

MINUTES OF THE CITY OF WICHITA
WICHITA AIRPORT ADVISORY BOARD

Monday, November 5, 2012

Present: Dave Bayouth, Charles Fletcher, U.L. Gooch, Dwight Greenlee, Steve Harris, John Hennessy, Carl Koster, Thomas Pryor, Bill Ward, Brent Wooten

Absent: Dr. Thom Rosenberg, Kurt Yowell

Airport Staff: Victor White, Brad Christopher, Kathryn Keathley, Traci Nichols, John Oswald, Valerie Wise

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

Others: Pat McCollom, AECOM
Brian Youngers, Signature Flight Support

Chairman *pro tempore* Charles Fletcher called the meeting to order at 2:30 p.m.

Approval of Minutes

Motion by Greenlee, second by Gooch, to approve the minutes of the October 1, 2012, Wichita Airport Advisory Board meeting. Motion carried unanimously.

Director's Report – Victor White, Director of Airports

Properties and Contract Manager Traci Nichols attended the National Business Aviation Association (NBAA) convention in Orlando. Ms. Nichols stated that it was a good opportunity to network with both current tenants and potential customers. The Airport partnered with about a dozen other groups, including the Greater Wichita Economic Development Coalition, the National Institute for Aviation Research, the National Center for Aviation Training, the Newton Airport, Kansas Department of Commerce, and Butler County Economic Development, to sponsor a convention booth. U.S. Senator Moran spoke about the aviation industry. Mr. White stated that next year, the Airport plans to increase promotion of the services of Wichita's fixed-based operators at the convention.

Airport Marketing Services Update – Valerie Wise, Air Service and Business Development Manager

Mr. White prefaced Ms. Wise's presentation by stating that Airport staff has been working with City Manager Layton since September to develop an advertising and marketing services program

that places full responsibility for creation of marketing concepts and strategies with Airport staff and that provides flexibility in the marketing program by allowing the Airport to contract with firms as needed for marketing media services. In the past, the Airport selected a full-service advertising agency for its marketing program, and that agency-of-record was responsible for creating all the concepts and strategies. It is proposed that the new model will go into effect when the current advertising services contract expires at the end of December, at which time the Airport will consider requests for proposals (RFPs) for specific services; one for media buy services and one for Internet, digital, social media, and creative/graphic design services. It is expected that the new model will provide some cost savings, since only specific production services will be purchased. Chairman Rosenberg has recommended that the Airport create a marketing committee that includes WAAB members to be involved with processes such as the selection of firms and development of advertising strategies. He will probably be in contact soon with the Board to determine who would like to be a part of that committee. Mr. White would like the Board to provide its recommendation regarding the new model and the proposed RFPs, which will be communicated to the city manager.

Ms. Wise explained that the marketing program will be built on four areas of focus: passenger revenue development, air service development, public relations for the new terminal and parking garage, and customer service. The major factor that will help grow passenger revenue development is providing desired air service to travelers in the Mid-Continent catchment areas. Market assessment data provides a picture of the number of travelers in the catchment area that choose to fly out of Mid-Continent and the air carriers that are chosen, which guides decisions about targeting advertising to air travelers and marketing air service. The recommended initiatives for growing passenger volume are: an affinity strategy, a loyalty program, networking with local business and civic organizations, customer engagement, promoting the addition of Southwest Airlines, and an inaugural event for the opening of the new terminal. The affinity strategy has been part of the marketing program for about five years, and strengthens connections with customers through advertising at college sporting events and promoting local college events. It is recommended that the college affinity program continue, although its scope and strategies may change as needed to reach customers. A loyalty program will provide flight incentives to travelers that make purchases at Mid-Continent and potentially at local registered businesses. This would be a new strategy for the airport, but loyalty programs are in use at many other airports. Customer engagement will be accomplished by providing travel tips that will increase public knowledge of air travel expectations and requirements. Over the next couple of years, promoting new service with Southwest Airlines will be a high priority marketing task. The Airport will continue to develop partnerships with airlines and provide effective marketing for all air service. The Airport will initiate a digital marketing strategy that reaches customers in multiple Web-based platforms.

Carl Koster asked for additional information on what market leakage is, and how it is measured. Ms. Wise answered that Sabre, the Airport's air service consultant, does a market analysis based on booking data that correlates a traveler's residence zip code to both the traveler's departure airport and the geographically closest airport to the traveler's residence, which indicates if a traveler in Mid-Continent's catchment area is flying from another airport. Mid-Continent's catchment area is two-thirds of the state of Kansas and parts of northern Oklahoma. Mr. Koster

stated, then if a person chooses to drive instead of fly, it is not considered leakage. Mr. White added that the consulting contract with Sabre is expiring at the end of 2012, so a selection process for a new air service consultant will take place soon, as well.

Mr. Koster asked if the firm that handles the media buys would still receive an agency discount with the media outlet. Mr. White answered that under the current contract, a 15% commission is paid to the advertising agency for all media buys, so even if agency discounts would not apply, it is likely that the overall media buy cost would be much the same, if not less, because the commission fees will not be part of the media buy cost.

Motion by Koster, second by Pryor, that the Wichita Airport Advisory Board accept the proposed marketing program and recommend that Airport staff proceed with requests for proposals for professional services. Motion carried unanimously.

ACT 3 Project Update – Pat McCollom, Program Manager

Notice to Proceed No. 2 was issued October 9th, which encompasses the main scope of terminal construction over the next eight months. Based on an 860 day construction schedule, the substantial completion date is February 16, 2015. The excavation work is approximately half complete. Work to ready utilities for the new terminal is underway. Once contract terms are finalized, HNTB will be working on designs for the IT and Communications infrastructure for the terminal and Apron Phase 3. Engineering and Planning Manager John Oswald added that construction for Apron Phase 3 will begin approximately July of 2013. A review of the baggage handling system with the Transportation Security Administration (TSA) has begun, to reconcile differences between guidelines that were in effect when the original plans were completed in 2009, and current TSA design guidelines. Based on what has been discussed to this point, most of the differences deal with the work process environment, not the baggage handling equipment itself. In the coming month, the foundation concrete work will begin, as well as excavation for the tunnel that will connect the existing basement to the new terminal. Mr. McCollom presented photographs documenting the demolition and excavation work completed to date.

Dave Bayouth asked if the basement of the existing terminal would be demolished. Mr. White answered that the basement would be preserved, because there are many conveniences already established in that structure that do not need to be re-created in another site: utility access, workshops and storage for maintenance staff, and a storm shelter. Bill Ward asked if operation of the terminal gates will be affected by the construction process. Mr. White answered that the two gates on the west concourse that would be affected by construction have already been closed.

Other Business

Mr. Bayouth asked if it was known how the proposed change in ownership of Hawker Beechcraft would affect its business based at Mid-Continent. Mr. White stated that the Airport is not anticipating changes in its presence at Mid-Continent, but much is not known at this point since the bankruptcy court has not yet approved the reorganization plan for Hawker. Hawker has

recently been negotiating construction of a paint hangar at Mid-Continent, its service business continues to be strong, and Hawker is entering into an additional facility sub-lease at Mid-Continent. The company's bankruptcy has not affected its business relationship with the Airport so far.

Brent Wooten asked for an update on the parking garage design. Mr. White stated that last week the design team and representatives of the seven rental car agencies met for a final review of the rental car facility plan, and to address any final concerns. Further meetings will be held this week to bring that information together for Airport staff review. The project should be advertised for bid in January, with construction beginning in the spring. Mr. Wooten asked if all the rental car parking spaces would be inside the garage. Mr. White stated that the ground level of the garage is dedicated for rental cars, which is approximately 400 vehicles. The number of spaces allotted to each agency will be based on market share. Additional questions were asked about parking pricing and proposed ideas for a solar energy system on the roof. Although the roof level will not be enclosed, it is not feasible to charge customers a different rate for the roof level than enclosed levels 2 and 3. The bid request will include options for partially covered roof spaces, similar in fashion to car ports, so that if funding allows, the roof spaces will have some protection. A solar energy system will not be part of the initial construction, because there were several design challenges that could not be resolved at this time and cost estimates exceeded the value in investment; however, the garage design allows for solar panel installation if a suitable design and funding can be found in the future.

The next WAAB meeting will be Monday, December 3, 2012 at 2:30 p.m.

Meeting adjourned at 3:34 p.m.

Kathryn Keathley, Clerk