

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, December 4, 2006

Present: Ron Estes, Charles Fletcher, U.L. Gooch, Dwight Greenlee, Jay Russell, Jeffrey St. Clair, Bill Ward

Absent: Tim Austin, Dion Avello, Willis Heck, Dave Murfin, Jay Swanson

Airport Staff: Victor White, Tom Nolan, John Oswald, Valerie Wise, Jean Zoglman, Sandy Coykendall, Shannon Feltes-Bauer, Rachel Gaskill

City Staff: Doug Moshier, Senior Assistant City Attorney

Others: Keith Osborn, TSA
Mike Pepoon, Sedgwick County
Chris Chronis, Sedgwick County
Anne Gallagher, WSU Research Department

Call to Order

Chairman Fletcher called the meeting to order at 3:10 p.m.

Approval of Minutes

Motion by Mr. Greenlee to approve the minutes of the November 6, 2006 Wichita Airport Advisory Board meeting. Motion carried unanimously.

2006 Partnership Award

Keith Osborn from the TSA presented Victor White and Tom Nolan with the 2006 Partnership Award and thanked them for their hard work. Mr. White thanked Mr. Osborn for the TSA's hard work and support.

Administrative Aide II

Jean Zoglman introduced Rachel Gaskill as the new Administrative Aide for Airport Administration.

Tenure Award Presentation

Tom Nolan presented awards to Ken Witzell, Airfield Maintenance, for 20 years of service for the airport, and to Gregory Martens, Airport Safety, for 25 years of service for the City of Wichita and Mid-Continent Airport. Valerie Wise took photos of them with their awards.

Director's Report

Status of Food and Beverage Concessions in Terminal

Mr. White stated that Host has almost completed its plan for construction of new businesses in the terminal. The new cocktail lounge and bar in the east concourse, Great American Bagel at Gate 4, and a retail news/gift store in the east concourse have been open for almost one month now. Sales figures are spectacular, and are running much higher than expected. The bar is averaging \$500.00 per day, the news wall is averaging \$600.00 per day, and Great American Bagel is showing an increase in sales of 53% over its previous location. Based on these results, Host is considering doing the same thing in the other concourse eventually. Once all signs, menu boards and TV's are in place, there will be a grand opening, and the WAAB members will be invited.

Mr. White also reported that there has been a decrease in beverage sales at businesses located before the security checkpoint, which was expected, due to increased security measures implemented by the TSA.

Wichita Area Outlook Team Report

Anne Gallagher, Senior Research Associate from the WSU Center for Economic Development and Business Research, presented a report summarizing the results of the Focus Group Discussion with the Wichita Area Outlook Team. Ms. Gallagher stated that the Team members were pleased to be asked to provide input on the new airport construction. She stated that the Outlook Team is comprised of about 40 business leaders in the community who meet quarterly to discuss various research projects. This group of people represents all or nearly all of the biggest users of business airline travel in the community. She stated that while the focus had been mainly on Wichita travelers, the group felt it was important to consider travelers coming from other locations to Wichita and travelers who are younger, who may be coming to Wichita to interview for jobs. Airport image is very important. The Western and Wizard of Oz themes were unanimously rejected. The group recommended that the focus be on an image that says we're modern, high tech, a fun place to be and future-oriented. The group also suggested the following: using technology to let travelers know what's going on in the community; providing a Map Quest terminal near exits, so people can pull up information on where they're going; a parking garage and two-level terminal; building with plans in mind for expansion in the future; concessions located both before and after the checkpoint; and much more signage coming into and leaving the airport. The three major messages were: a high tech image; the terminal needs to be easy to get into, out of and around in; being visionary and planning for changes in technology that might be coming in the future.

Mr. White stated that there were a lot of suggestions from the group that could be implemented now, instead of waiting until the new terminal is open, and that the list would be prioritized and implemented accordingly.

Marketing Campaigns

Valerie Wise gave an overview of marketing and advertising activities. She presented two radio spots that will run on local radio stations during the holidays. Each spot gives helpful travel tips and provides some humor, as well. She also presented two radio spots recorded by a DJ at the Ponca City radio station, promoting his trip to Las Vegas, via

Wichita Mid-Continent Airport. In addition, she presented a PA announcement recorded by Governor Kathleen Sebelius, which is one of several recorded by local VIP's that will begin playing soon in the terminal welcoming passengers to Wichita and Mid-Continent Airport.

Ms. Wise invited WAAB members to attend a travel agency function that will be held January 23, 2007, at the Airport Hilton.

Public Agenda

There were no speakers present for the public agenda.

Jabara Aviation Technical Education Campus (KTTI) Lease Agreement.

Victor White introduced Chris Chronis, from the county finance department and Mike Pepoon, from the county attorney's office who were involved in the discussions regarding this agreement. Mr. White stated that an agreement has been reached and has been reviewed by the city legal counsel. A preliminary site study shows that about 20 acres of land will be needed, but that number could go up or down, depending on needs. The lease allows a land increase of up to 25% without an increase in the lease payments. The majority of the campus shall be used for aviation purposes. The lease is for a 50-year term, beginning January 1, 2007. The rate is the same as that for Jabara Airport: 10.88 cents per square foot, escalating 2.5 cents per year afterwards. The entire 50 years would be paid up front, roughly \$3.2 million, to allow construction of a taxiway from the runway to the site and a parking apron, which would accommodate small jets. No more than \$1 million would be spent on this.

Discussion was held about various aspects of the lease to clarify insurance issues, improvements and construction.

Mr. White stated that noise abatement procedures would be considered for engine run-ups, and that the design would take into account the possibility that noise would be generated and how to reduce it as much as possible. He also stated that the lease allowed for additional land purchase during the first two years, and first right of refusal for the remaining 48 years. In addition, he stated that the taxiway would be built to FAA standards. However, at this time there is no grant money authorized for this project by the FAA.

Discussion was held regarding bonds, financing, grants and construction bids.

Mr. White stated that the estimated cost of this project is \$40 million. Contributions include a federal grant of approximately \$.5 million, federal funds of \$1.5 million, and funds given by the City Council to Sedgwick County of \$1.6 million. Operating costs will essentially be paid for by user fees collected from the students attending the school. Construction would begin late next summer, with first classes scheduled for the fall of 2009. With approval of the motion to accept the lease plan agreement today, the plan

could be presented to the City Council on December 12th and the County Commission on the following day, with the mayor signing it immediately afterwards.

Motion by Ron Estes to approve the lease plan agreement. Motion seconded by Dwight Greenlee. Motion carried unanimously.

Armstrong Shank Advertising Contract Renewal.

Victor White stated that the contract with Armstrong Shank was a one-year contract with up to two one-year extensions. He recommended approval of a one-year extension in order to have continuity of services. The rate for their services is \$85.00 per hour plus costs. This year costs were higher, due to the startup costs for the Courtesy Crew. A new budget will be developed that will include print, radio, TV, and special events where a dollar value can be assigned. The contract includes performance-based goals. Bids are not necessary because this is a contract renewal, not a new contract.

Discussion was held regarding exactly what Armstrong Shank does, measuring the effectiveness of the ads, the difficulty of quantifying the exact impact of various types of advertising, and whether the money is being spent in the best manner possible. Mr. White stated that even a good marketing campaign could be offset by increases in rates from the airlines. The airport cannot control the product that the airlines provide.

Discussion was held regarding the popularity of AirTran. Mr. White stated that AirTran's sales manager was coming to town the next day. It was expected that the sales manager would begin making more frequent trips to Wichita in the future. The plan is to promote AirTran more and to ask AirTran to participate in those promotions. In addition, Armstrong Shank will be asked to help promote the general aviation side of the airport, so that the focus is not just solely on the airlines.

Discussion was held regarding the annual cost for the Courtesy Crew, hiring sales reps to travel to different locations to promote Mid-Continent Airport, getting the most bang for the buck, concern over the results not reflecting how much money was spent, direction and amount of money, and how the money was spent. Mr. White stated that \$467,000 was approved for Armstrong Shank for this year.

Mr. White stated that it was important to approve the renewal of the contract now, so that it could be approved by the city council before the end of the year.

Motion by Bill Ward to approve renewing Armstrong Shank's advertising contract for one more year. Motion seconded by Dwight Greenlee. Motion carried unanimously.

Rip Gooch stated that he knew from his experience in sales that it is often difficult to see the results of a marketing campaign immediately. He stated that it often takes a long time to see the results of a marketing campaign, and that they shouldn't assume it isn't working right now. Discussion was held regarding short and long-term promotions. Mr. White stated that no one idea or promotion works for an airport. It takes a variety of

things working together and repetition to get the message across. Discussion was held regarding providing customers with promotional incentives to help generate interest. Comparisons were made with Huntsville, Alabama, which has 30,000 people subscribing to its website and signing up for its promotions.

Airport Concession Disadvantaged Business Enterprise Program.

Mr. White introduced Shannon Feltes, and she presented an updated version of the DBE program. Ms. Feltes stated that changes were made to the program due to new federal regulations. The main change had to do with setting goals for the concessions. The program addresses certification, reporting requirements, goal setting, compliance and enforcement.

Mr. White asked the board to approve the program, so that he could take it to the Airport Authority next Tuesday for them to vote on it and make it official.

Motion by Mr. Greenlee to approve the DBE Program as presented. Motion seconded by Mr. St. Clair. Motion carried unanimously.

Terminal Area Redevelopment Program Update

Mr. White introduced Mike Carter, and he presented an update on the Terminal Area Redevelopment Program. Mr. Carter stated that they were working to develop and formalize the budget and revised design concept. They would then proceed on to the schematic design no later than January 1, 2007. They anticipate that the design will be completed in March 2008. By the middle of 2007, they will work on overflow parking. In early 2008 they will begin the main package, which is the terminal, and that should be completed in August 2008. There will then be a 3-4 month procurement period. Construction will start before the end of 2008. The terminal should be completed in 2011, within the \$150 million budget. There will be a \$7.00 fee per enplaned passenger. Mr. Carter stated that he would provide an updated written schedule/timeline to the WAAB members at the next meeting on January 8, 2007.

Other Business

Fuel Farm and Hangar Construction Issue

Mr. White stated that he wanted to bring to everyone's attention a situation with a gentleman who requested permission to construct one or more hangars and a fuel farm for some corporations on the airport. He was not yet sure of the business plan for the project. The gentleman will probably come to next month's Board meeting. Mr. White stated that he told the gentleman that from a policy standpoint this was something the airport had never allowed. Mr. White believes that a corporation may be formed to build the hangar, and within the hangar there might be several corporations using the fuel farm. He stated that he advised the gentleman that there is potential for legal problems with the FBO's, because the airport entered into agreements with the FBO's with the understanding that there was a certain set of rules in place when they made those investments. Only the

FBO's can have rights and privileges for the fuel. Mr. White stated that he is not sure how to proceed. He is concerned that the situation could become political, because the gentleman is threatening to involve the newspaper and the public. The gentleman asked for copies of FBO leases and WAAB meetings for the past 100 years to determine what set the current precedent. The gentleman, whose name is Dan Claassen, may be contacting Board members soon. The hangar(s) he wants to build is/are estimated to be approximately 15,000 square feet, with an estimate of six companies per hangar. The feds view this as a co-op, and the airport is not required to let them come onto the airport. Mr. Claassen does not want to operate a FBO, because that would come with additional responsibilities he does not want.

Discussion was held regarding the rules and ramifications of such a venture, policy precedent, what other airports are doing in regard to co-ops, potential lawsuits, potential for FBO's to lose business/go out of business, public best interest, and income loss.

Next Meeting

The next WAAB meeting will be Monday, January 8, 2007.

Call to Adjourn Meeting

Meeting adjourned at 5:10 p.m.

Rachel N. Gaskill, Administrative Aide II