

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, February 6, 2012

Present: Dave Bayouth, Charles Fletcher, U.L. Gooch, Dwight Greenlee, Steve Harris, Willis Heck, John Hennessy, Dr. Thom Rosenberg, Bill Ward, Brent Wooten

Absent: Thomas Pryor, Kurt Yowell

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

City Staff: Jay Hinkel, Deputy City Attorney
Branden Hall, Budget Analyst, Finance Department

Others: Tim Christle, Senior Vice President, Carl Walker, Inc.
Joe Johnson, Senior Vice President, Schaefer Johnson Cox Frey & Assoc.
Sam Frey, Senior Vice President, Schaefer Johnson Cox Frey & Assoc.

Chairman Rosenberg called the meeting to order at 2:30 p.m.

Approval of Minutes

Motion by Heck, second by Wooten, to approve the minutes of the January 9, 2012, Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Steve Harris commended Victor White, Director of Airports, for his work that led up to Southwest Airline's commitment to provide air service at Wichita Mid-Continent Airport. Mr. White thanked Mr. Harris and also recognized the efforts of other Airport staff members, local and state leaders, and aviation business partners that were involved in establishing a relationship with Southwest Airlines, which was a process of several years. It will be about a year before Southwest will be able to offer flights out of Wichita Mid-Continent Airport. Until then, AirTran will continue to operate under its current brand with the daily flights to Atlanta.

Dave Bayouth asked about the term of the AirTran subsidy. Mr. White said that the AirTran subsidy is a one year contract, effective July 1, so the current contract will be considered again in a few months. Sedgwick County applies for funding from the Regional Economic Area Partnership (REAP) in the spring each year to support the subsidy, if the Kansas Legislature approves the program for another year. Willis Heck added that Governor Brownback's recommended budget includes a line item for the air service subsidy, which is a good indication

that the program will be renewed. Mr. White said that the funding source for the air service subsidy is lottery funds, so it does not interfere with tax supported programs.

After 23 temporary funding extensions over the past several years, the U.S. House of Representatives has approved a new funding bill for the Federal Aviation Administration (FAA) that will last until 2015. The Senate vote is scheduled today. It is expected that it will be fully approved soon and sent to the President.

Effective the first of February, The Hilton Wichita Airport has changed its name to the DoubleTree by Hilton Wichita Airport. The ownership and management have not changed. The hotel chose to become part of the DoubleTree brand to maintain its affordability in the Wichita market. Chairman Rosenberg asked about the term of the contract with the DoubleTree. Mr. White said it is a fifty year contract, which was renewed within the last five years. Chairman Rosenberg asked if the lease rate increased at that time. Mr. White said that there will be lease rate increases over the life of the contract.

Mann Aviation will be a new tenant at Col. James Jabara Airport. It will build a new 12,000 sq. ft. corporate hangar on the south side of Jabara Airport. Traci Nichols, Properties and Contracts Manager, shared that Mann Aviation owned Air Technics until 2008. Air Technics provided aviation electronics services to customers such as Boeing, Lockheed Martin, and Hawker Beechcraft. Ron Mann is currently on the board of the General Aviation Manufacturers Association (GAMA).

Fugate Aviation is nearing completion of a corporate hangar on the Mid-Continent Airport campus.

Negotiations are also underway with two other entities for possible hangars at Mid-Continent in the vicinity of the new Fugate hangar. Plans are also being finalized for construction of an entrance roadway and utilities to serve the east side of Taxiway Hotel that will open up a new area for hangar construction at the north end of the Airport.

The Airport was recognized with a Clean Air and Sustainability award from the Wichita Metro Air Quality Improvement Task Force. The Airport established a recycling program in 2008, called the Green Team, which has expanded over the years to include Airport partners around the campus, not just within the Mid-Continent terminal.

There has been increased interest from businesses wanting to develop oil and/or gas wells at both Mid-Continent and Jabara Airports. Airports such as Dallas/Fort Worth, Denver and Oklahoma City have had success with this type of development, so it is something that would generate some revenue for the Airport and not interfere with aviation business if located properly. Further investigation needs to be done about the environmental, financial, and legal impact of oil and gas development, and the Mayor and City Council will be consulted as this source of revenue is considered. Mr. White asked the Board members to provide their perspectives on the issue.

Brad Christopher, Assistant Director of Airports, informed the Board that the Airport will host the 2012 South Central Chapter – American Association of Airport Executives Annual Conference on March 24 – 28, at the DoubleTree by Hilton Wichita Airport. The Airport hosted this conference previously in the late 1980's. This event will draw aviation professionals from Kansas, Oklahoma, Texas, and New Mexico. U.L. Gooch asked how many attendees are expected. Mr. Christopher said about 170-180 guests are expected.

2012 Airport Rates and Charges

Jean Zoglman, Finance Manager, explained that the 2012 Schedule of Fees and Charges for the Wichita Airport Authority (WAA) is a statement of the airport use fees for both Mid-Continent and Jabara Airports. Most of these fees are stated in tenant agreements or other operating policies, as well. Ms. Zoglman is working with Jay Hinkel, Deputy City Attorney, to research the legal requirements of the publication of the Schedule of Fees and Charges. Traditionally, this document has been published as a legal resolution on an annual basis, but since tenants are advised of these fees in contractual documents, publication of an annual schedule may not be necessary.

The fees on the 2012 Schedule that are different from earlier publications are Landing Fees, Terminal Space Rental Fees, and the Bulk Fuel Plant Fee. The Landing Fees and Terminal Space Rental Fees are part of each airline's operating agreement. The Bulk Fuel Plant rate is a cost recovery fee, based on operating costs.

Chairman Rosenberg asked how these fees compare to those charged by airports of similar size. Ms. Zoglman answered that landing fees are usually a good comparison, and that the WAA's landing fees are slightly higher than average. The airlines are generally more affected by how much an airport's fees change over time, instead of the real costs. Ms. Zoglman takes this into account when determining airport fees.

Mr. Heck asked how many signatory and non-signatory airlines do business at Mid-Continent. Ms. Zoglman answered that there are six signatory airlines: American, Delta, AirTran, Frontier, United, and Continental. In the past, the Airport had many signatory agreements with smaller carriers. At this time, the Airport has agreements with six major airlines, and those airlines work with affiliates to provide local service. The only non-signatory airline serving Mid-Continent is Allegiant Air.

Chairman Rosenberg noted that the Loading Bridge use fee was based on per flight use, and asked what the advantage or disadvantage of a daily fee would be. Ms. Zoglman answered that the loading bridges are generally on a gate that an airline already leases, and the airline is therefore probably the only user. If an airline requested a daily charge, the Airport would consider the request. Mr. White added that many airports are moving towards per use rates for all charges, including ticket counter use. Las Vegas was one of the first airports to adopt this common use business model. In the per use model, the airport owns all of the infrastructure: gates, ticket counters, jetways, etc., and an airline is only charged when it uses part of the airport property. An advantage is that the airport has full control of the property, which prevents an

aviation service provider from having control of a resource that it is not using. A disadvantage is that an airport may not make as much revenue, and may not know exactly how much revenue it will create in a certain time period. The new terminal is designed so that a per use fee structure can be applied, if it is warranted. Some airlines have resisted this trend, and prefer to be in control of all signs and real estate that bears their brand representation. It is becoming easier to operate under a per use structure, as technology has improved, and allows companies to use digital displays that are easily modified.

Mr. Harris asked how the agreement with American Airlines is being managed. Ms. Zoglman answered that American does have some pre-bankruptcy filing debt that has not been collected. American is in good standing with the fees that apply to the time after the bankruptcy filing. The Airport holds a security bond from American Airlines which exceeds the amount owed to us, so if the situation changes, and American amasses a significant amount of debt, the Airport will be able to recover those funds.

Ms. Zoglman requested that the Board provide a recommendation for the proposed 2012 Schedule of Fees and Charges.

Motion by Fletcher to accept the rates as presented to the Wichita Airport Advisory Board by Airport staff, and to submit same to the Wichita Airport Authority. Second by Greenlee. Motion passed unanimously.

Parking Facilities Program Design Contract

Mr. White explained that the Staff Screening Selection Committee selected and interviewed four of the six firms that submitted bids for the Parking Facilities Program Design Contract. As a result of the interview process, Carl Walker Inc. (Carl Walker) was selected as the most qualified. The City Council will vote on February 7 to approve this selection and the contract with the design team. The work involves all of the parking facilities: surface parking, parking garage, and rental car facilities. The City Council approved a forty million dollar budget for this program last summer, of which \$3.5 million will be spent on the design phase. Carl Walker will be the team leader of the design work, utilizing many local subconsultants.

Mr. Gooch asked if it was known how much of the project work would be awarded to minority owned firms. Tim Christle of Carl Walker, Inc. answered that they have hired at least two Emerging Business Enterprises (EBE), Ruggles & Bohm that will handle civil engineering and Bothner Bradley that will be handling public relations for the project. Mr. White added that the City of Wichita EBE requirements are followed with the parking project because federal funds will not be used.

Mr. Christle introduced Joe Johnson and Sam Frey of Schaefer Johnson Cox Frey, which is the lead architect firm for the parking project. About fifty-seven percent of the contract funds will be used to hire local consulting firms. Approximately two million dollars has been budgeted for design work, and a large portion of the budget will also be spent on local project oversight during

the construction phase. It is expected that the design phase will be complete in the fourth quarter of 2012, and construction completed in the summer of 2014.

Mr. Harris asked if the construction of the parking project will be a separate bid. Mr. White answered yes, and that the bids will be awarded about a year from now. Charles Fletcher added that the rental car companies have elected to charge a facility use fee to their customers that will make up part of the funding for the rental car facility. Ms. Zoglman said that the Airport will be providing more information about how the rental car facility use fee will work in the next couple of months.

Motion by Wooten to approve the design contract with Carl Walker, Inc. Second by Greenlee. Motion passed unanimously.

ACT 3 Project Update

Pat McCollom, AECOM Program Manager, informed the Board of developments in the ACT 3 Project. There was a pre-bid meeting on January 11. The attendance was estimated to be 225, because there were more attendees than signed in for the meeting. The program management office has issued seven addendums to the bid documents in answer to questions from bidders. A total of 601 questions have been submitted by potential bidders. Most of the questions that have required more detailed responses are in regard to material substitution requests. Questions received after today will not be answered. The bids will be opened on February 17 at 2 p.m. in the City Hall Board Room. [Subsequent to the meeting, the bid opening date was changed to February 24th due to the extraordinary amount of requests for information and material substitution requests that have been made by bidders and which must be answered in writing.]

The tenant design guidelines should be finalized in March. Further plans for IT project controls will begin in March.

Mr. McCollom reminded the Board that during the bid period, all questions should be referred to the program management office.

Other Business

Mr. Bayouth recommended the Airport investigate constructing a budget hotel in conjunction with the parking garage. Mr. White answered that the idea had been explored before, but there are too many budget hotels in the area to compete with which have low occupancy rates, there is not room in the parking area for such a facility at Mid-Continent Airport, and it would detract from the other parking and rental car services that the Airport needs to provide its customers. In addition, since the general layout for the parking facilities was determined several years ago following significant design and financial analysis and several public workshops with the City Council, there simply isn't time to re-group and change the entire parking design at this late date. The preparation of the plans and specifications for the parking and rental car facilities has to proceed on a fast-track in order to catch up with the terminal construction so that the parking is completed prior to the opening of the terminal.

Dwight Greenlee asked who will be reviewing the terminal construction bids to make sure that they meet all of the requirements. Mr. White answered that the Airport, the AECOM program management office, the Law Department, and the Purchasing Department will all be involved in assessing the validity of the bids. There have been 120 days planned for the bid review process, to allow plenty of time for review and concurrence from the Federal Aviation Administration.

The next WAAB meeting will be Monday, March 5, 2012 at 2:30 p.m.

Meeting adjourned at 3:40 p.m.

Kathryn Keathley, Clerk