays for all of the expenses of operating the parking lots including salaries, maintenance, gas, shuttles and the company also receives a management fee on top of that. It is a flat fee, not based on percent of revenue. A budget is approved every year for the parking management company to run the parking lot system. Mr. White said it is better than airport staff trying to run it internally.

Mr. Greenlee added that the parking company also gets a bonus at the end of the year. There are several factors that the company is rated on, and one of them is staying within that approved budget. The contract was just renewed in April for another year and there is one more year after this. The contract was for five years total, including options. Mr. White said staff has been very pleased with Ampco, there have been minimal complaints and when a complaint is received, Ampco responds to it immediately.

Dr. Rosenberg suggested the possibility of staggering the prices. Short-term parking could start out at \$12 per day for the first 5 days, then go up to \$14, the long-term rate could be moved from \$7 to \$9 and start the shuttle rate for the first couple of days at \$5 and after a couple days increase it to \$7. Mr. White said that is a good idea and several airports are going to that kind of a system. Mr. White said the consultants advise that the theory that should be followed when setting the parking rates is to determine where patrons are going to park. Pricing should be the main factor and if there is a problem with one lot being full all the time, the rate is probably not high enough. Mr. White said parking is an interesting challenge and is one of the major things staff has to deal with on a daily basis.

Mrs. Zoglman said the idea is that if the pricing can be changed so people can choose themselves to use the other lot, not only would the airport gain revenue, it would also make it a more pleasant experience for the traveler because they would not have to get re-routed after entering the parking facility.

Mr. Greenlee said he likes the new cell phone lot, however is wondering if the public has caught onto it yet and if it will go away when the new Cargo Building is completed. Mr. White said that the public has not quite caught on yet, a press release was issued and signs were put up to make sure people can find it. Mr. White also advised that the lot will continue to exist even after the new Cargo Building opens. When construction begins on the new terminal people should start using it more frequently since there will be less curb frontage available in front of the terminal for people to stop and wait.

Fuel Farm Issues

Brad Christopher provided the Board an update on fuel farm issues. On May 22nd the Selection Committee selected a company for the management of the aviation fuel storage facility at Mid-Continent. There were three proposals submitted, two from local companies and one from out of town. Signature Flight Support was selected as the top ranked proposer and a contract will be negotiated.

Terminal Area Redevelopment Program Update

John Oswald presented to the Board a PowerPoint presentation providing background on the Utility Package I project. It is estimated to start within 2-3 months and run through the end of the year and potentially into early next year. The project should last approximately 6 months and consists of installing sanitary sewer, communications duct bank and electrical duct bank in front of the terminal. The rental car companies Dollar, Enterprise National and Thrifty will be disrupted and staff has discussed with those four companies relocating to a portion of the long-term lot, which all four companies have agreed to. Also, the project will disrupt the FAA Tower

parking, which will have to be relocated. Mr. Oswald showed slides depicting the various stages and phases of the project.

Mr. Estes asked if alternate spaces had been identified for the companies losing their parking during construction. Mr. White said as far as short-term goes, more places will be opened where the rental cars currently sit when they are moved. Approximately 100 spaces will be lost in the long-term lot, however the potential rate change may influence the system so those 100 spaces could be utilized in the shuttle lot.

Mr. Hennessy asked if there is coordination between the utility companies so there is not duplication. Mr. Oswald said yes the consultant makes sure there is coordination, however the airport is also the utility owner on a lot of this.

Dr. Rosenberg asked if since the rental cars were going to be relocated a little farther from the terminal if some type of shuttle or transportation would be offered to their customers. Mr. Oswald said he does not think that came up as an issue. Mr. White said his understanding is that the rental car companies prefer this configuration as compared to the current setup. There will also be new crosswalks and signs so customers can find their way. Mr. White said once the rental car companies are in the new location, it might be an issue they choose to consider. Dr. Rosenberg suggested the possibility of the four companies sharing a taxi to shuttle their clientele. Mr. White said most airports these days are consolidating shuttle operations to cut down on congestion and pollution.

Mike Carter, DMJM Aviation, presented to the Board a PowerPoint presentation providing an update on the current schedule and upcoming meetings. The major meetings from last month were the pre-bid meeting for the Phase I Apron and the follow-up meeting on Landside Utilities. Also, there was a Value Engineering Workshop which resulted in several substantial options that will be considered and reviewed in detail with the Design Team. The upcoming meetings will be to discuss the construction operations for Phase I of the Apron. There will also be a meeting with the Design Team to discuss the parking garage design.

Chairman Fletcher asked if the Design Team had discussed the possibility of using solar panels on the parking garage. Mr. Carter said yes, the goal is to have a roof structure on the top of the 4th level of the garage which is anticipated to have solar panels, and/or wind generators. There are a lot of financial details to consider, there is a payback involved, which may have to be incorporated with private funding in order to ensure the tax incentives are fully utilized.

Mr. Carter showed slides depicting the current plan for aircraft positioning, the basic terminal configuration, the first level, ticketing, baggage claim, mezzanine, concourse, security, the gates, exiting corridor for arriving passenger and finished with the program cost estimates.

Mr. Estes requested a column be added to the cost estimate slide so when there is discussion about what has been spent to date (encumbered) it would show how the progress is coming. Mr. White agreed and said that the project has progressed to the point where that information would be helpful.

Other Business

Chairman Fletcher asked how many seats have been lost from recent airline cutbacks. Mrs. Wise said approximately 120 seats. However, the load factors have been around 70% which shows that there is more capacity than needed therefore some cutbacks here and there depending on where they are should not cause too harmful of an effect. Delta is planning to cut back one flight in June to Atlanta. United Express is discontinuing the LA route. Allegiant is going to discontinue the Orlando Sanford service which was 2 flights per week. Frontier went down to two flights this month which was due to lack of aircraft. American announced that they will make some cutbacks in the fourth quarter. American currently has five daily flights to Dallas which are not full, so it is anticipated that one of those may be cut.

Chairman Fletcher asked if Frontier is happy with the Wichita market so far. Mrs. Wise said she talked with Frontier a couple of weeks ago, Wichita load factors are slightly above the Lynx average and they are pleased with our market so far.

Mr. White said the airline industry is in shambles right now. There have been over two dozen airlines that have either gone out of business or filed bankruptcy worldwide in the last 6 months due to the price of fuel. Every city, no matter what size, is going to see cuts. It is important to manage what happens and deal with it in the best possible manner.

Discussion ensued regarding the current situation of the airline industry.

Chairman Fletcher asked when the Minimum Standards would be finished. Mr. White said they are in the process of being finalized.

Brad Christopher discussed the t-hangar situation at Jabara Airport. There is a hangar at Jabara Airport that was poorly constructed and there have been problems with the building moving, flexing and twisting. The plan is to try one unit to see if there are any reinforcement solutions that might work. Dr. Rosenberg suggested the possibility of using overhead garage-style doors.

The next WAAB meeting will be Monday, July 7, 2008 at 2:30 p.m.

Meeting adjourned at 5:07 p.m.

Kelly Fabrizius, Clerk