

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, June 7, 2010

Present: Charles Fletcher, Ron Estes, U.L. Gooch, Dwight Greenlee, Willis Heck, John Hennessy, David Murfin, Kevin Myles, Rebecca Pilshaw, Thomas Pryor, Bill Ward, Brent Wooten

Absent: Dr. Thom Rosenberg

Airport Staff: Victor White, Kelly Fabrizius, Traci Nichols, John Oswald, Jean Zoglman

City Staff: Joe Allen Lang, Chief Deputy City Attorney
Jay Hinkel, Deputy City Attorney

Others: Bob Karlake, Midwest Corporate Aviation

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

Approval of Minutes

Motion by Ward to approve the minutes of the May 3, 2010 Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report

Mr. White provided a report to the Board on some informational items. Once again the FAA Reauthorization Bill has yet to be finalized by Congress. They have been in recess for the holiday and now they are back in session and are going to take up the issue again. Mr. White advised that he would keep the Board updated on any progress.

John Oswald reported on the Kansas Association of Airports ("KAA") upcoming workshop on June 24th & 25th. Wichita will be hosting the workshop and it will be held at the Airport Hilton. Lon Smith, from the Kansas Aviation Museum will provide a presentation on aviation history, Ray Fredrick of the National Center for Aviation Training will talk about the future and the soon to open facility at Jabara Airport. There will also be updates from the Transportation Security Administration ("TSA"), the Federal Aviation Administration ("FAA") and the Kansas Department of Transportation ("KDOT"). The final event will be a lunch at Cessna and a behind the scenes tour of the Cessna Citation Service Center.

Mr. White advised that there are a couple of other conferences that will be coming to Wichita in the near future. In the spring of 2012 Wichita has been selected to be the host city for the American Association of Airport Executives South Central Chapter. There will be a couple

hundred people coming to Wichita for that event. Also, at the end of this summer the National Association of State Aviation Officials is hosting their national convention in Wichita. The State of Kansas Aviation Director is the host for that and we are on the planning committee.

Mr. White reported that Chairman Fletcher and himself are also members of the Governor's Aviation Advisory Committee and one of the things that they are working on is the town of Greensburg is looking to rebuild their airport and they have asked Mr. White to serve on an Ad Hoc Committee to help determine what all needs to be done. Mr. White said he spent a day in Greensburg last month and met with the Mayor and got his vision and then the Mayor and the City Administrator of Greensburg came to Wichita recently and we met at Cessna. The original idea was to build a brand new airport at a different location, they were looking at some property, however I think they have decided to stay on the current site and then tie it in to a proposed industrial park that they would like to design. It is an interesting project because it is a little airport right now with just two small runways. The intent is to pave the runways and make them long enough to have some business jets make their way in there. Because of the situation in Greensburg they literally have worldwide exposure and publicity on everything they are doing in that town so we are trying to encourage consulting firms to consider doing some pro bono work for publicity value. The Vice President of Airport Affairs from Washington has been down twice and is serving on the Committee as well, as is Ed Young from the State Aviation Department. Mr. White said that he will keep the Board updated as this progresses. Also, the State Aviation Advisory Committee will be meeting in Wichita on June 29th.

There are two upcoming events that will be held at Jabara Airport. Next Thursday, the 17th is the Great Plains Air Expo which will be an opportunity to see numerous aircraft manufacturers in one location. The event will be from 10:00 am to 6:00 p.m. and is free of charge. Also, Olive Ann Beech is going to be honored in a ceremony Sunday, July 11th in Waverly by the Beechcraft Heritage Museum. There will be an airborne parade of Beechcraft model aircraft ranging from the late 1930's until today and the planes will begin arriving at Jabara Airport on Friday. They will be on display Saturday from 1:00 to 4:00 p.m. and then leave for Waverly at 12:30 p.m. on Sunday.

The Riverside Airport was sold at auction last week. There were a number of bidders, however Les Eck was the ultimate successful purchaser and will close on the property within the next 30 days.

A workshop was held with the City Council on May 25th regarding the Minimum Standards for Mid-Continent Airport. It is on the City Council Agenda tomorrow morning for their approval, so the project is close to being completed. Mr. Murfin asked what the reaction was from the Council at the Workshop. Mr. White said there were just a few questions. Mr. Claassen was there and chose not to say anything. He is excited that he will be able to move forward with his application to us for his project.

Chairman Fletcher asked for an update on the scheduling of the workshop for the Terminal Project. Mr. White said he has not heard anything from City Hall as to a schedule for when we are going to be on the workshop. Mr. White said he has advised the City Manager that the five

year contract with the Program Management firm, AECOM, who Mike Carter works for expires in mid-July and if we are going to do the project the contract needs to be extended. The plan is to meet with him this week to discuss the matter. There is also the art component of the project because the Greteman Group also requested a workshop with the Council to unveil the artist's concept which will be presented at a meeting this coming Friday. They would like to present that concept at a joint meeting of the City Council, the Design Council and this Board. They asked for a specific date in July, although it keeps getting postponed as well. Mr. White said he knows that the finalization of budget issues is consuming a lot of time, however that should be wrapped up soon. Chairman Fletcher asked if anyone would be available on Friday to go to the Arts meeting because he will not be able to make it. It is at 3:30 p.m. at the Greteman Group. Mrs. Pilshaw said she was available. Mr. Ward said he could be there too. Mr. White said he would send out the information.

Budget Update

Jean Zoglman provided to the Board a handout showing the revenues and expenses for 2009 actual, 2010 previously adopted, 2010 revised, 2011 previously approved, 2011 proposed and 2012 projected. Mrs. Zoglman reported that there are not a lot of new items going into the budget, although as she re-projected the revenues for this year, there were some items on the enplanement side that are going to be a little lower than what was projected. On the rental cars the revenue we have received from that is a little lower than what was projected. Last year at this time the airport received \$2.73 per rental car deplanement. So far this year it is at \$2.27 which is a sign that the rental car companies have had to reduce their price to the customers and therefore the percentage the airport receives has gone down as well. Another line item in revenues that dropped significantly was the interest earnings. With US Airways leaving the market and the Delta/Northwest merger together those accounted for significant losses, luckily Allegiant increased their activity which offset about half of that. Mrs. Zoglman said she put together the revenue projection and went to the different divisions and asked them to cut expenses in the budgets that have been put together so far. That is why the revenues are moving, however the expenses are actually staying fairly level from year to year even though for example in 2010 we had over \$700,000 of expenses that got added to the budget that was not there at this time last year. There were a lot of cuts that had to be made in things to make up for those additions. A quarter of a million of that was in payroll benefits. The cost of benefits has gone up, the cost of insurance is going up by about \$150,000. We really had to work hard to absorb all of those increases and keep our expenses from changing. We have done it. Although, it is fairly lean and there are no contingencies in this budget. Last year we actually performed better against our target than we expected by about $\frac{3}{4}$ of a million dollars and so if we can even meet the target this year then we will be in good shape. Mrs. Zoglman said we try and always act conservatively when planning our budgeting. This budget is done on that basis again and she believes we can meet it.

Mr. Murfin asked about how in the 2009 actual it shows \$4.7 million in revenue over expenses and asked what was done with that. Mrs. Zoglman said the financial model has assumed that the years prior to the opening of the terminal that the cash difference will go into the cash balance in order to fund more of the project with cash on hand instead of debt financing it.

Mr. White said in a bigger picture the City Manager has asked all of the City Department Heads to not only do things like cut dollars from operations, however more importantly he wants every department to look at its organizational structure. Look at its staffing and the functions that are performed. Look at all of the services provided and literally do a zero based budget, except based on staff, and see if there is a different way to set up teams, whether you could combine or collaborate or share functions with other City Departments. Mr. White said he is on a team called Community Development that has the Airport, Public Works, Economic Development, Planning, MAPD and Transit. Their team is trying to brainstorm options and ideas we can share and other teams are doing the same thing. We do not know what the outcome is going to be, other than to say that generally speaking there are holds on vacant positions throughout the City until some of the decisions can be made.

Mr. White said even though the Airport has shown a significant profit, the rest of the City general fund has not been as profitable. There have been significant shortages, and they are trying to determine how to offset some of that. By federal law there is nothing the airport can do to help the general fund. Revenue cannot be sent downtown unless the airport is actually paying for a specific service that another department is providing. There have been some questions in the past about public safety fees. Almost a million dollars per year is charged by the City for services by the City Police and Fire Department even though the airport has its own Police and Fire Department which we pay for separately.

There was discussion amongst the Board on the Public Safety Fee issue.

Mr. White said one of the other things regarding budgetary matters that has been under consideration is possible revenue enhancements. We have been asked to be creative and brainstorm possible ideas to bring in additional revenue. The staff has met to throw out some ideas amongst ourselves at the staff level first and then we will come back and present them to this Board and the City Management. There are currently a dozen or so different items that are being considered, and a number of them have already been discussed with this Board over the years and are on the to-do list anyway. Mr. White said for an example of one of the ideas, this is a sensitive subject that would have political consequences and it is not something he is recommending, however it is something that is at least being put on the list for consideration. In the public parking lots the airport does not currently charge and has not charged for a long time, anything for disabled parkers. It is completely free. Staff looked into how many dollars are we losing per year that could have been collected and it is about \$100,000 per year that is not being collected by virtue of airport policy. Mr. White said several years ago he discussed with Joe Lang whether there is any law that requires the airport to provide free parking and I believe there was not at the time. Mr. White said he is not recommending this, however it is the type of idea that is being considered.

Mr. Estes said he does not know the legal aspects of providing free handicap parking, however his thoughts are if someone is getting a service they should pay for it. On the other hand, he also has the concern that the airport should not just be trying to make as much profit as it can. Mr. White said over the years in some states that he has worked in, and Texas is one, there actually was a state law that a person with a disabled parking sticker could not be charged for a parking

meter on a street and the issue of airport parking lots was not clear. Many airports did not want to face any challenges in court so they did not charge for handicap parking. Mr. White said, as a courtesy and a policy this airport has never done it here either. Although, we have noticed around the country with budgets getting tight at airports of every size, people are going through the same exercise we are. Mr. White said he saw an article just last week that the Indianapolis Airport Authority has been giving discounted rates to the handicap parkers and now they are going to charge full rates.

Mr. Lang said we have previously issued a legal opinion on that issue and he will need to review it, however one thing that can be looked at is that just because someone is driving a car with a handicap sticker does not mean that the driver is an authorized handicap operator, they could be driving someone else's car. Mr. Greenlee said and there is an identification card that comes with the placard to put in the car. Mr. Greenlee said he looked into it two years ago and at that time there were not any restrictions against a charge for handicap parking. There is a federal and a state law that says there has to be a certain number of parking spaces within a certain proximity to the facility. Mr. White said the airport complies with all of those types of things structurally and with ADA requirements. Mr. Gooch said it says you have to provide the spaces, although it does not say you have to provide it for free. Mr. White said that currently the parking lot cashiers do verify that someone in the vehicle has an identification card just to make sure. Mr. Ward said the number on the card also has to match the number on the placard and it says you have to present it upon request. Mr. White said this issue is a great example of one of the ideas to be considered that has far reaching consequences and he cannot just say lets do it or not do it. This is an area where the Board can provide their input and help with making these types of decisions.

Mr. Murfin asked if we have been able to find a way to cut expenses to offset the loss in revenues. Mrs. Zoglman said that across the three year budget cycle we have this target in our financial model of maintaining a net income of \$4 million per year, and that is being met. Perhaps in one year it is \$3.8 and the next year it is \$4.2, however across the three years we get four million each year. We have met the intent. Mr. White said and if for some reason the project is deferred then obviously the pressure is off to maintain that \$4 million of revenue every year, however at the same time even if the terminal is not done, it is still important to run the most lean and efficient operation that you can. Mr. Murfin said if the terminal costs do not go up, there will be less debt every year it is deferred.

Mr. Estes asked if the expense lines included all of the operating costs, all capital improvement, out of pocket spending and all debt service. Mrs. Zoglman said it includes the operating budget, personnel services, contractual commodity purchases to run the operation along with the transfers to city hall for the public safety fee, IT staff and that type of thing, however it does not include capital improvement projects. Mr. Estes said so any of the capital projects that are started this year will have to be paid for in some fashion either out of cash flow or out of bonding. Mrs. Zoglman said exactly so in the model we have gone through each project and looked at how it is going to be funded, we consider all of the other sources, the grants or PFC's whatever is going to fund it, and then the balance that is left is either funded with cash or with debt. There are some projects that are cash funded just because they are small enough or they

have a short enough life, such as an IT item, we would not put those under 30 year bonds, or even 10 year bonds we will do cash funding for those type of projects. We will go through these project by project to make the determination. Mr. Greenlee said so you build those projects still with temporary funding and then decide at the time when it comes time to either pay it off or issue bonds. Mrs. Zoglman said we have the opportunity every six months to either roll the notes again or put it into a permanent financing.

Mr. Estes said on the expense piece can we compare the 2010 revised number versus the 2011 proposed. That is a \$300,000 cut in costs. Mrs. Zoglman said that we do joint reseal projects in the operating budget every other year so it is in 2010 and 2012 and it's not in 2011 and that is approximately \$160,000. 2010 also had the lawsuit settlement in it with the Teamsters Union which was a lump sum payment that will not be here in 2011.

Mr. Greenlee asked if we store de-icer fluid or whether we purchase it every year. Mrs. Zoglman said when the market was going up last year we put in new tanks and filled them up because the price was down, however she does not know where we are at right now. The price has not been fluctuating like it was last year. Mr. White said the problem last year was that the mine in Canada went on strike and no one was producing the chemical that goes into the de-icing fluid which caused the price to skyrocket and rationing to occur. Mr. White mentioned that we also had a pretty mild winter last season, therefore we did not use much.

ACT 3 Project Update

John Oswald presented to the Board a PowerPoint presentation providing an update on the current schedule, upcoming meetings and photos to reflect the recent changes from construction.

Mr. Estes asked about the schedule and whether the plan is to move forward on the East Data Center and the Park and Ride Expansion projects. Mr. Oswald said the Park and Ride Expansion project is pending a TSA grant. The plan is to align the schedule in order to benefit from the grant money. The East Data Center has a small component of grant, although part of the regulation is that TSA requires wage rates to be applied. The research showed we could receive grant funding on the East Data Center, however the pay for additional wage rates would be more than the grant we would receive so we are choosing not to chase the TSA grant on that one. Over the next one or two weeks we should have the final review meeting and then will release the project for bid. The Park and Ride Expansion will be completed before bad weather sets in. We are expanding by 500 more stalls on the north end and will be taking the parking up to Harry Street and improving the entrance on Harry for the employees. Mr. White said it was one of the decisions we had to make because when the time comes to build a parking garage and to rebuild all of the existing surface parking it will be necessary to displace all of those people for a couple of years. There was a lot of debate regarding whether to expand the Park and Ride or just put gravel out, however since it will be for a couple of years and over the winters the snow cannot be plowed on a gravel parking lot. When it is all said and done, we will end up with more parking than we will need.

Mr. Murfin asked how many lanes are there currently in front of the terminal for commercial and unloading and how many are we going to have in the new one. Mr. Oswald said currently there are two lanes commercial and one lane private vehicle drop off. In the new terminal the south lane will be almost a one and a half lane width. Mr. Murfin said so it is identical to what we have now. Mr. Oswald said that is correct, on the number of lanes. Although, by either design or coincidence, the Park and Ride lot will have increased activity because a person can either wait a few minutes to get on the shuttle or park far back and have to walk with their suitcase.

Mr. Wooten asked how many spaces the new garage will have. Mr. Oswald said the current plan is for it to be a 1,600 stall facility. One-fourth of that is dedicated to rental cars and the other 1,200 stalls for paid parking. However, we believe to move this project forward we will have to bid the smaller alternative. Although, it is possible with this bidding climate we may be able to get 1,600 stalls for the price of 1,200. Or the cost of the other 400 stalls may be minor. Mr. Wooten asked how many levels it was planned to be. Mr. Oswald said three or four. Ground being one level and then either two elevated or three elevated and we are going to task the consultant to do that. Mr. White said one of the advantages of having a three level garage versus a four level garage is it spreads out the footprint of the building and makes it bigger, although it makes it shorter so it does not block the view of the terminal near as much. Architects like that sort of thing, and it also has a couple of operational and cost saving advantages. If the rental cars and the hourly public parking are put on the same ground surface level then we do not have to have a separate set of ramps going up to the second level just for the rental cars. The revenue control system would also be easier because they are all on the same level. Also, the rental cars like it better because they want to be on the same level as their ticket counters and offices.

Mr. Estes said his understanding is that the new terminal building is going to be somewhat shorter than the existing building. His concern is that currently at peak times it can be a problem with the number of vehicles that are in the park and drop off lane and if we are shortening the length of the terminal, will that be an issue because there will still only be three lanes. Mr. Oswald said we do not think it will be an issue. We discussed that at more than one Design Review meeting with the consultants and felt that what we moved forward with will work. We will have more pavement beyond the end of the building to work with. As you recall, the roadway and parking lot designers ran all of the numbers to try and justify putting in a fourth lane of traffic and determined that the number of vehicles on all of the counts that were projected for the next twenty years would never justify having four lanes of traffic so instead they had the lane closest to the terminal be almost like a double-wide lane to allow two cars to park in front of the terminal, as a drop off and pick up area and then still have two lanes of driving traffic off to the left side of that. Mr. Greenlee said these studies do not plan for the peak times, they plan for an average or a little above an average so there still may be congestion during peak times.

Mr. Murfin asked what the length of the current terminal is versus the new one. Mr. Oswald said the new building is 600 feet and he believes the current one is pretty close to that. Mr. Murfin said it will be the same length, with the same number of lanes, and the same number of gates. Mr. Oswald said one of the lanes will be wider than what we have now and remember we will have parking beyond the end of the building. Mr. White said to keep in mind one thing that drove every decision that was made is how much money do we have and how much can we

afford to spend. It is not exactly what we all hoped it would be when we started conceiving this project and there are people that are asking why the terminal will not be significantly bigger than what we have today. I think it is safe to say in the Risk Assessment Report that the City Finance Department did that they think the terminal should be smaller than what we have designed in order to save money. Mr. Greenlee said, but the way you are building this parking garage and the terminal building you are locked in to the roadway system, 50 years from now you will not be able to move the roadways out like in the past. Mr. White said yes, there will be a corridor between the garage and the terminal. Once a design firm is officially hired for the parking garage that is one of the things that I want to discuss with them is where is that front planting wall going to be because it needs to be back as far as it can reasonably be from the proposed new terminal so that there will be leeway there given the fact that there is also a road on the back side.

Mr. Estes asked if the next step is to have the workshop with the City Council. Are all of the other items completed such as the FAA review and the Central Inspection review. Mr. White said that Mike Carter advised him that once the workshop takes place and assuming that the City Council says to proceed with advertising for bids he would like to have two weeks from that day to be able to officially advertise. During that time his office will print up those 1,400 pages of drawings and 4,000 pages of contract documents and distribute them and advertise them and get all of that stuff out, because you would hate to have to spend that money now and have it sitting there waiting. Mr. Oswald said that is a reasonable time because of the size of the project and all of the components.

John Oswald provided the Board a PowerPoint presentation on the parking garage that he gave to the architectural consultant community last Thursday morning. He showed pictures of ACT 1, ACT 2 and the designs for ACT 3. Currently we know the parking garage will be across the street and will have two places where it connects to the terminal building, however its shape and location is yet to be determined. Mr. Oswald showed pictures of the canopy in front of the terminal building. He has been advocating that the canopy has some value for doing something other than just glass. He is advocating, and Mr. White may carry the message to the artist, to pick up on the four legacy aircraft manufacturers that are still here: Learjet, Cessna, Beach and Steerman. We have four entrances and we could imbed some of the silhouettes of planes they made into the canopy overhead and potentially at the entrance have one named after each company. It is one of the ideas we are looking into.

Mr. Estes asked how much of the workshop is going to get caught up in discussion of the parking garage. Mr. White said he believes there will always be some questions about the issue of the size of the garage. It is in the RFP for the design of the garage that they are designing two garages. One with 1,600 spaces and one with 1,200 spaces, so that it can be bid both ways. Mr. Estes asked if it would be possible to work through the workshop with the Airport Authority without making the decision on the parking garage, so that right now all that we are focusing on is the terminal and six months from now we can revisit the parking lot issue. Mr. White said he thinks that is a good plan. That way we are asking the City Council solely do you or do you not want to bid the terminal project. If their answer is no, then there is no need to address the issue of a parking garage.

Executive Session

Chairman Fletcher reported that there is no need for an executive session.

Other Business

The next WAAB meeting will be Monday, July 12, 2010 at 2:30 p.m.

Meeting adjourned at 4:25 p.m.

Kelly Fabrizius, Clerk