

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, August 6, 2012

Present: Dave Bayouth, Charles Fletcher, U.L. Gooch, Dwight Greenlee, Steve Harris, Willis Heck (REAP-departing), John Hennessy, Carl Koster (REAP-newly appointed), Thomas Pryor, Dr. Thom Rosenberg, Brent Wooten, Kurt Yowell

Absent: Bill Ward

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

City Staff: Jay Hinkel, Deputy City Attorney
Branden Hall, Finance

Others: Pat McCollom, AECOM
Brian Youngers, Signature Flight Support
Cindy Nolte, Stucky Nolte
Keith Osborn, Transportation Security Administration

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

Chairman Rosenberg introduced Carl Koster, the newly appointed representative of the Regional Economic Area Partnership (REAP). Mr. Koster serves on REAP for the community of Cheney, and this is his second appointment as a REAP representative to the Wichita Airport Advisory Board (WAAB). Willis Heck, the previous REAP representative, was recognized for his service to the WAAB from June 2004 through August 2012.

Approval of Minutes

Motion by Greenlee, second by Fletcher, to approve the minutes of the July 2, 2012, Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Victor White, Director of Airports, brought to the Board's attention recent claims from a public interest group that the Federal Aviation Administration (FAA) will lose several billion dollars in funding by the end of the year as a result of mandatory budget cuts passed by Congress (i.e., sequestration). The group suggested that the budget shortfall would result in the closing of air traffic control towers at small hub and smaller airports across the country, which in theory would include Mid-Continent. Such an action would be highly detrimental primarily to airline service across the country. The FAA has responded that this claim is false, as it would not allow critical

air traffic control towers to be shut down, but this story has already attracted the attention of the national media, and several local news stations are following it. The FAA has asked airports to direct reporters to contact the Office of Management & Budget public affairs in Washington, D.C.

The Wichita-Sedgwick County Comprehensive Plan is going to be reviewed and updated. The Metropolitan Area Planning Department (MAPD) would like individuals to volunteer to work on the planning committee as community at-large members. Board members are encouraged to apply for the planning committee, which can be done online or by contacting Dave Barber in the MAPD.

Keith Osborn, Federal Security Director with the TSA in Kansas, spoke to the Board about the status of renovations to the security checkpoint at the Mid-Continent Airport terminal. An additional screening line will be added, for a total of four lines, which will provide 25% more capacity than the current configuration. This renovation is underway to help reduce screening times for early morning departures. Four new x-ray machines are in place, although not all of them will be in use until the renovations are complete. The new machines are advanced technology x-rays, which provide better resolution images, similar to the improved image an HDTV produces over an analog TV. The partition walls for the screening lanes are gradually being arranged as the electrical work is completed, but should be in their final position on August 14. At that time, the exit corridor from the concourses will be down the center of the checkpoint. The aisle space connecting each concourse to the checkpoint will be six feet wide, which is wide enough for wheelchairs to pass through. The new configuration still allows a traveler to proceed to any gate regardless of which screening line he or she enters. The configuration provides the needed screening capacity to handle maximum passenger volumes, and is the optimum solution for the space available.

In response to questions from the Board about helping passengers understand the changes, Mr. Osborn stated that there will be signage indicating open lanes, and which lane would be most convenient for reaching certain gates, although a passenger will still be able to access either concourse regardless of the screening line entered. Mr. White stated that the Airport would try to have extra Courtesy Crew staff on hand at the beginning to help direct travelers. Kurt Yowell asked about the cost of the project. Mr. White stated that the Airport budgeted \$110,000 for the glass partitions and other needed construction materials, the electrical work, and the CCTV camera system, although the final cost may be under that amount. The TSA has provided all of the screening equipment, which includes the x-ray machines. Chairman Rosenberg asked if the new screening equipment would be transferred to the new terminal. Mr. Osborn stated that it would probably not be used in the new terminal, because the transition from the old terminal to the new terminal would likely be overnight, and not allow enough time for the transfer and set up of equipment. Also, in a few years when the terminal is complete, screening equipment will likely have changed, and newer technology machines will be required. Mr. White stated that the new checkpoint configuration is a great improvement over the current arrangement. It is a change that the Airport has wanted for many years, but the Airport was only recently able to gain the approval of the TSA administrator.

ACT 3 Project Update and Approval of Package 12 Contract

Pat McCollom, Project Manager, provided information about the advancement of Package 12, new terminal construction. The bid protest of Dondlinger/Hunt was heard by the City Council on July 17. The City Council concurred, in a vote of five to two, with the previous finding of the Board of Bids that the Dondlinger/Hunt bid did not meet the responsive and responsible selection criteria. The City Council subsequently voted unanimously to accept the bid of Key/Walbridge, which was the next lowest bid offer that met the selection criteria. The contract award was made to Key/Walbridge on July 18. Notice to Proceed No. 1 was issued the following week, which directs the contractor to submit administrative documentation and to start preparation activities at the worksite. The preconstruction conference is on August 7, which will bring together many of the involved agencies, e.g., the FAA and utility companies, to plan what activities will happen over the next couple of months.

The new terminal groundbreaking ceremony is scheduled for September 6, at 10 a.m. [The groundbreaking was since re-scheduled for September 13, at 2 p.m.]

It is expected that Notice to Proceed (NTP) No. 2, which initiates the major construction items, will be issued by the second week of October. The completion timeframe from the date of NTP No. 2 is expected to be 860 days, which would put the terminal opening in February 2015. But, the official timing doesn't start until the second NTP is actually issued, so the completion date is still fluid at this point.

In the next few months, plans for moving forward with negotiating design contract work for supporting terminal development and equipment work will be finalized.

Parking & Rental Car Facilities Update

Assistant Director of Airports Brad Christopher presented the most recent parking garage plans that have been developed with the guidance of parking consultant Carl Walker, Inc. The garage is a four level structure. The first level, which is at ground level, is for the use of the rental car agencies. The second through fourth levels are for public parking. Additional public parking will be available in a surface lot behind the parking garage, at a rate lower than the parking garage. Customers parking in the economy rate surface lot will walk through the parking garage to reach the terminal. Employee permit parking, accessed with a proximity card, will be adjacent to the economy lot. If future needs require it, the surface public lot can be expanded into the employee parking area, and in which case, the employee lot would be relocated back to its current location north of the Park & Ride lot. There is also the potential of expanding the parking garage laterally to the northwest if future demand calls for it.

The parking garage and surface parking have been designed to provide a wide range of parking services to Mid-Continent customers, to match what customers would like to pay with the level of service offered. The Park & Ride lot will continue to be in use, which will be the least expensive parking option. The next higher level of service is the economy lot behind the garage,

then the close-in automated lot, and finally the garage parking which provides vehicle protection from the elements.

There will be increased automation of the parking area management, known as parking access revenue control (PARC), which the Airport has not been able to utilize in the past. This technology will allow the Airport to more efficiently track and control parking area use and revenue, and access all of the data associated with those transactions. The newer technology also allows improvements such as frequent parker programs, which provides businesses the convenience of having a pre-paid parking access account for traveling employees, or other customer loyalty programs.

Chairman Rosenberg asked if the parking rates had been determined. Mr. Christopher answered that step of the planning process had not been completed, but it is also an aspect of the parking management that will be heavily influenced by user response during the first few months of the new facility operations.

Mr. Koster asked what the net gain of parking spaces would be, and how many spaces would be available during the construction phase. Mr. Christopher answered that he did not have that figure on hand, but would provide that information to Mr. Koster. The construction phase will cause some inconvenience, but it has been planned to maintain capacity consistent with current demand. Finance Manager Jean Zoglman added that increased usage of the Park & Ride lot will provide the extra capacity that will be needed during the construction phase.

Chairman Rosenberg asked if plans had been made to provide a transportation system for pedestrians to more quickly move from the outer surface parking to the terminal during construction. Mr. Christopher said that those details haven't been finalized, but that one of the key elements of this phase of the terminal project is to minimize inconveniences for customers.

Willis Heck asked about the estimated dates for construction start and finish. Mr. Christopher stated that the final construction documents should be ready in December. Construction could start in March or April of 2013, and based on that date, the parking garage would be complete in August 2014. There would continue to be work on surface parking areas that would be complete around April or May 2015.

Sam Frey, with Schaefer Johnson Cox Frey Architecture, presented information about the building design and landscaping plans for the parking development. Significant landscape design enhancements are planned for the area, especially along the road exiting the Airport. Two covered pedestrian crosswalks will lead travelers between the terminal and the rental car/parking garage structure. At each end of the structure, an elevator, staircase, and restroom facilities are available. The rental car service counters will be located on the first level of the structure between the two crosswalks. The entry vestibule and staircase will be glass enclosed, which tends to provide more of a sense of security to customers, and echoes the design elements of the terminal. Additional research is being done to determine if some or all of the top level of the parking garage will be covered, but the cost for covering is substantial.

Mr. Heck asked how many vehicles the facility will accommodate. Mr. Frey stated that each level holds approximately 400 cars. The first level is for rental car use only, so there will be approximately 1,200 spaces for public parking available on the upper three levels.

U.L. Gooch asked about the arrangements of the exits. Mr. Frey stated that a ramp system will direct people to the exit toll plaza, where there are five exit lanes. The configuration of the exits is still being determined, but possibly three to four of the lanes will be fully automated, and two to three will be staffed based upon customer demand.

Mr. Koster asked how snow removal will be handled on the top level. Mr. Frey answered that Carl Walker is working on that detail. Airports with uncovered top level garages each tend to handle it a bit differently. Mr. White added that the original desire was to have the top level fully covered. During the early designs, it was found that a roof for the structure would cost close to \$5 million by itself, so to control the budget, it has become a secondary choice. Mr. Frey stated that a fully enclosed parking garage would necessitate additional safety and ventilation systems that greatly increase cost. Some of the alternative solutions that are being investigated are: covering only the parking spaces, leaving the drives open; or, shading the spaces on the perimeter of the roof level, which provides cover for 25% of the spaces.

Deputy City Attorney Jay Hinkel asked how the temperature in the glass stairway/elevator towers would be controlled, since it appears they will receive a lot of sunlight. Mr. Frey answered that the stairways will be self-ventilating and the elevator shafts will be mechanically ventilated with small air conditioners on the top of the elevator cabs.

Brent Wooten asked if the brown color for the facades at the entryway was a final decision. Mr. Frey answered that the color in the rendering appears more brown than the actual treatment will be. The suggested color is called sack rub concrete, which is closer to a grey aluminum color that will be compatible with the materials used in the terminal. Mr. Wooten asked if the Design Council will review the project further, and if there are Disadvantaged Business Enterprise (DBE) requirements for the project. Mr. Frey answered that there have been two reviews with the Design Council to date, and an additional review will be done before the project enters the construction phase. Mr. White answered that, since federal money is not funding the parking facilities project, there are no DBE requirements, but there will be Emerging Business Enterprise (EBE) requirements through the City of Wichita.

Mr. Wooten asked if the project was within the anticipated budget expenditures for this point of planning. Mr. White answered that the budget is still set at \$40 million, which includes the parking garage, surface parking, and revenue control systems. Since a roof of some type for the parking garage is still a desirable solution, it will probably be included as an add alternate in the bid documents, so that if the base bids are low enough, the roof can be added.

Dwight Greenlee asked if the AVI (automatic vehicle identification) system for the parking structure would be the same system as that for the commercial vehicles. Mr. White stated that the parking development consultants have been gathering information about what technology is available for the system, and decisions on what is needed have not been made yet. The intent is

to have an AVI system for commercial ground transportation, such as taxis, limos, buses, courtesy shuttles, etc. Whether or not an AVI system or a proximity card system will be used for employee parking and Airport vehicles has not yet been decided. Mr. Greenlee stated, there will probably be two separate systems: public parking versus the AVI. Mr. White answered yes, but there is the possibility of using one gate access technology that will read multiple types of access media. Mr. Christopher added that the proximity card technology would be the most cost effective for employee and Airport Authority vehicle use, because the identification media for that type of system is about half the cost of the AVI system.

Mr. White commented about the parking garage design that the significant change from the original design is that the rental car service center will now be on the ground floor. There are benefits of that arrangement for garage access and revenue control, but it has created challenges for ensuring that pedestrians can safely and conveniently reach the public parking levels and the remote surface parking lot. The covered crosswalks between the parking facility and the terminal are a design element that will provide weather protection for pedestrians. Mr. Christopher stated that the level of service in the new parking facility compared to the current facilities will be greatly enhanced, and that the public will be pleased with the improvements.

Several Board members commented on their opinions of the parking development plans. Mr. Koster stated he felt there is a good balance between the needs of local travelers and travelers coming in. Tom Pryor asked if the elevator arrangement would be able to handle the high volume of travelers arriving for early morning flights. Mr. Frey answered that there will be four elevators to transport people from the upper levels of the garage to the main level. That number of elevators would easily accommodate high traffic volumes, so if one were to go out of service, there would still be capacity to handle peak periods. Mr. White stated that the elevator arrangement was compared to other similar sized airports that have garages, and four elevators seems to be on the upper end. There is also the option of using the stairwell. Early consideration of having a bridge from the upper levels across to the terminal was not reasonable from budget or design standpoints, so the elevator option was the best compromise. Mr. Koster asked what the alternate power plan for the elevators is in the event of a power outage. Mr. Frey answered that there will be a back-up generator. Mr. White added that there will be an emergency generator for the entire parking facility, separate from the terminal's emergency generator.

Air Service Update

Air Service and Business Development Manager Valerie Wise presented information about Mid-Continent's current air service and the impact of changes in the airline industry on air service in Wichita. It has been a negative impact on air service, not just in Wichita, but in most airports across the country.

Mid-Continent currently has nine non-stop destinations. Six of those are hubs. The three Allegiant markets: Las Vegas, Los Angeles, and Phoenix-Mesa are not hubs (no connecting service; do not offer daily service). Minneapolis is served by Delta with four daily flights. Chicago is served by United Express and American Eagle with nine daily flights to Chicago. Atlanta is currently served by Delta and AirTran with eight daily flights. Houston is served by

United Express with five daily flights. Dallas/Ft. Worth is served by American with four daily flights. Denver is served by United, United Express, and Frontier with a total of seven flights.

The main factor influencing airline service offerings are high fuel prices. Since 2008, rising fuel prices have led to airline consolidations, capacity reductions (fewer seats offered per flight), and ancillary revenue programs. Ancillary revenues are typically 5% of the cost of flying. As a result of those operating changes, Mid-Continent lost service to St. Louis when American downsized that hub, then Memphis and Detroit because of the Delta and Northwest merger.

Frontier has announced that it will end service out of Wichita effective November 15. Republic Airways purchased Frontier after it declared bankruptcy in 2009. Republic is a regional carrier, and does not normally provide mainline service, so they would like to sell Frontier to focus business on its most profitable service area. Frontier will be easier to sell if it has a presence in fewer markets. In addition, Republic is transitioning to an all Airbus fleet within the next year, and since Frontier serves Wichita with the Embraer190, aircraft availability is a problem. The Airport has asked Republic to consider continuing the service from Wichita with Airbus aircraft, but Republic has not provided that cost analysis at this point. A third reason that it is profitable for Republic to end the Frontier service is because of the challenges it would have competing with services provided by Southwest when it enters the Wichita market in 2013. Frontier's passenger load in 2011 was 85%, and 81% in the year before that, which is excellent. The decision to discontinue service had more to do with Republic Airways' business model than the ability of the Wichita market to support the Denver route.

Mr. Heck asked how the loss of Frontier might impact Airport revenue. Ms. Wise answered that fares will possibly increase, causing passenger traffic to drop. Ms. Zoglman added that airfield use fees will not change, because they are shared equally among the airlines that are providing service out of Mid-Continent. The revenue that will be lost are fuel flowage fees and service counter rental fees, which based on Frontier's past activity, is approximately \$130,000 a year. Kurt Yowell asked if the possibility of declining ridership as a result of higher fares would have an independent revenue impact. Mr. White stated that it is always better to have multiple airlines to increase fare competition, which is better for passengers.

Air fares nationally are increasing, but are still 50% below what would be expected based on the rate of inflation. The expansion of low cost carriers in the last decade has been a significant factor in keeping fares competitive. Fares out of Mid-Continent have been increasing since 2009, but passenger traffic has remained stable. Fares are still below the peak rates of \$220 for a one way fare in 2000.

Flight capacity out of Mid-Continent has decreased since 2008, but load factors are increasing, which is an expected effect. The load factor to date for 2012 is 78%. Mr. Yowell asked how the load factor compares to the industry average. Ms. Wise answered that Sabre reports the national load factor as 70% or 72%. Mr. Pryor asked if additional passenger decrease would be expected following the loss of Frontier. Ms. Wise answered that it is a possibility, but passenger traffic has not changed much with increases in fares, and other air carriers may respond with increased flight capacity. The reason why passenger traffic is flat is because there is not enough capacity

to meet demand. Capacity out of Mid-continent is down 2% from 2011, with traffic staying about the same. If capacity were increased, passenger traffic could be increased.

Mr. White added that the problem with adding capacity is that airlines across the country are not increasing capacity. They are scaling back operations, reducing fleets, and trying to save fuel in response to increasing operating costs. Ms. Wise stated that airline costs are up 154% since 2000, which is mostly attributable to fuel costs. Airlines are using less fuel, but spending more.

Airlines are growing outside of North America, with the exception of Europe and Central America. Airlines are focusing their growth in international markets. International travel is up 10%. Growth opportunities for all airports will be in the ability to connect passengers to the international hubs. The FAA predicts modest growth domestically over the next 20 years. The Boeing forecast for annual traffic growth is greatest in Africa, followed by Middle East, South America, Southeast Asia, and China.

Other Business

Mr. White stated that the City of Wichita is moving forward with a pilot program for gas and oil exploration in the city. Three sites have been chosen for an initial bid: Mid-Continent Airport, Jabara Airport, and a site downtown. If it is successful, there will be great financial benefits to the Airport. There appears to be a lot of interest from drilling companies in this opportunity. Proposals from firms are due to be opened in late September.

Chairman Rosenberg commented that he will be representing the City of Wichita in a trip to its sister city in China in October. One goal of the trip is to find out how Wichita can promote business over the next few years in that area. He will provide a report about the trip in December.

The next WAAB meeting will be Monday, September 10, 2012 at 2:30 p.m.

Meeting adjourned at 4:45 p.m.

Kathryn Keathley, Clerk