

# MINUTES

## KALAMAZOO COUNTY AERONAUTICS BOARD OF TRUSTEES MEETING

FEBRUARY 14, 2007

ITEM 1. Call to Order: The meeting was called to order at 8:12 by Vice Chair, Marie Frank.

ITEM 2. Roll Call: Members in attendance - Bill Duggan, Marie Frank, Daniel Hope, Kevin McGrath, James Woodruff

Also Present: County Liaisons Deb Buchholtz-Hiemstra and Nasim Ansari

Staff Present: Clifton Moshoginis, Thom Canny, Ron Shutler, Karen Wolff, Lynn St. Clair, and Lisa Bradshaw

ITEM 3. Approval of Minutes of the January 10, 2007 meeting. There being no suggested changes, a motion to approve the minutes was made by Mr. McGrath, seconded by Mr. Duggan. The minutes were approved.

ITEM 4. Citizen Comments: No citizen comments were offered.

Mr. Moshoginis introduced Jay Waalkes, newly hired Operations Supervisor. Mr. Waalkes was formerly employed by WMU and has been a lead flight instructor. Lauren Becker, student intern, was also introduced.

ITEM 5. Air Service Development Presentation by Marie Frank. The presentation defines what is presented to targeted airlines that make sense for our airport. We will work with the community to establish an airline expansion/retention program to present accurate and realistic information to the airlines; both business and leisure trends. The airlines are interested in the catchment area population, travel destinations and percentage of diversion. We also need to know about competition, what non-stop cities other airports are trying to secure. We lose close to 36% of our market to other airports. Catchment area is looked at by drive time 30 to 120 minutes, and the population within those areas. Bigger airports look at a bigger catchment area. We take the statistics to the airlines that are current. Demographic information is important to them. They want to know about the economy of the community. We need to be aware of airline strategies, and those strategies change continually. For instance what aircraft are the airlines leasing or purchasing, so what might be their business and geographical focus. It is also important to know the financial status of the airlines. Southwest Airlines does not use regional aircraft, and they won't start

up in a city with less than 12 flights a day, so we won't be looking at that airline. The local population would not support their service.

We know our top 20 markets, but may also look at others. The airport needs to work closely with community businesses, MPI, Kellogg, Stryker and Pfizer to know what their needs are for the future. This ties in with the airlines' hub and route structures. Key to working with the community includes Southwest Michigan First, Battle Creek Economic Development, Chambers of Commerce and hotels. Travel agents are still used by corporations, but they are usually a very large organization. Mr. Hope explained the travel agent arrangement for Stryker.

There is a need for a local airline expansion and retention group with a five-year plan. Ms. Frank explained that the airlines expect support with marketing funds. We need a program for those marketing dollars. Expected operational incentives include waiving landing fees. We need to maintain credibility and develop a good relationship with the airlines, including relevant data, marketing incentives and ongoing communications. Ms. Frank outlined goals for air service development which includes meeting with key airline officials, and maintaining communication with existing airlines. An online reservation process may be presented to the Board next month. In response to a question from Mr. McGrath, Ms. Frank said she would email the presentation to the members.

#### AIRPORT AGENDA ITEMS:

A. Approval of Frank Air Service Consulting Contract for 2007, a quorum was not present for a vote.

B. Disclosure by Ms. Frank. Request for Additional Service for Frank Air Service Consulting for 2006, a quorum was not present for a vote.

C. Amendment to Riley Aviation Contract. Mr. Moshoginis explained that the amendment was for additional square footage to the ground rental agreement to accommodate a fuel tank. 5,500 square feet of ground space will be added to their agreement, and they will pay \$.07 per gallon for fuel flowage fees. Mr. Woodruff moved to approve the Amendment, seconded by Mr. Duggan. The motion was approved.

D. Professional Services Agreement with Kalamazoo Valley Community College  
Mr. Shutler explained that the FAA has formalized their training requirements. We have partnered with KVCC to develop the initial and recurrent training. Our employees will attend these trainings. Ms. Buchholtz-Hiemstra asked how previous trainings were paid for, and how would the cost change. Mr. Shutler said the training was conducted at the Airport by studying the training materials so there was no cost. Mr. Moshoginis said there may be some overtime costs. Mr. Shutler said the American Assoc. of Airport Executives will develop training

and tailor it to this airport, but it is expensive. We are also considering Law Enforcement, and Airport Rescue and Fire Fighting (ARFF). Mr. Hope asked about tuition. Mr. Shutler explained the cost is about \$1,800 for training development and about \$200 for training. It is less expensive to train several employees in a class setting than individually.

Mr. McGrath moved to approve the Agreement with KVCC. Mr. Hope seconded the motion and the agreement was approved.

E. Reynolds, Smith & Hills, (RS&H) Contract – Phase 1 of the Terminal Project  
Mr. Moshoginis noted the contract covers the Study Phase of the scope of work. At the end of this phase a concept including design and financials should be complete. He suggested scheduling a meeting before the Board takes action. It is funded through Passenger Facility Charges (PFC), and has been approved by the FAA and the airlines. Mr. Canny added page 5 shows a limit of \$24,000,000 including their fees. He explained the problems with the previous terminal bids coming in higher than expected.

Mr. Duggan made a motion to approve the Agreement with Reynolds, Smith & Hills. Mr. McGrath seconded the motion. The motion carried. Mr. Woodruff noted that it is difficult for the Aeronautics Board since they aren't acquainted with the firm. Mr. Moshoginis mentioned a couple Board members attended the selection meeting. He will provide all information ahead of time, and offered to hold a separate informational meeting. Mr. Canny noted the kick-off meeting where the Board could meet members of the firm. They will be reviewing project dates. Mr. Canny encouraged the members to attend.

F. Airport Director's Agreement - Mr. Moshoginis said Mr. Canny had asked for comments from the members, and has developed the contract. Mr. Canny noted that being a public document, the contract amount is disclosed. He agreed that the final document came from the comments of the Trustees. One question had been about sick and vacation time. That item is covered under the County personnel policies for non-union employees. He related the accruals per pay period.

Ms. Frank asked if there were any further questions. Mr. Woodruff made the motion to enter into the Airport Director's Agreement with Mr. Moshoginis. Mr. Duggan supported the motion, and it was approved.

## AERONAUTICS BOARD ITEMS

A. By-laws Subcommittee – Mr. Duggan said there was nothing to report at this time. Mr. Canny said he would try to get in touch with the By-laws Subcommittee in a week.

B. Market Share Subcommittee – Mr. Woodruff said Marie Frank and he met with Cliff Moshoginis and Karen Wolff to determine what information the Board would be most interested in. The subcommittee discussed the data at length, and considered how often it should be reviewed. The subcommittee determined a couple of areas to focus on, airfare comparison – average one-way fare, and the top 20 destinations compared with Kalamazoo’s competitive airports. Ms. Frank said the airfare average could be done monthly, semi-annually or annually. Ms. Buchholtz-Hiemstra said there should be a way to evaluate it over time to see if there is improvement or what is the trend. Ms. Frank said we can look at improving that with monthly origin/destination and semi-annual average airfare to the top 20 destinations. The table could be broken down to connection and non-connecting destinations. The airlines cost per passenger for Kalamazoo compared with our competing airlines is also valuable to the airlines in assessing their costs. Kalamazoo is lower than Grand Rapids.

Mr. McGrath asked if the top 20 is historically the top 20, or would it change with the semi-annual report. Ms. Frank said it may change especially if new service is added. When we have a non-stop flight, we maintain our market. Mr. Moshoginis said the cost per passenger, over time, tells us where we stand in relation to another airport, Grand Rapids is about \$10.00, and we are about \$3. Ms. Buchholtz-Hiemstra asked if yield is something you take to the airline, or do they know that. Ms. Frank said they do know, but sometimes it needs to be brought to their attention. There was further discussion of the report. Mr. Moshoginis said this was just an example, once the form is established it will be more relevant. Ms. Buchholtz-Hiemstra explained how she had evaluated airfares.

Mr. Hope thought the cost per mile and various costs for origin/destination were very revealing. Mr. Canny said the airlines are able to tell you what the cost per passenger will be. One reason the terminal project was stopped is because it would have made the cost to the airlines prohibitive. He spoke about looking at the cost of space in the new terminal in order to get federal dollars. Mr. Woodruff mentioned the importance of destinations. Mr. Hope agreed that is key to a business traveler. Stryker did a diversion analysis and used Detroit or Chicago because employees would rather drive to one of those airports and take a non-stop flight. Stryker has compelling data about the diversion numbers that can be presented to the airlines. Ms. Frank asked the members to contact her or Mr. Woodruff for further comments concerning the Market Share information.

ITEM 7. UNFINISHED BUSINESS – There was no unfinished business presented.

ITEM 8 NEW BUSINESS – No further new business was brought to the Board.

ITEM 9. DIRECTOR’S REPORT – Mr. Moshoginis distributed an article on “Parking’s Possibilities” taken from the Airport Magazine. He also passed around

copies of the editorial from the Kalamazoo Gazette and the Viewpoint article submitted to the Gazette by Ms. Frank.

January's enplanements are down 7% compared to 2006, and departures decreased 13%. The 7% decrease was due in part to the 27 cancellations in January. This is unusual even for January. We are also experiencing weather cancellations in February.

The Indian Trails and Greyhound buses will relocate to the City's Transportation Center on February 21.

A draft of the Business Plan is expected soon and will be distributed to the Board. Following that there should be a strategy session to go through the draft. Then we can submit our comments. Airport Business Solutions have held some strategic sessions with local airline managers, tenants and hangar tenants. Mr. Ansari asked if there was a timeframe. Mr. Moshoginis said it should be 6 months. Ms. Frank said she recently gave a presentation to the Aviatrix group. A member of that group had attended a session with ABS and was very impressed.

Mr. Moshoginis said the Flight Information Display System (FIDS) is installed. Some minor adjustments need to be made. The airlines update the FIDS. This information will be connected to our website.

Mr. Moshoginis said he would like to get pictures of the Board members to place on the Airport's website. He provided the members with information concerning the MAAE Conference being held in Lansing on February 20-22.

MEMBERS' TIME. Ms. Frank said that items A and B could not be voted on due to a lack of a quorum. There was some discussion concerning a special meeting in order to approve the items. Ms. Frank noted some of the projects she was already working on.

Mr. Hope said he could bring '06 information from Stryker to the April meeting, and look at the best way to present it. Talk to major companies for further information that might show support an increased level of activity. Ms. Frank has been working with several individuals, along with the Aeronautics Board to begin to put together a strategizing group.

ITEM 11. ADJOURN – There being no further items for consideration the meeting adjourned at 9:27 a.m.