

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, June 2, 2014

Present: Charles Fletcher, U.L. Gooch, Dwight Greenlee, John Hennessy, Richard Kerschen, Dr. Thom Rosenberg, Bill Ward, Brent Wooten

Absent: Dave Bayouth, Carl Koster, Karyn Page, Thomas Pryor

Airport Staff: Victor White, Brad Christopher, Kathryn Keathley, Traci Nichols, John Oswald, Valerie Wise, Jean Zoglman

City Staff: Jay Hinkel, Deputy City Attorney

Others: Pat McCollom, ACT 3 Project Manager, AECOM
Bonnie Tharp, Copp Media Services
Brian Youngers, Signature Flight Support
Brock Campbell, Sullivan Higdon & Sink
Sarah Dennis, Sullivan Higdon & Sink
Jamil Malone, Sullivan Higdon & Sink
Lonnie Wright

Chairman Greenlee called the meeting to order at 2:31 p.m.

Approval of Minutes

Motion by Fletcher, second by Wooten, to approve the minutes of the May 5, 2014 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report – Victor White, Director of Airports

Valerie Wise, Air Service and Business Development Manager, announced that there will be refreshments served in the terminal gate area to celebrate the one year anniversary of the beginning of Southwest Airlines service from Wichita. The Wichita Business Journal will publish a feature article in its June 6th issue about the air service market in Wichita over the last year.

Mr. White informed the Airport Advisory Board (WAAB) that Cessna will not renew its lease of a hangar on Airport Road that has housed the Cessna Employees Flying Club and portions of Cessna's engineering and product safety operations. Cessna will be using facilities at Beech Field for the flying club. The lease expires at the end of July. There are several other aviation businesses that have already expressed interest in the site, including current Airport tenants that are considering the site for expansion. This is a highly desirable location because of its runway access and because the leasehold is adjacent to a four acre site that could be incorporated. Some of the businesses that have shown interest would likely remove the existing hangar and build a

new facility to suit on the site. The Airport is having the hangar appraised so that its value can be accurately considered in lease negotiations. It is anticipated that a proposal-type process will be followed, so that all interested parties can present their plans for the use of the land, and a decision can be made based on common criteria that will best fit with the development plans of the Airport.

Dr. Rosenberg asked if it would benefit the Airport to have varying lease rates based on the type of aviation operations planned for the site. Mr. White replied that the land rental rate is fixed, which is based on the Airport's standard scale. The amount of revenue generated from the lease will partly be determined by what is done with the current building on the site, as the capital value of that structure and potential revenue from its lease would need to be recovered in a new agreement if the new tenant chose to remove it. The criteria for evaluating development proposals will include considerations of the type of employment growth and industry expansion that will be offered by a business. Rich Kerschen recommended that the tenant selection process be transparent, since there is such high interest in the community for this facility. In agreement with Mr. Kerschen, Mr. White stated that the intention is that the process be unbiased and fully competitive, with the criteria for selection to be made known in advance. There have already been complaints from interested parties about having to compete for the site lease. U. L. Gooch stated that a highly rated criterion should be the level of economic development that a business will generate, such as the value added to the Airport and community. Charles Fletcher stated that it is also important that the Airport's Minimum Standards be part of the decision criteria. Brent Wooten asked when the request for proposals would be announced. Mr. White replied that it is anticipated to be late June, so that a new tenant can be selected before the end of the current lease.

Boeing is considering a site at Mid-Continent for a Dreamlifter operations center. The Dreamlifter transfers parts for Dreamliner assembly from the Spirit AeroSystems factory in Wichita to Boeing factories in Charleston or Seattle. Boeing is considering options if it is faced with moving from the facilities at the Boeing plant adjacent to McConnell Air Force Base. The most viable location identified to date, given transportation routes and airfield access needs, is on the cargo ramp. If a move is made, operations would not begin for several years, after the site and access could be prepared for the company's needs.

Brad Christopher, Assistant Director of Airports, informed the WAAB that on June 3rd the FBI is holding a press conference to announce the beginning of a regional public information campaign about the dangers and penalties associated with laser illumination of aircraft (lasing). High-power lasers, such as those used for stargazing, pointed at an aircraft will impair or damage the eyesight of pilots and can cause aircraft accidents. The number of incidents of this type has been increasing nationally in recent years. There were 30 reports locally last year. The FBI is currently offering a \$10,000 reward for information leading to the arrest and conviction of individuals that have committed this felony. Public information campaigns have previously been launched in other regions where a higher number of incidents have been reported. Airport Police & Fire Chief Roger Xanders, as well as representatives of the Federal Aviation Administration, will also speak at the press conference. Mr. Gooch asked if there was a profile for the type of individual that typically commits this crime. Mr. Christopher replied that he is not aware of a

typical offender, but that those incidents he is aware of involved young adults that may not be aware of the harm that can be caused. Mr. White added that the Airport has developed a public service announcement on lasing which will be released following the press conference.

Airport Marketing Program Update – Valerie Wise, Air Service & Bus. Development Mgr.

Ms. Wise began the presentation with introductory comments regarding the transitional work done in 2013 to maintain previous media contracts while initiating new marketing services from Sullivan Higdon & Sink (SHS) and Copp Media Services (Copp). The purpose of the Airport's marketing program is to develop passenger traffic and passenger revenue. Two goals were identified to fulfill that purpose: to build and maintain relationships with airlines through marketing support; and to increase public engagement with the Airport. Airline representatives frequently share that the amount of marketing support provided by an airport greatly influences airline decisions to provide and expand service. Most air travelers in the Wichita metro area are choosing to fly out of Mid-Continent. The Airport's marketing program seeks to increase passenger numbers coming from other communities by increasing the public's affinity to Mid-Continent. The catchment area study, which is expected to be done again towards the end of 2014, will provide the best measure of attainment of goals, as it is based on number of catchment area passengers that use Mid-Continent which is a more reliable measure of passenger retention than revenue alone. Of customers that took a travel survey in the terminal in 2013, 42% stated that a Mid-Continent advertisement influenced their travel decision, which is a strong indication that the marketing methods being utilized are reaching customers.

Sarah Dennis and Jamil Malone of SHS spoke about specific marketing programs and outcomes in 2013. There were eight advertising campaigns managed with the assistance of SHS and Copp: "Take Off to Tip Off" to increase travel among college sports fans and promote the nonstop service to Los Angeles on United Airlines (March-April); "LA in a Day" to increase awareness among business/frequent travelers of United's nonstop Los Angeles route (March-May); "Travelers Rejoice" to celebrate new travel options with the addition of Southwest Airlines (June); "Falliday" to encourage fall travel (August-October); "Share the Joy Holiday Card" to build affinity with the community and Facebook interaction (December); "Hero of the Week" to increase awareness of Southwest service and build affinity with college sports supporters (September-March); "WSU Rapid Rewards" to increase Southwest Airlines Rapid Rewards memberships in the catchment area, especially among WSU fans (October-November); and "Thanks Again" promoting this rewards program that gives members flight miles for purchases made with participating vendors at Mid-Continent and many other airports around the nation. Those campaigns resulted in 6,375 new subscribers to the Mid-Continent e-mail newsletter, 5,074 new Facebook likes, 2,208 new memberships in the Southwest Airlines Rapid Rewards program, 506 Thanks Again memberships in the catchment area, and 267,191 website visitors that led to 31,731,299 online impressions. The marketing program budget was allocated as follows: 36% for college affinity program contracts, 34% for agency services, 23% for media buys, and 7% for production.

Interactions with customers on the website or social media (Facebook, Twitter) were consistently measured at or above industry averages. It was noted that changes may be necessary in the

format of the K-State Hero of the Week campaign and the Share the Joy Holiday Card campaign as those did not result in as strong of customer interaction as other efforts. Data from website interactions reveal that visits to the Airport's website have increased approximately 27% from 2012, tended to increase during or following a marketing campaign, and approximately 95% of visitors spent time exploring the site.

Six streams of paid media were utilized in 2013: digital outdoor signs in Wichita, static outdoor signs in various markets, KNSS Radio in Wichita, KSAL Radio in Salina, the Kansas.com Mid-Day Report, and ads in local event programs for the Wichita Symphony, Wichita Grand Opera, and Theater League of Wichita. Much of these ads were focused on promoting Southwest Airlines.

Dr. Rosenberg asked about the possibility of linking social media interactions with ticket purchases to provide a type of return on investment (ROI) measurement related to Airport marketing. Ms. Wise replied that there is not a way to correlate a ticket purchase with social media interaction. The responses from terminal surveys indicate that customers are being influenced by Mid-Continent advertising. Mr. White added that the airport industry has been struggling for years with identifying ROI, but at this time there is no industry practice that can provide that correlation. John Hennessy suggested that online surveys be used to gain more information about ticket purchase decisions from customers. Ms. Wise replied that with the opening of the new terminal, it is anticipated that the Airport will be able to implement a new survey system which would provide more technology tools to collect feedback from customers.

Food & Beverage Concessions

A proposal was received from MSE Branded Foods (MSE) to operate the food and beverage concession in the new terminal. This was the only proposal received. Since the proposal from MSE was a quality offering of brands and concepts that were consistent with the criteria identified in the RFP, it was determined that, instead of pursuing additional solicitation activity, a Special Screening and Selection Committee would interview MSE and vote on approval of the proposal. The Committee, which included staff from other City departments, Airport Staff, and three WAAB members, voted unanimously to accept MSE's proposal. The food and beverage concessions contract with MSE will be considered for approval by the Wichita Airport Authority at the end of the month. Mr. White asked for the WAAB to vote on a recommended action regarding the proposal. In the coming weeks, the Airport will meet with MSE to discuss particulars of the proposal and the timeline for completing the construction portions of the project.

In response from a question from Dr. Rosenberg, Mr. White replied that MSE is proposing to accommodate customers on Sundays with grab-and-go stations offering pre-packaged food options, since the Chick-fil-A restaurant would not operate on that day. The response from other Airports that have experience with the Chick-fil-A brand is that customers prefer to have a Chick-fil-A, even if service is not available on Sundays, rather than another restaurant. Also, MSE will monitor how this service works at Mid-Continent, and if it is evident that more food service is desired, there is an option for adding another brand to meet that need. In response to a

question from Mr. Gooch, Mr. White replied that MSE operates all concessions, which includes the Disadvantaged Business Enterprise (DBE) component. Mr. Gooch asked what is known about DBE participation for the concessions. Mr. White stated that MSE generally works with the same partner DBE at all of the airports where it operates. The current DBE concession at Mid-Continent has not provided any indication that it has pursued opportunities to participate in the food and beverage concessions services for the new terminal. Traci Nichols, Properties and Contracts Manager, stated that additional opportunities will be available for DBEs in the upcoming retail and other concessions RFPs. Mr. Gooch stated that he wants to ensure that there is transparency in the process and is concerned that MSE is apparently not considering partnerships with other DBEs. Mr. White replied that the Airport has made every effort to publicize the RFP process. Jay Hinkel, Deputy City Attorney, added that the RFP clearly and properly communicated the qualifications required for applicants, which rightly limits the potential group of applicants.

Mr. Hennessy stated that he feels the process in general does not open opportunities for local businesses that may be able to offer equal products and services at a better value for customers. When other management companies are involved, the additional expense is passed on to the customer, who pays through quality and price. Mr. Hinkel stated that there are contract constraints that limit the price to consumers of not more than 10% above prices of similar products in the community. Mr. White added that the food and beverage agreement also requires the concessionaire to invest at least \$350,000 per square foot into the construction of the service and operations areas, which is an investment that local companies were not willing to make.

Motion by Fletcher, second by Rosenberg, that the Wichita Airport Advisory Board approve the Selection Committee's recommendation to contract with MSE Branded Foods as the food and beverage concessionaire for the new terminal. Motion carried unanimously.

Parking and Rental Car Facilities Project Update – John Oswald, Engineering & Planning Manager

Most of the site activity continues to be the construction of the parking garage structure. As of last week, the contractor had completed Area C of the second floor (area on the west end of the structure). Concrete pouring will proceed to Area A of the third floor. Bill Ward asked when it is anticipated that the rental car companies will be able to move into the parking facility. Mr. Oswald replied that the rental car facility will likely be open in the spring of 2015, shortly before the new terminal. Mr. Kerschen requested the most recent project schedule. Mr. Oswald replied that the contractor will be able to provide a revised schedule by the end of June. Pat McCollom, ACT 3 Project Manager, added that the schedule was revised with a new baseline date, so that the task schedule will match current circumstances, and that the anticipated completion date is approximately two months earlier than previous schedules. This improvement in the project schedule is partly the result of an increase in the pace of work over the last two months, which was possible because the current pouring work is mostly repetitive and because additional forms were obtained. Progress continues on the landscaping work for the site.

ACT 3 Project Update – Pat McCollom, ACT 3 Project Manager

The terminal is on schedule to be complete in 302 days. Glazing and exterior wall installation continues, with the intention of completion by the end of June, at which time the building locking systems and the HVAC system can be put into use. The curbside canopy glass installation and curbside paving are also proceeding. Paving for the apron continues, and upon completion of the Apron Phase III project, the airside terminal pavement will follow. The installations of the baggage handling system and the elevators have begun.

In the last month, regular meetings were held with contractors for the progress of the passenger loading bridge and the systems integrator projects. Coordination meetings with Key/Walbridge and Crossland Construction were held for Mid-Continent Drive traffic control as it is affected by the work being done on the terminal and the parking facility. Progress continues on preparations for installation of the passenger boarding bridges. The food and beverage concessionaire proposals were received, with the contract being awarded to MSE Branded Foods. The retail concession RFP was announced and the deadline for proposals is June 6th.

Executive Session

Motion by Fletcher, second by Greenlee, that the Wichita Airport Advisory Board recess into executive session for consultation with legal counsel on matters privileged in the attorney-client relationship relating to legal advice, and that the Board return from executive session no earlier than 4:55 p.m., and reconvene in this Board room. Motion carried unanimously.

The Airport Advisory Board recessed for Executive Session at 4:45 p.m.

The Airport Advisory Board reconvened at 5:02 p.m., at which time Mr. Kerschen proposed action as a result of the discussion of the executive session.

Motion by Kerschen, second by Rosenberg, to approve that the Airport proceed with the lease with Sheth and Patel based on the recommendations of Airport management. Motion carried unanimously.

The next WAAB meeting will be Monday, July 7, 2014 at 2:30 p.m.

Meeting adjourned at 5:06 p.m.

Kathryn Keathley, Clerk