

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, February 4, 2008

Present: Robert Beattie, Ron Estes, Charles Fletcher, U.L. Gooch, Dwight Greenlee, Willis Heck, John Hennessy, David Murfin, Kevin Myles, Tom Pryor, Dr. Thom Rosenberg, Jay Russell and Bill Ward

Absent: None

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

City Staff: Joe Allen Lang, First Assistant City Attorney

Others: Mike Carter, DMJM Aviation

Chairman Fletcher called the meeting to order.

Approval of Minutes

Mr. Beattie stated that in the first paragraph of the January minutes the date given for the Mayor's State of the City Address was incorrectly listed as December 15th and it should have been January 15th. Chairman Fletcher stated the minutes would be revised to reflect the correct date.

*Motion by Chairman Fletcher to approve the minutes of the January 14, 2008
Wichita Airport Advisory Board meeting. Ward Seconded. Motion carried unanimously.*

Director's Report

Mr. White welcomed Dr. Thom Rosenberg as the newest member of the Wichita Airport Advisory Board. Mr. White reported that the statistics for airline passenger traffic in January are not yet in, however the preliminary word from TSA is that January was up approximately 9% compared to last year. A press release was issued last week announcing that Northwest is going to begin non-stop service to Detroit starting on May 2, 2008. This addition will give Mid-Continent Airport 13 non-stop destinations. Chairman Fletcher pointed out that Detroit is a major hub for international travel.

Mr. White said that staff is completing negotiations with the Teamsters Union regarding the Airport Public Safety Officers. Subsequent to the last Board Meeting the Teamsters voted to approve the agreement. The next step is to go before the City Council for approval. If the contract is approved, it will go into effect retroactively with a term of December 15, 2007 thru December 25, 2009.

Mr. White announced that on February 5th the Airport is hosting a Job Fair on the 2nd Floor of the Terminal Building. Representatives from the airlines, concessions and the Transportation Security Administration are planning to participate and provide information on current job openings.

Mr. White reported that President Bush recently submitted the 2009 fiscal budget to Congress and preliminary indications are that it does not look good for airports. The President is asking for a significant reduction in airport construction funding for the next fiscal year. Staff is hopeful it will not affect the terminal project or any of the other airport projects at this point, however it is too soon to tell. Also, the President said in the State of the Union address that he would like to reduce the number of congressional earmarks and place naming for projects by half. That could be problematic since the airport is asking its congressional delegation to specify the funds identified for the upcoming terminal project, both on the construction side with the ramp and also by providing explosive detection equipment systems. Chairman Fletcher and Mr. White will be in Washington D.C. in March attending the AAAE/ACI Spring Legislative Conference and will meet with our Congressional Delegation and will update the Board on this issue upon their return.

The plans and specifications of the Wastewater Treatment plant are almost finalized. The plan is to prepare to go out for bid, although from the construction standpoint, the new project is still waiting on FAA approval.

The FAA did recently approve the project for the National Center for Aviation Training at Jabara. The County will be breaking the project into two different bid packages. The first bid package will be advertised later this week, with the contract being awarded on March 19th with a construction phase lasting approximately 9-10 months. For Phase II the contract will be awarded sometime in June or July and will have a 20–22 month construction period. It will be approximately two years before the training center will be finished and open for business.

As mentioned in the past, Hawker Beechcraft's fixed base operator facilities are up for sale. They have seven fixed based operations nationwide and the intent is to sell all of the facilities as a group. Mr. White advised he will keep the Board informed as the sale goes forward.

Mr. White offered to provide private briefings for the two new Board Members to inform them about the airport system as well as introduce some key staff members. Mr. White said he realizes it is difficult to get up to speed on all of the current projects and apologized in advance if he is discussing an issue the new members are not aware of.

The minimum standards project was discussed. It was determined that a meeting with the Board's subcommittee will be set up in the next two or three weeks to help get the project moving forward.

Parking Study Update

Mr. White let the Board know of the upcoming City Council workshop to discuss the parking study on February 12th. At the last presentation the Council asked for certain items to be re-

analyzed. Jean Zoglman presented to the Board a PowerPoint presentation showing the updated information. Mrs. Zoglman said there are actually just three assumptions that have been refined. The first assumption being refined is the parking rate. The airport is not trying to determine what the parking rates are going to be, however would like to be clear about the assumption being made in the financial model that says this project can pay for itself without effecting the terminal project. Mrs. Zoglman showed a slide of the potential adjusted rates. Currently, the same rate is shown for short-term parking in a garage as short-term parking in a surface lot. The long-term parking in the garage does not exist now so a new rate structure had to be set and it is slightly above what the long-term surface parking rate is going to be. In order to turn the shuttle lot into an economy lot, it's rate will be slightly below the long-term rate for travelers that are looking for an economical gain. These rates can be adjusted at anytime.

The next assumption looked at was the year-by-year growth rate. The assumptions prepared by the consultants assumed a 2.5% growth in the parking demand, which is based on enplanements. It was important to look at the growth year-by-year to make sure that there will not be dips in certain years that could cause a cash flow problem. A slide was shown illustrating the growth rate over the last five years, which is the fair fares era. The trend for the last five years showed a 3.87% increase. The next slide looked at the last 30 years since there will be ups and downs. It showed the trend over those years has been a 1.21% increase.

The growth was also looked at from a different standpoint. Instead of deciding what growth rate should be assumed, the growth rate necessary in order to make the two different garage options work was also considered. For the smaller garage, the 1.21% average over 30 years can be put in the equation and it will produce positive cash flow from the beginning. However, for the larger garage a little more aggressive growth in demand had to be assumed in the early years due to the debt service. By the time you get to the year 2013, both garages could be at 1.21% and be okay. The parking consultant has been asked to consider this approach and work it into the presentation.

The cumulative net cash generated as well as the supply and demand was also looked at for both garage options. In the larger garage the ability to meet the demand in each of the categories is better and provides the opportunity for people to park exactly where they want.

The last assumption that was refined was to start looking at the parking garage with the same planning horizon as was used for the terminal project. The terminal building is not being designed to accommodate growth for the next 50 years, rather passenger statistics for the next 10-15 years were considered. The potential parking garage needs to be kept in the same planning horizon. These assumptions are going to be worked into the consultant's upcoming presentation to City Council.

Mr. White said that a related issue is that some months ago a private investment firm called Parsons presented a proposal of coming in as a third party to develop a parking garage on this airport. Parsons was not clear in the beginning as to how the finances would work and the company was anticipating to receive a vast majority of the parking revenues. Staff has made it clear that there are commitments in place to help finance the terminal project that will be taken out of the gross revenues. Before making a decision, the consultants were asked to check around

the country to see if any other airport has ever done a third party private development for a parking garage. HNTB researched the issue and only found four airports in the country that have tried this approach and in all four cases the airports reported it was not something they would recommend. Another significant factor is that Parsons said they could build a garage cheaper than the airport could, however the style of construction their company intended to use would be a pre-cast style of construction and the other airports that have done pre-casts say they do not have the long-term lifespan of traditional garages and start to show significant wear and tear after about 10 years. Mr. White recommended the offer from Parsons be declined.

Mr. Ward said that his understanding with pre-cast is that the outside walls have to be heavier therefore it requires much more wall bearing.

Mr. Gooch said that from past experience he has found that when a major investment company takes on a project the company builds and operates the building for a short period of time before selling it off. This allows the company to take advantage of the early part of the fund returns and then move on to another investment. Mr. White agreed and also mentioned that the research has found that developers tend to build cheap parking garages to make money in the short-term while the long-term effects of the inexpensive construction are not yet obvious.

Chairman Fletcher asked Jean Zoglman how the current parking revenues are doing. Currently, parking revenues are up approximately 7%. Chairman Fletcher asked what would be done with the increased revenue. Mrs. Zoglman stated that at this point staff is looking into some capital improvement projects that had been taken off the list that may now be able to be put back on.

Chairman Fletcher also asked if the concession fees have been increasing. Mr. White pointed out the page in the agenda packet titled "Monthly Statistical Report" which provides the breakdown of food and beverage concessions, rental cars and parking lot revenues and what the percent increase is yearly. It shows that in December food and beverage sales were up 23%, and closed out for the year 20% higher than last year.

Mr. Russell said he sat in on the financial meetings over a year ago with the consultant from Jacobs who said that \$150-160 million could be spent on the new terminal, including the funds collected from parking revenues. Mr. Russell asked if the consultant had looked over this project and wondered if since the parking revenues are already allocated to the terminal, will the airport be able to pay back the \$30 million. Mrs. Zoglman stated that for the financial model those funds were shown as an expense, and taken out of the equation. The revenue this model shows is over and above what has already been allocated to go towards the terminal project. In addition, the rental cars would be in the garage therefore additional revenue will be generated through a customer facility charge. The consultant from Jacobs is reviewing the financial model and at the same time is also updating for the activity that happened in the last year to ensure that everything is still on track.

Mr. Russell asked what the average daily income for the shuttle lot is per space. Mrs. Zoglman said that she could find that information out for him. Mr. Russell said that 1,000 parking spaces could fit in the 14 acres of undeveloped land to the north. Mr. Russell said if the 1,000 parking spaces were taken times the average daily income rate per space, the number could potentially be

four or five times higher than what the airport would receive in ground rental by leasing it to a tenant. Mr. White agreed and said that different scenarios are being considered. A parking lot would bring in more gross revenue, however the operating expenses and maintenance costs have to be subtracted out. It is also important to look at the issue over the long-term. The parking lot may make more money, but the airport is not just interested in running a parking lot, the mission is to provide business opportunities for companies to provide aeronautical services. The companies may only pay a certain amount per year in land rent, however there is also an asset in the building, and jobs are added to the community.

Mr. White further stated that there is a limited amount of land that the airport owns that is not developed and it is going to go faster than anything else. Also, because the airport owns the land if someone rents it from the airport they are not required to pay property taxes on the buildings. If all of the land is filled with parking lots, then a potential tenant's only choice is to build across the street on non-airport land and will have to pay property taxes.

Mr. Gooch said that he noticed that Kansas City's shuttle parking lot offers sheltered parking at an increased charge. Mr. Gooch thought it would be inexpensive and may bring in more income. Mr. White said that if it is decided not to build a parking garage that it would be a great idea. Some type of covered parking is needed in the surface lots. If it is decided to build a parking garage, there is also the possibility to cover some of the spaces in the long-term lot. An airport typically charges an extra \$2 per day to park in a covered space.

Terminal Area Redevelopment Program Update

Mike Carter, DMJM Aviation, provided the Board a PowerPoint presentation providing an update on the current schedule. The meetings in January consisted of a presentation to the City IT Department, a meeting with the Design Team to review aircraft parking and a meeting with TSA to review facilities for both baggage and passenger screening. There was also an Airlines and Airport Affairs Committee where details such as parking and ticket counters and all of the design aspects of the terminal building were discussed.

Mr. Gooch asked if the airlines are considering curbside check-in. Mr. White said that a conveyor system going from a curbside check-in straight to the ticket counter was originally in the schematic design, however it had to be pulled due to the cost. It could still be possible to provide the manual process by skycaps at the curb. It would provide a great service to the customers and staff is in the process of talking to the airlines about doing that currently instead of waiting until the new terminal building is built. Mr. Carter also mentioned there are several TSA security rules to comply with.

John Oswald provided an update from the Design Council meeting. Sonia Greteman met with the Public Art Selection Panel on January 15th to review several potential artists to design art for the new terminal. The panel then gave recommendations to the City Design Council at their meeting on the 16th. The panel started with 22 artists and narrowed it down to the top four who were selected as the best artists to produce the art. Ms. Greteman and her staff are currently working on the issue with the expectation of being at the Board meeting next month to provide an update.

Mr. Russell asked if the art budget had been agreed upon. Mr. Carter said essentially the art budget is 1% of the construction costs, which also includes the consulting services associated with the artwork.

Mr. White also mentioned that other airports that have recently built new terminals have done fundraising within the community to help pay for art related costs. Mr. White suggested the airport determine how much it is going to pay for and if anything above and beyond that is desired, to hold a fundraising event and solicit from the typical donors who donate funds for art in this community. Mr. Hennessy discussed how the community could be involved such as when the magic flight sculpture was created for the current terminal building. Mr. Hennessy also suggested looking to local high schools or middle schools for potential talent.

Mr. Carter discussed the upcoming meetings. In February there will be a meeting with the communications service provider, a follow-up technical review meeting with the airlines, and the City Council workshop. Also, this spring the selected artists will present their concepts to the Public Art Selection Panel and the Design Council and this summer those concepts will be refined and then brought back to the selection committee.

Chairman Fletcher asked when the Board would give their approval on the art. Mr. White said that within the next couple of months a decision needs to be made on who votes on the art because it is not clear what formal role the City Council and the City's Design Council has in this process. Mr. Estes recommended having a process in place of who makes the decisions and what aspects are going to be weighed.

Mr. Hennessy suggested that it could be privatized like the magic flight was because there were several wealthy entrepreneurs in this community that are no longer here and their families would like to contribute if they had specific areas or spaces that could be made available.

Mr. White said the only potential negative aspect of the concept of raising money for the art in the new terminal building is that there are some members of the art community that might feel like the airport is competing for the same funds that could be going to art venues in town. However, several art organizations continually raise funds and this would be a one-time fundraiser for the airport.

Mr. Murfin asked about the location of the parking garage. Mr. Carter mentioned the design team has been helpful about providing various ideas on placement for the garage if it is chosen to move forward in that direction.

Mr. Russell asked if the decision on the parking garage still had to be made by March. Mr. White said that is the date being aimed for. Staff is hoping to get a sense from the City Council at the upcoming workshop on if the Council approves of the garage and, if so, which concept. The next step would be to formally enter into a contract with the engineer to design it.

Mr. Carter showed the terminal building program, the location of the passenger boarding bridge and the aircraft layouts. The Design Team is working on a layout of the flight schedule as it exists now and will also show the overlays of various aircrafts that could come to this airport

over the next five years. Mr. Gooch asked how many gates would be exposed to the weather. Mr. Carter said that as long as there is not more than 10 aircraft parked at any given time during the day, passengers should not have to use gates that would cause them to go into the weather. The only reason it would become an operational need is if the airline does not want to move the aircraft overnight.

Chairman Fletcher said that at one time he thought some of the boarding bridges may not be able to go low enough. Mr. White said that staff is hopeful that the make and model of the loading bridges that are purchased will be designed so that any gate would fit any of the aircraft mix that this airport has. Mr. Carter said the design team is also currently researching those issues.

Mr. Murfin asked why there are 10 gates shown, although the airport currently has 12 gates now. Mr. White said the airport does currently have 12 gates, however only has seven bridges. Mr. Carter added that there is also the potential of putting in extra gates as add alternate packages.

Chairman Fletcher asked what the timeframe is for the new shuttle lot. Mr. Oswald said that has not been quantified, however due to the recent bad weather it is easily a month behind schedule. Mr. White said that if the new lot is not ready by Spring Break, the parking overflow can be handled the same way it was over the holiday season, which balanced it out pretty well.

Mr. Greenlee asked if the airport had done anything as far as developing a procedure for naming rights. Mr. White said that the consultant that assisted Sedgwick County with naming rights for the arena had recently approached him. The consultant provided some great ideas on how the airport could proceed if it chose to go down that path. Currently, no United States airport has done naming rights yet, however the Calgary airport in Canada is currently advertising for naming rights for their terminal and the Detroit airport is actually in the process right now. The consultant said if this airport decides to do naming rights for the new terminal the suggestion is to first provide overall naming rights for the entire terminal and then sub-divide it into smaller areas such as the parking garage, baggage claim and the concourse. There would be a maximum of 8-10 opportunities. The first step is to identify the opportunity for something that needs to be named, then the price is identified and the consultant helps with establishing a range. Currently there are no dollar values to compare it to since this has yet to be done by another airport. The airport is at the point now where a decision needs to be made whether or not this is a process that should be started.

Mr. White said that his suggestion, if the airport proceeds down this path, is not to change the name of the airport; only the terminal itself. It is a way, like art, to raise money to help fund the terminal project. This issue is being discussed in the aviation community and other airports are currently considering it. Chairman Fletcher asked what the timeframe would be for the naming rights process. Mr. White said the consultant he spoke with indicated that although Sedgwick County just went through the same process, it is not too late, because it made other organizations aware that these type of options exist.

Mr. Estes said he could check with some of the people involved with naming rights for the arena and see how the process went. Mr. White said he could also have some private meetings with the City Council to get their thoughts on this.

Executive Session

Motion by Chairman Fletcher to recess into Executive Session to consider confidential data relating to the financial affairs or trade secrets of a business, and that the Board return from Executive Session no earlier than 10 minutes and reconvene in the Board Room. Motion carried unanimously.

The Board recessed for Executive Session at 4:34 p.m.

The Board reconvened at 4:48 p.m., Chairman Fletcher announced that no action is necessary from the Executive Session.

Other Business

The next WAAB meeting will be Monday, March 3, 2008 at 2:30 p.m.

Meeting adjourned at 4:48 p.m.

Kelly Fabrizius, Clerk