

CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, December 1, 2003 - 3:00 p.m.

Present: Tim Austin, Dion Avello, Ron Estes, Charles Bouilly, Bill Calloway, Mitch Faroh, Charles Fletcher, Beth Garrison, Michael Ledy, Dorothy McKay, Dave Murfin, Jay Swanson, James Thompson

City Staff: Jessica Johnson

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

Chairman Austin called the meeting to order.

Approval of Minutes

Motion by Ledy to approve the minutes of the November 3, 2003 Wichita Airport Advisory Board meeting. Motion carried unanimously.

2004 Rates and Charges

The 2004 rates and charges for use of the airfield and terminal building were presented. Of considerable interest to the airlines serving Wichita has been a proposed 26% increase in the landing fee and 15% increase in the terminal building rental rates. These increases are a direct result of increased costs attributable to salary, health care, and police and fire service fee increases. The amount of increase that is passed onto the airlines is about \$475,000, most of which is the police and fire service fee. The airport does not make a profit off the airlines. The airlines are charged on a breakeven basis for use of the airfield and historical cost basis on the terminal building. The rates and charges schedule will be presented to the City Council on December 16 for approval. Last year the City did not charge the airport for police and fire services, this year it is charging the airport \$300,000 and next year the charge will be \$700,000. It should be noted that the airport employs its own police and fire service personnel. The airlines are concerned and plan to address these increases with the Mayor. Bell requested approval of the rates and charges schedule and to recommend it to the City Council.

Last year the airport reduced portions of its budget by about 10% in order to lower charges to the airlines with the understanding that if it became necessary to spend the funds, adjustments in charges to the airlines would be made at the end of the year.

Discussion ensued. If the police and fire service fee would be removed from the rates and charges, it would reduce the charges by about 10%. The airlines did not object to the fees except for the increase in police and fire service fees. The Board feels that it needs to be better informed of the increases charged by the City. Also, it was the Board's opinion that this represents a conflict of interest issue for the City Council acting as the Wichita Airport Authority.

Murfin moved to approve the 2004 rates and charges schedule and recommend it to the City Council as the Wichita Airport Authority for approval. Motion carried unanimously.

The Board requested that the City of Wichita Finance Department present its justification for the increase in fees. There was discussion regarding fees charged by the City in lieu of taxes.

Airport Advertising Presentation

Representatives from Sullivan, Higdon & Sink gave an overview of the airport advertising program for 2004. Jessica Johnson stated that the WAAB was well represented on the selection committee. SHS will be targeting the business traveler and the leisure traveler. Statewide radio, newspapers, and billboards will be used to execute the campaign. The campaign is in the process of being finalized, and SHS will return to the January meeting for a presentation. This campaign will focus on Mid-Continent Airport as a whole. If passenger volume is increased overall, it will benefit the low fare carriers as well.

Discussion ensued regarding the promotion of the low fare airlines. Bell explained that the Federal government allows airports to promote an airline for an introductory period of time. This program advertises Mid-Continent Airport overall and will subtly support the low fare airlines. Payment for the advertising will come from the airport budget.

Results of Studies Conducted by WSU

Anne Gallagher, Research Associate for Wichita State University, reviewed results from a Fair Fares survey and an economic impact study conducted by the Center for Economic Development. A resident survey was conducted on-line to provide input on the Fair Fares program. There were 952 responses to this survey. Key findings from this survey were highlighted. Gallagher pointed out comments received from about 200 residents concerning how the airport is perceived. In general, people were very positive about the Fair Fares program.

Businesses were also surveyed on-line for input concerning the Fair Fares program. There were 352 responses to this survey. Business travelers were overwhelmingly positive about Fair Fares. The survey asked if the level and cost of airline service to/from Wichita before Fair Fares had limited a company's ability to expand, and 36 of 157 responses said it did. When asked if the Fair Fares program had resolved that issue, half of the respondents said it had. Of the 352 respondents, three-fourths were the top managers of the companies. Of those, 193 took the time to write their Fair Fares story in detail. The survey asked for opinions concerning Mid-Continent Airport in general. Seventy-one per cent of the responses were very positive about the airport. Other airport improvements requested were fast food in the passenger area, enlarged baggage facilities, more long-term parking, faster passenger screening, and more seating in the main terminal area.

An economic impact study of Mid-Continent Airport was the third survey presented. WSU sent surveys to the businesses on the airport and about 25% of those were returned.

Information was gathered from the State Department of Human Resources' unemployment insurance, employment and earnings data. Highlights of the study include:

- 15,006 jobs on the airport; of those, 2,872 are non-manufacturing jobs
- \$787.4 million in wage and salary payroll annually
- 25% of all airline passengers (166,609) are visitors to Wichita
- Through fees and payroll the airport generates nearly \$200 million in net tax revenues to the city, county, school district and state annually
- Mid-Continent Airport operates without local tax support.

Report on FAA Reauthorization

Bell reported that the FAA Reauthorization bill was approved on November 21, 2003, which is a four-year bill amounting to \$60 billion. There are two items in this bill affecting Mid-Continent Airport: (1) \$3 million for improvements associated with the Learjet facility, taxiways and a compass rose; and (2) approach lights on runway 18 at Jabara and 19L at Mid-Continent Airport which were left out of the project to put instrument landing systems on those runways.

WAAB Evaluation

In 2002 the City Council passed a sunset provision on all non-statutorily created boards and commissions. The City Manager's office has requested that an evaluation form be prepared and submitted by the Wichita Airport Advisory Board. This form will be theoretically used to help determine the continued need for the WAAB. The Board reviewed the form. Austin requested that the form reflects that the Advisory Board reports to the Airport Authority.

Discussion of January 2004 Meeting Date

It was proposed to move the January meeting date to the second Monday in the month due to the holidays.

Motion by Calloway to move the January meeting to Monday, January 12, 2004. Motion carried unanimously.

Master Plan/Terminal Plan Status Report

The terminal planning committee will meet on December 10. Master plan committee meetings will be held on December 11. There was discussion as to the role the FAA plays in the master plan project.

Discussion ensued regarding baggage delivery. Staff conducted a survey of over 350 flights and timed baggage delivery from the moment the aircraft is parked to the time the first bag hits the baggage carousel. Results of that survey were distributed. Discussion ensued. Estes and Fletcher are traveling in the near future and will report on baggage delivery at the January meeting.

A list of projects planned for 2004 was distributed to the Board. This list was also provided to the City Manager.

October 2003 Statistical/Project Report/ Rental Car Revenue Report

Total passengers were up 3.15% in October. For the year, total passengers are up 7.98%.

It was requested that year-end total passengers comparing the last five years be presented at the January meeting.

Rental car revenue comparisons to date were discussed.

Other Business

It was reported that AirTran will be changing equipment to three regional jets effective January 5, 2004.

Discussion ensued concerning the use of state economic development funds to subsidize airlines.

Discussion ensued concerning the status of becoming an Airport Authority Board.

Meeting adjourned at 5:30 p.m.



Valerie Wise, Clerk