

Salina Airport Authority Board of Directors Regular Meeting

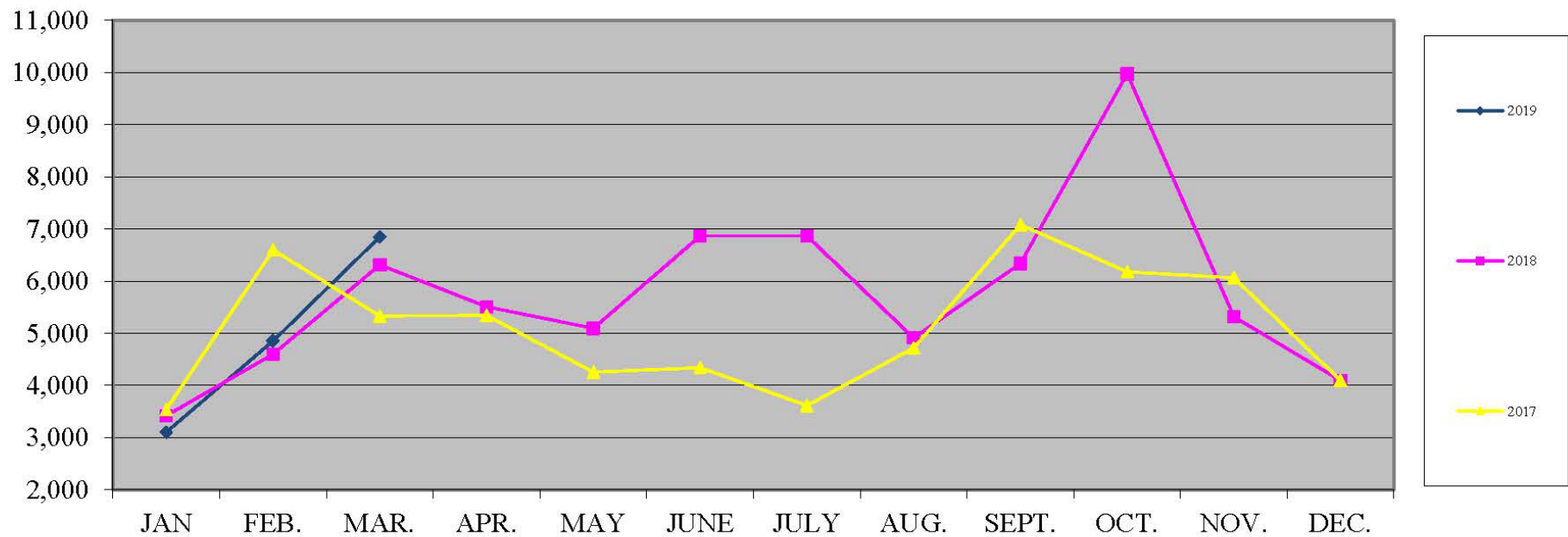
April 17, 2019



Review of Airport Activity & Financial Reports

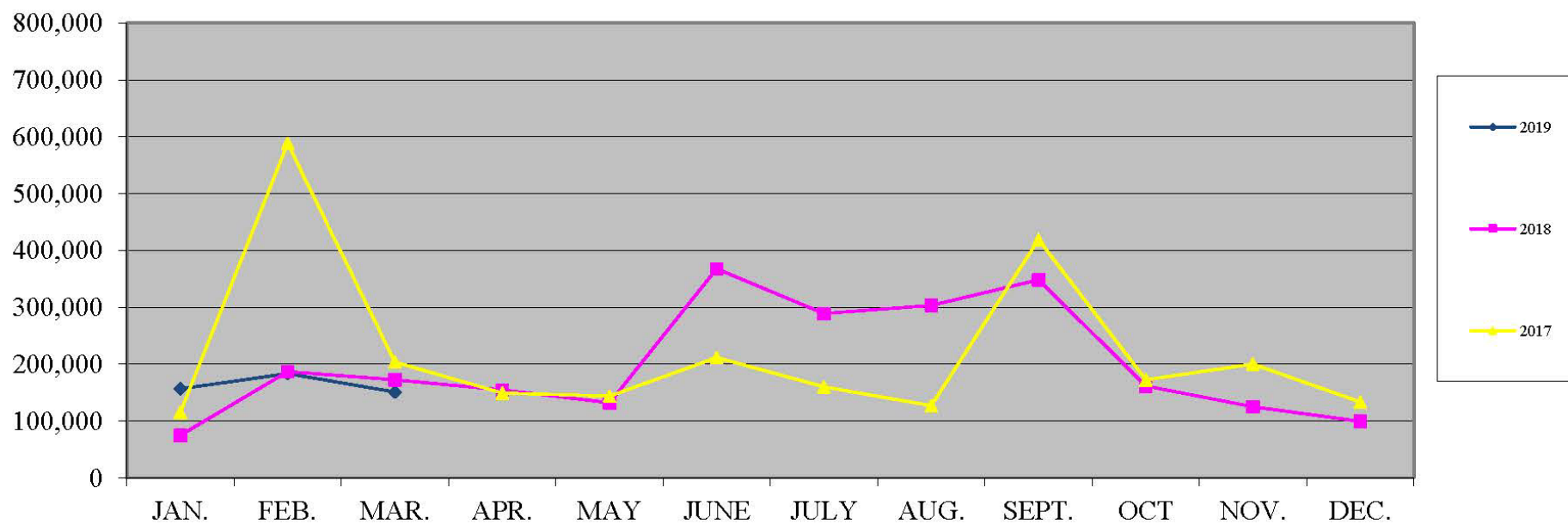
Tim Rogers, A.A.E.

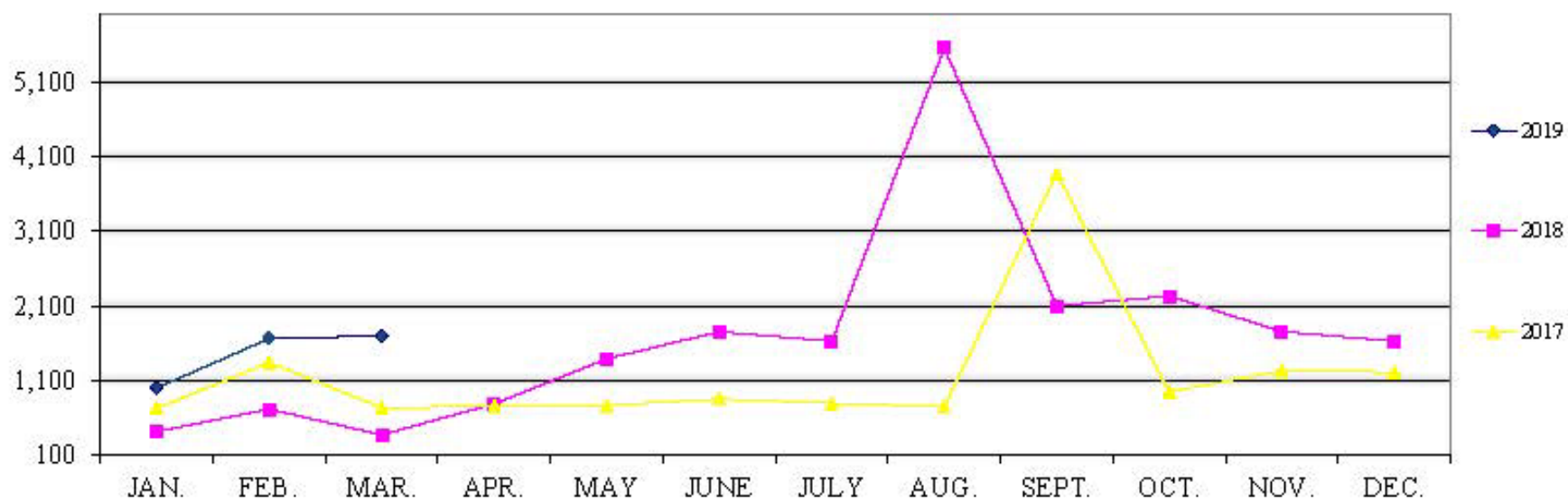
Shelli Swanson, C.M.





Fuel Flowage





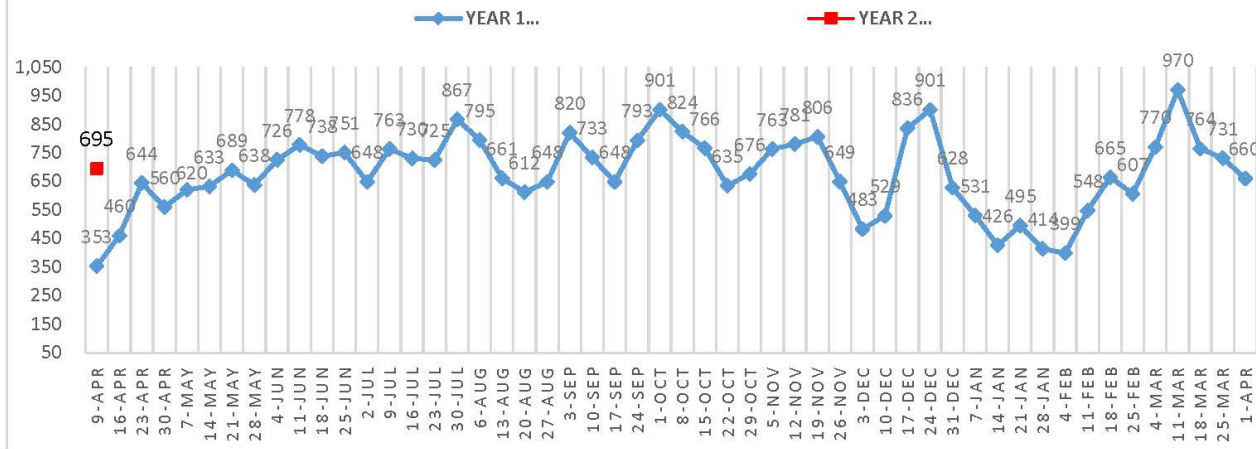
Weekly Enplanements and Load Factor

2018 - 2020 SkyWest Airlines

Weekly Enplane and Deplane (Monday thru Sunday)

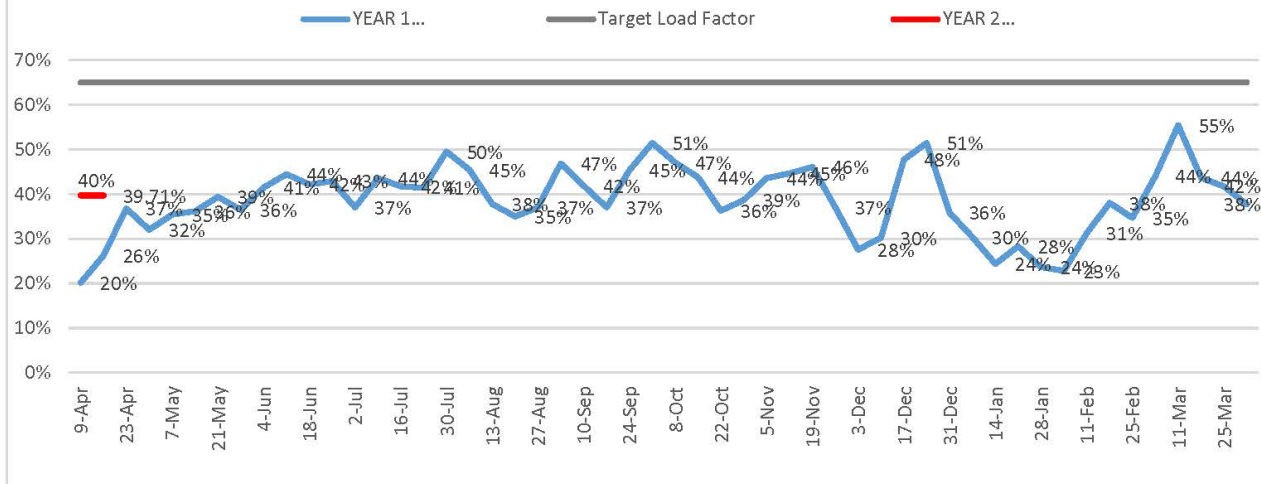
Note: SKW EAS service at SLN started on April 9, 2018

TOTAL SLN PASSENGERS - PER WEEK



* Passenger numbers reported are unaudited by SKW and subject to change

Load Factor Trendline



Financial Reports

Salina Airport Authority Profit & Loss Budget Performance March 2019

3:54 PM

04/12/2019

Accrual Basis

	<u>Mar 19</u>	<u>Jan - Mar 19</u>	<u>YTD Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>	<u>Annual Budget</u>
Ordinary Income/Expense						
Income						
Total Airfield revenue	73,669	248,449	212,827	35,622	117%	851,307
Total Building and land rent	104,254	327,819	354,916	-27,097	92%	1,419,660
Total Other revenue	2,179	17,007	56,250	-39,243	30%	225,000
Total Income	180,102	593,275	623,993	-30,718	95%	2,495,967
Gross Income	180,102	593,275	623,993	-30,718	95%	2,495,967
Expense						
Total Administrative expenses	132,641	367,535	403,931	-36,396	91%	1,615,722
Total Maintenance expenses	72,438	245,173	210,751	34,422	116%	843,000
Total Expense	205,079	612,708	614,682	-1,974	100%	2,458,722
Net Ordinary Income	-24,977	-19,433	9,311	-28,744	-209%	37,245
Net Income	<u>-107,156</u>	<u>413,793</u>	<u>-41,098</u>	<u>454,891</u>	<u>-1,007%</u>	<u>-164,388</u>

Financial Reports

Salina Airport Authority Capital Additions Budget vs. Actual

As of March 31, 2019

2:05 PM

04/12/2019

Accrual Basis

ASSETS

	<u>Mar 19</u>	<u>Jan - Mar 19</u>	<u>Budget</u>	<u>\$ Over Budget</u>	<u>% of Budget</u>
Total Airfield	0	783,470	903,521	-120,051	87%
Total Buildings & Improvements	10,287	36,001	20,000	16,001	180%
Total Equipment	7,736	16,339	7,500	8,839	218%
Total Land	4,326	24,779	50,000	-25,221	50%
Total Fixed assets at cost	22,349	860,589	981,021	-120,432	88%

The background of the slide features abstract, overlapping geometric shapes in various shades of blue, ranging from light sky blue to deep navy blue. These shapes are primarily located on the right side and bottom of the slide, creating a modern, dynamic feel.

Review of the March 31, 2019 Ten (10) Year Financial Trend Analysis Report

Shelli Swanson, C.M.

One-Year Review of United/SkyWest Regional Jet Service

Tim Rogers, A.A.E.



SLN

Salina Regional Airport Authority Board of Directors

A Year of Regional Jet Service

April 17, 2019

Salina to Denver or
Salina to Chicago O'Hare

\$89^{*}

one way
Standard Economy Fare

**BOOK
NOW**

UNITED 

Operated by SkyWest Airlines

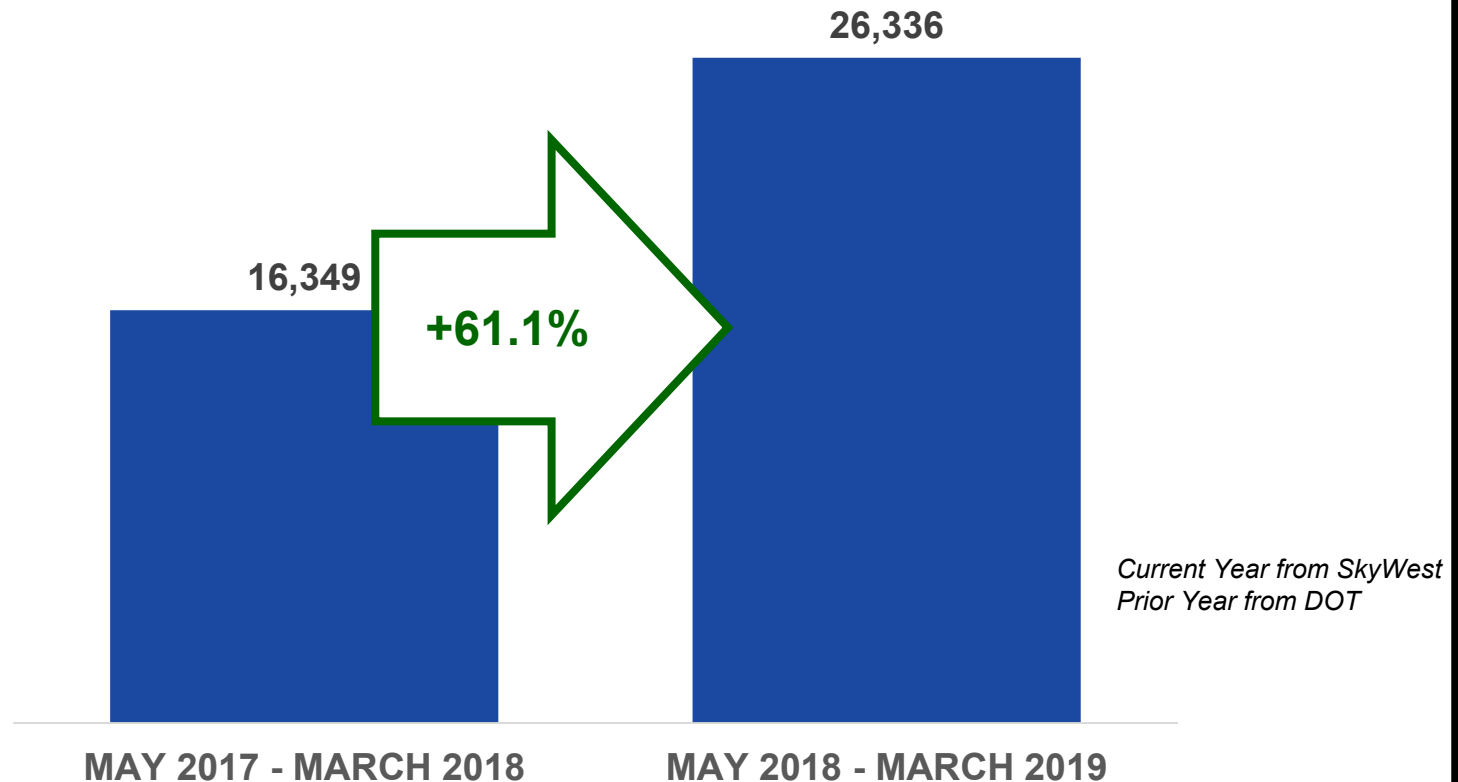
*Book by February 26, 2019 for travel through May 22, 2019. 14 day advance purchase and other restrictions apply.

Executive Summary

- Aggressive marketing of Salina Regional Airport have generated a number of “wins” in both traffic and awareness of the new Regional Jet service and what it brings to the community
- A variety of initiatives were undertaken
 - An aggressive media campaign
 - Ensuring competitiveness of fares with alternative airports
 - Implementation of special fares to generate marketing “buzz”
 - A “Boots on the Ground” sales campaign
 - Galvanizing community support of SLN
 - Leveraging of relationships with United Airlines and SkyWest Airlines
- At our one-year anniversary, we have created much momentum, but the air service is at a critical point
 - The Essential Air Service (EAS) contract expires in 2020
 - While pleased with our efforts in Salina, SkyWest has indicated that they are evaluating their position in Hays relative to continuing the Chicago tag flight, presenting an opportunity for stand-alone service without a tag flight
 - United Airlines, heavily engaged at SLN, is a key influencer and will be reviewing performance as the EAS contract comes closer to renewal
 - A FAA funded terminal building requirements study is in process due to passenger growth

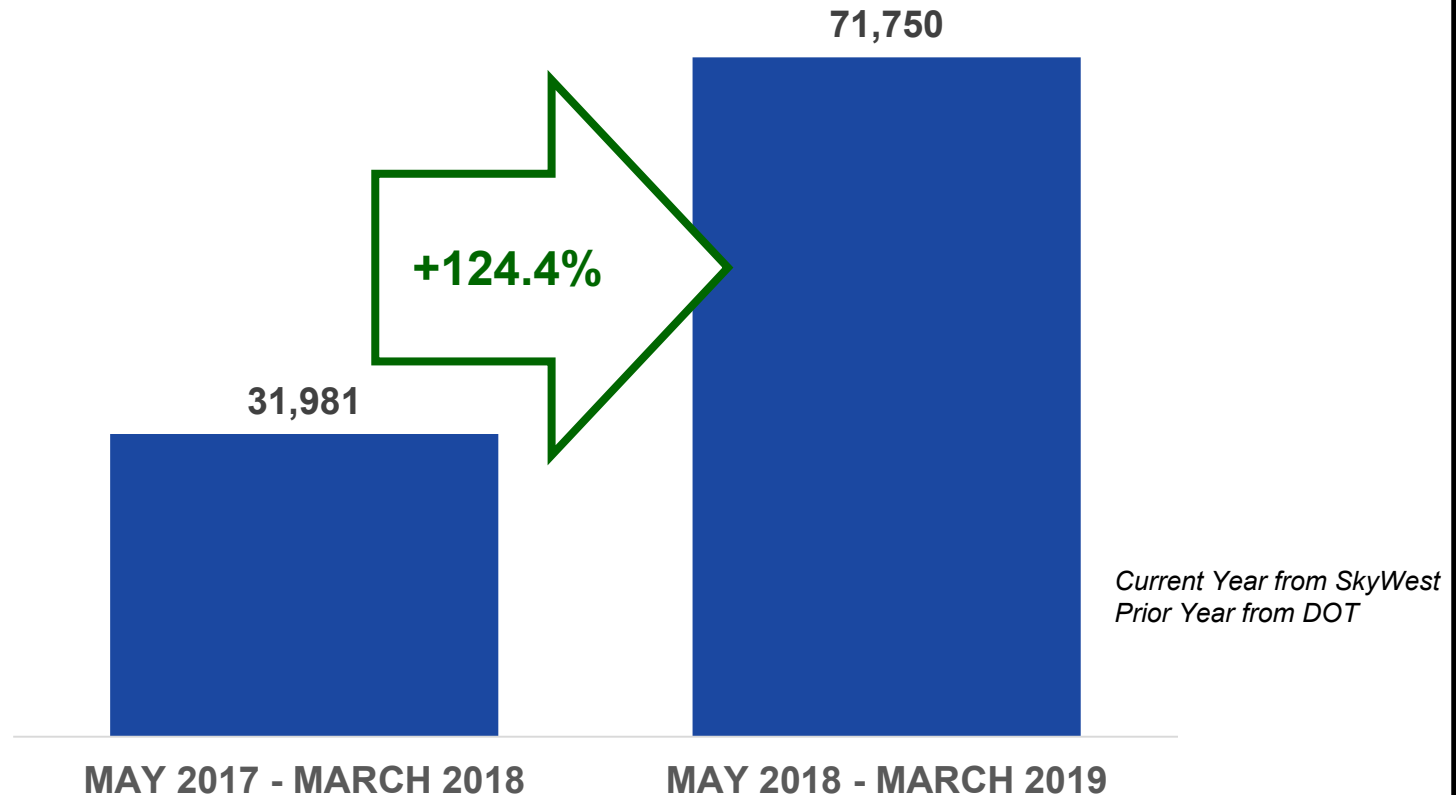
For the full months since the launch of RJ service, going back to May, 2018, enplanements are up over 60% Yr/Yr

**Total Roundtrip Enplanements:
May 2018 – March 2019 vs May 2017 – March 2018**

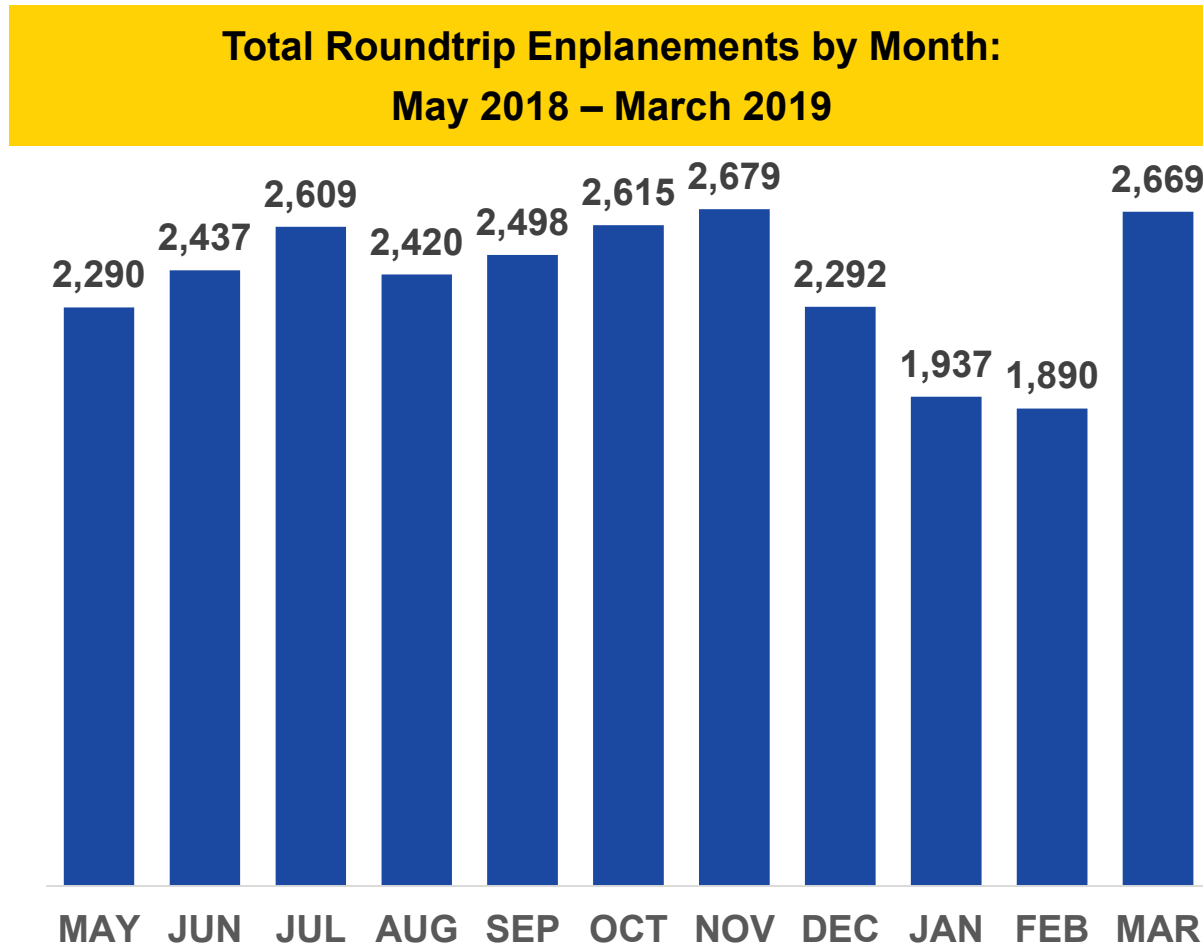


In the first year we have sold about half of the available seats outside of any Hays enplanements on a roundtrip basis

**Total Roundtrip Seat Capacity:
May 2018 – March 2019 vs May 2017 – March 2018**



March 2019 total enplanements, aided by the Spring Break period, were the second best since SkyWest began service, only bested by the Thanksgiving period



Of the Top 15 Markets, ORD and DEN are performing well. With time and continued marketing effort, connecting markets will increase as a percentage of total bookings

SLN - - March 2019 Top Markets

March 2019 SLN Top O&D	
Dest	%
ORD	28%
DEN	25%
LAX	4%
LAS	3%
MCO	2%
PHX	2%
LGA	2%
CUN	2%
PDX	2%
SFO	1%
MSP	1%
SAN	1%
IAH	1%
PHL	1%
SLC	1%

- ➔ 12 of the Top 15 markets are to the west to/from SLN, indicating tremendous potential to the east still, which is where 63% of the Catchment Area traffic flows to per our 2017 Demand and Leakage Study
- ➔ The Demand and Leakage study showed that most eastbound customers who could have used SLN actually drove to ICT
- ➔ If we can continue to keep demand ratcheting up, this can be the basis for a commercial case for more eastbound service from SLN
- ➔ A new Demand and Leakage Study is slated for later this Spring

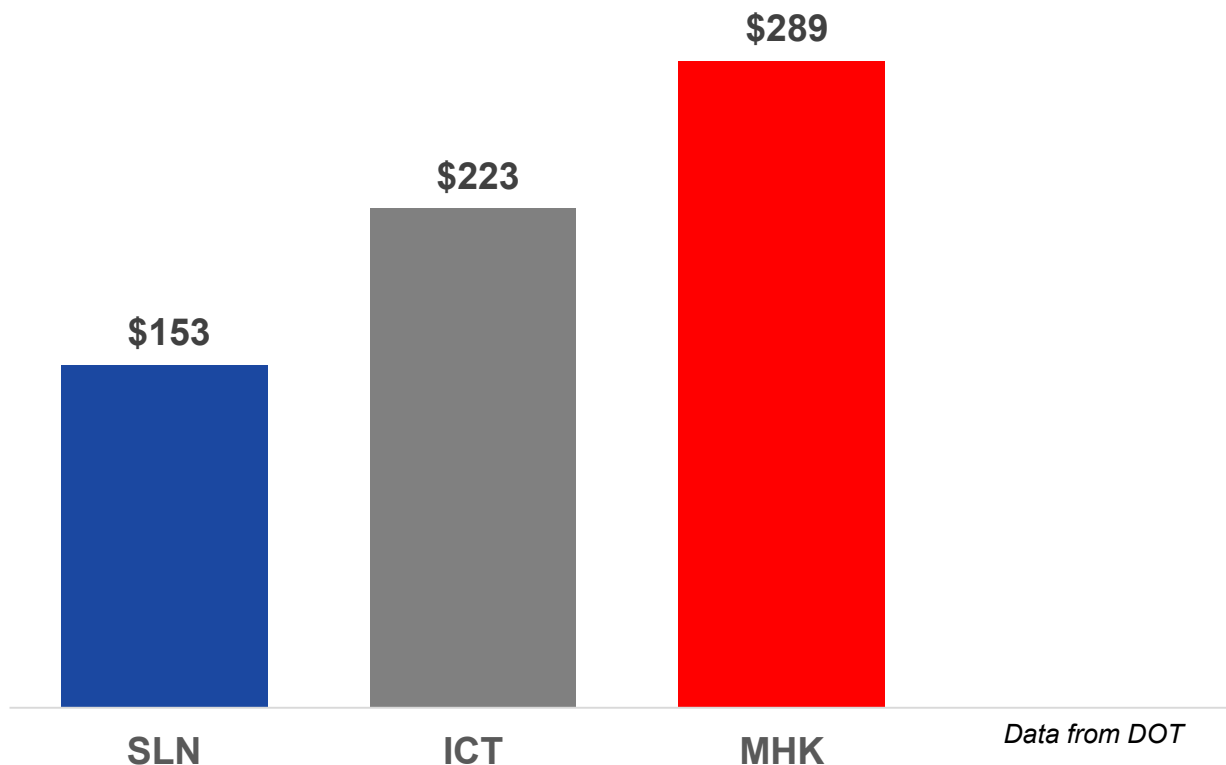
How was progress made?

Air Fare Wins

- ➔ Much resource has been dedicated to air fares - - both ensuring competitiveness with other airports in the area as well as negotiating and implementing special fares
- ➔ Historically, SLN suffered from not only a sub-par product limited to DEN, but uncompetitive fares
- ➔ Airline industry fares at large airports change twice daily, impacting the fares offered at medium and smaller sized airports
 - Fare monitoring has to be on an ongoing basis
- ➔ Working with United Airlines, SLN is competitive on both business and leisure fares
 - All of the Top 15 markets at SLN are lower than or within \$25 of the fares United offers on a one-way basis to business travelers at Wichita
 - 13 of the Top 15 markets at SLN are within an acceptable range to what United offers on a roundtrip basis to leisure travelers at Wichita, counting actual out-of-pocket costs of fuel, parking and hotel costs, outside of drive time
- Additionally, we have been successful in negotiating two special fare campaigns providing marketing “buzz” to our new jets and Chicago service
 - Discussions concerning another campaign are in process

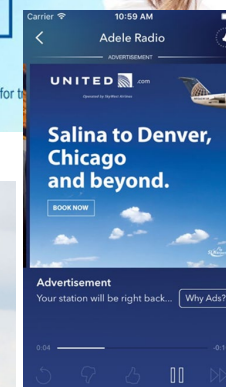
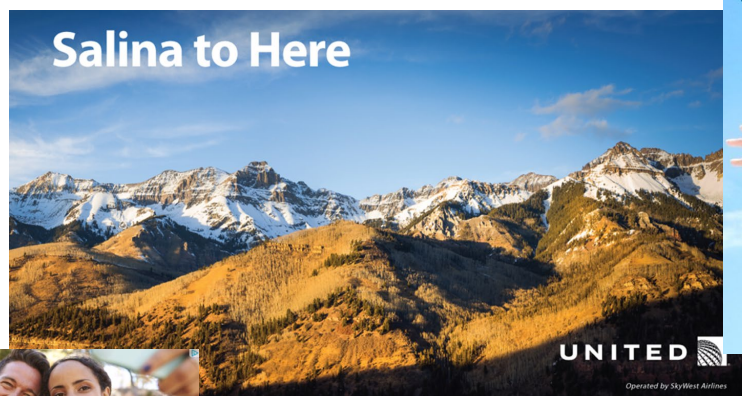
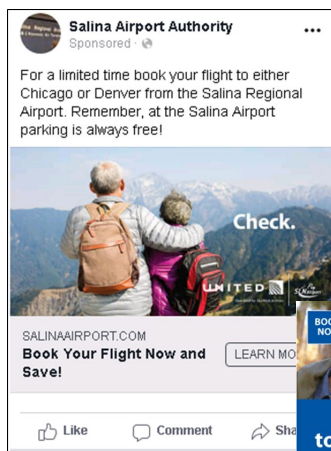
Historically, much of the traffic leakage from the Salina Catchment area was due to uncompetitive fares. We have worked hard over the past year to have United make pricing adjustments in support of SLN

**The Average One-Way Fares by Airport
Third Quarter 2018 Results**



How was progress made?

Media Wins



How was progress made?

Media Wins

- Approximately **3 Million impressions** have been generated by a media campaign targeted to 72 Zip Codes in the Salina area
- Our new Regional Jet product, the scope of connecting services and special fares have been advertised via digital advertising; social media such as Facebook; print; Pandora radio; Out-of-Home (billboards) and venue sponsorships such as those at the Tony's Pizza Event Center and AMC Theatres throughout the Salina area

Flight Timeline: 4/7/18-3/17/19

Vendor	Placement Name	Impressions	Clicks	Click-Through Rate
TTD	FY18_USW_DISPLAY	1,900,032	2,409	0.127%
TTD	FY18_USW_DISPLAY NATIVE	273,584	473	0.173%
TTD	FY18_USW_DISPLAY RETARGETING	19,700	44	0.223%
FB	FY18_USW_SOCIAL	441,862	17,471	3.95%
FB	FY18_USW_SOCIAL_VIDEO	63,210	3,855	6.10%
Pandora	Salina Airport-2018/19-Emico	235,622	264	0.11%
	Overall Total	2,934,010	24,516	0.84%

How was progress made?

Product Wins

The United branded Regional Jets have brought for the first time United product offerings that capitalize on their monopoly position at SLN. Frequent flyer miles were not offered on Great Lakes.



The world's most rewarding loyalty program. SM

- ➔ MileagePlus is much more than a frequent flyer program — you can earn miles with your daily activities and use them on **trips, experiences, dining and more**. Start exploring every way to make the most out of miles.
- ➔ United and its partner airlines fly to more than **1,100 destinations** worldwide
- ➔ You can earn and redeem miles on United and more than **35 participating airlines**
- ➔ Rewards can be used for **flights, cruises, hotels, train fares** and more
- ➔ United participates with **Marriott, Hilton, IHG** and many other hotel chains

united.com/mileageplus

Meeting Travel Discounts - - Percentage or Flat Rate were not previously offered

10 or more customers originating from various points traveling to a single destination such as SLN for a specific event.

- Corporate meetings
- Association meetings and conferences
- Incentive trips
- Tradeshows
- Training

Contact 800-426-1122
united.com/meetings





Group travel discounts were not previously offered

10 or more customers flying on the same flights from origination to destination.

- Incentive trips
- Reunions
- Family vacations
- Weddings
- Class trips
- Tours
- Sports teams

Contact 800-426-1122
united.com/groups

UNITED 

Sports Team Group Travel was not previously offered

United offers special terms for teams traveling on the same flight...

- Terms apply for groups originating in the US and traveling within the US (for groups outside of the US, contact your local Reservation office)
- Minimum group size is 6 vs. the normal 10 passengers
- **Guaranteed base fare** for the group
- **Names and ticketing due 3 days prior to departure** (not including Sat or Sun)
- **One free name change per passenger up until the day prior to departure** - \$100 fee if name change is made the day of departure
- **Change fee waived for team during the group's travel window** (fare difference will apply)

United Group Desk
800-426-1122

United Customized Programs for Business Travelers



United PerksPlus rewards small and medium sized companies for travel on United and participating carriers while the traveler earns their miles

- 1 Easy and fast accrual of Points
- 2 Company earns Points and travelers earn Miles
- 3 Expanded participating carriers
- 4 Simple enrollment and renewal
- 5 Points-to-Miles Conversion
- 6 PerksPlus NavigatorSM

The industry-leading complimentary business loyalty rewards program for small and mid-sized companies



Introducing United PropelSM

United's new **corporate discount program**, targeted to companies that are segmented as "middle-market" and seeking a deeper relationship with the airline.

United PropelSM offers 5 discount levels.

Each middle-market company is assigned a discount level based on share performance. Entry level discounts range from 2% to 6%. While the agreement lasts multiple years, annual reviews will determine discount levels for the following year.



United PropelSM Is easy to manage and easy to implement.

Customers may use United Jetstream to manage their services funds, traveler amenities and reporting in an online environment. They may access discounts and United Jetstream within 10 days of request. Air travel data flow is required, but is not mandated for Day 1. For those customers who do not flow data, or who are booking directly through united.com, United PropelSM offers solutions.

Worldwide Point of Origin

United Propel offers the ability to issue tickets from the United States or Canada for travel originating worldwide. This is an industry first for middle-market companies coming in Q4.



For more information, visit
unitedbusinessproducts.com/propel.html

How was progress made?

Community Engagement Wins

- ➔ **The Salina community has embraced the new air service and the airport is working closely with key stakeholders**
- ➔ **Salina Chamber of Commerce:**
 - **Has aggressively marketed information about United benefits and discounts**
 - **Hosted a business roundtable event that United flew in executives for**
 - **Is in process of sending out a survey of membership to understand air service desires and opportunities and challenges to generate more travel out of SLN**
- ➔ **Area Chambers and Convention and Visitors Bureaus**
 - **We have worked to generate relationships through the Catchment area and they have been supportive of the new SLN service**
- ➔ **Area Hotels**
 - ➔ **Have distributed “business cards” with FLY SLN flight schedules to out of town business travelers**
- ➔ **Salina Community Economic Development and Saline County have also been instrumental to marketing the airport**

What's Next?

- Your support has allowed for the successful launch of United Regional Jet service at SLN!
- However, our aggressive marketing efforts have to continue if we are to take SLN air service to the next level
- Load factor, currently at 53% for the May 2018-January 2019 period needs to be at approximately a 75% level to be consistently profitable
- At this load factor, new routes, additional capacity to Chicago O'Hare or splitting of the Hays tag flights to and from Denver International so that Salina service stands on its own can be considered
- Our plans call for **meeting with SkyWest and United later this summer** to explore a second Chicago flight or new Houston Intercontinental service added to the existing portfolio in 2020
 - United is the fastest growing airline amongst the Big Three and they are interested in growing regional jet capacity
 - The timing could be right for more Chicago or Houston service, in line with the growth in our economy

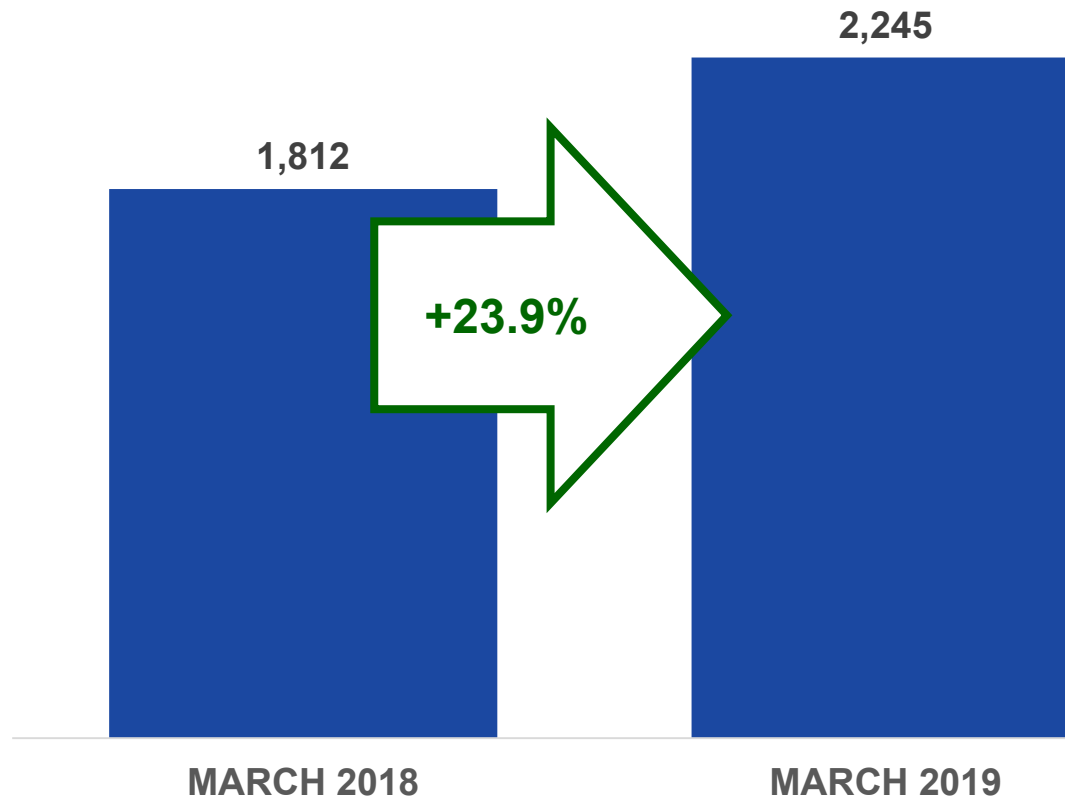
What's Next?

- Increasing the share of the Salina business community that is signed up for United products. Loyalty to United means loyalty to SLN
- Aggressive marketing of the United Tier Status Match through the Chamber of Commerce to Top Travelers
- Increased focus on hospitals, universities and other larger employers offering United incentives
- Selling new United products such as United Vacations
- Performing a new Demand and Leakage study to support the next steps in Air Service Development as well as color the marketing plan, in tandem with our Air Service survey results
- Going 'Broader and Deeper' with media efforts, adding new zip codes as we claw back traffic lost to Wichita and Kansas City, while leveraging media already developed
- Ensuring fare competitiveness
- Negotiating special fares for marketing sizzle

Hays Regional Airport enplanements were up 23.9% Yr/Yr in March as compared to SLN's 61.1% Yr/Yr increase

- ➔ Hays has had RJs to Denver International since 2014 under the Essential Air Service program
- ➔ They received new RJ service to Chicago O'Hare when SkyWest tagged their Denver flight to Salina Regional Airport in April, 2018

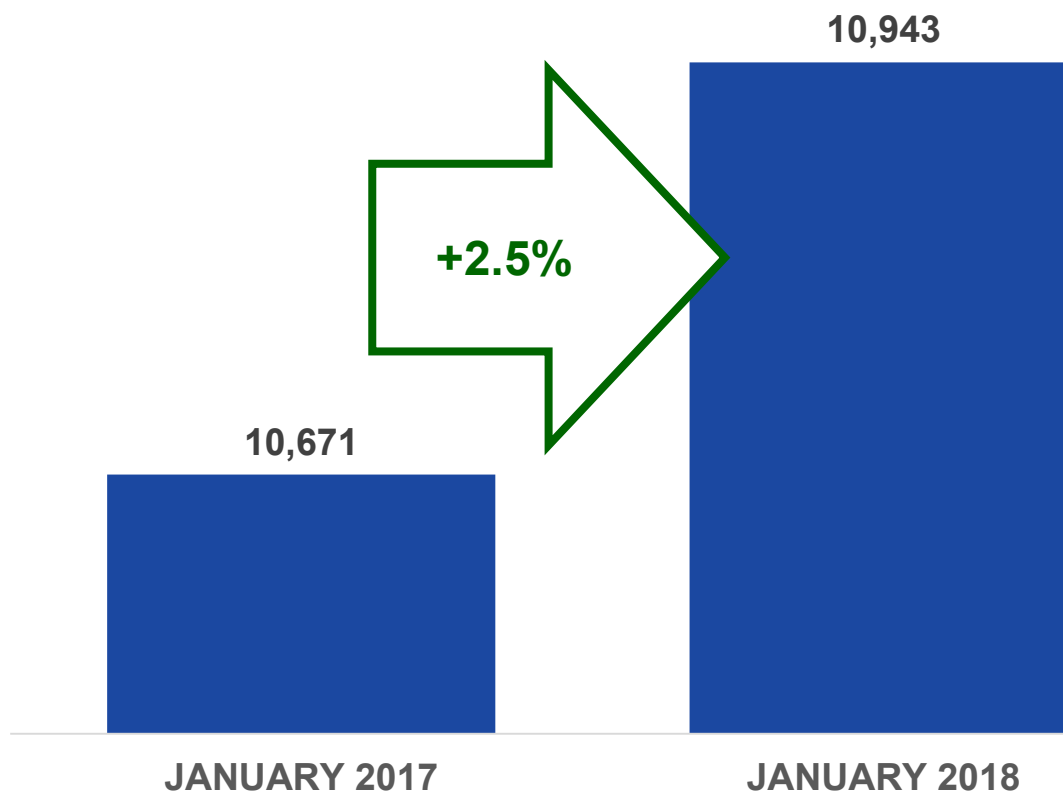
HYS Total Roundtrip Enplanements: March 2019 v. March 2018



2019 Data from SkyWest
2018 Data from DOT

American Airlines operates RJs at Manhattan Regional Airport to Dallas/Ft. Worth and Chicago. Yr/Yr enplanements were up 2.5% on 1.4% additional seat capacity in January 2019, the most recent data available.

**MHK Total Roundtrip Enplanements:
January 2019 v. January 2018**

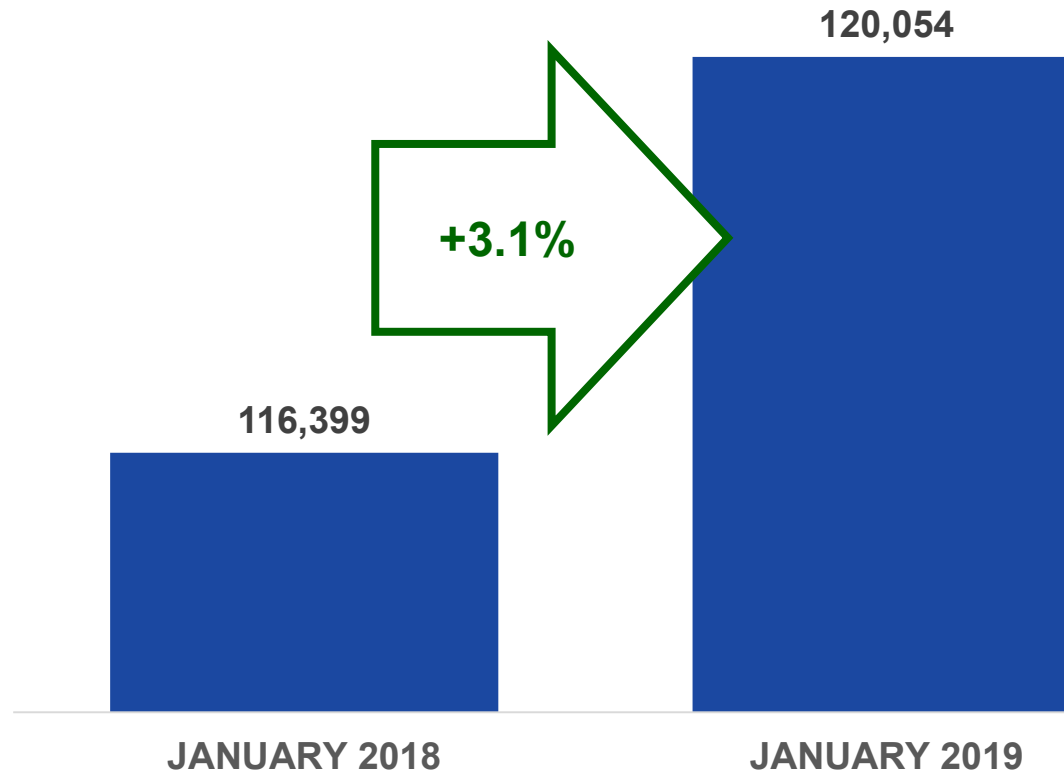


Data from DOT T-100

At Wichita's Eisenhower International Airport, January monthly data indicates a 3.1% Yr/Yr increase in enplanements on a seat capacity improvement of 3.1%

→ Load factor improved from 72.7% for January 2019 to 73.5% for January 2019

ICT Total Roundtrip Enplanements: January 2019 v. January 2018



Data from DOT - T-100



Executive Session

Staff Reports

Review of current Airport and Airport Industrial Center Building and Hangar Lease Prospects

Tim Rogers, A.A.E.

H959—2044 Scanlan



H509—2734 Arnold Court



H600—2720 Arnold Court



H606—2630 Arnold Court



Shelli Swanson, C.M.
785-827-3914
shellis@salair.org

SALINAAirport
Authority

Salina Regional Airport (KSLN) Hangars for Lease Salina, Kansas

Available for Immediate Lease:
Hangars H509, H600, H626, and H959



- 323,200 SF total hangar, shop, and office space available for lease
- Suited for MRO operations for air carrier, business, and military aircraft
- 12,300 FT primary runway that accommodates all air carrier, business, and military aircraft types
- Adjacent to Smoky Hill ANG Range
- Avflight SLN ground support services for all air carrier, business, and military aircraft types
- Located adjacent to the Kansas State University Aviation manned and unmanned programs
- Foreign Trade Zone benefits
- Federal Opportunity Zone tax benefits
- Custom proposals detailing lease options and economic development incentives available upon request

Salina Regional
SLNAirport

To view a photo gallery of this facility, please visit
www.salinaairport.com/real-estate.aspx

2019 Forward Operating Location (FOL) and Events Calendar

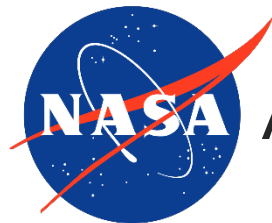
Timothy Rogers, A.A.E.



May 13 - June 27, 2019



August 1 - August 18, 2019



August 18 - September 9, 2019



September 4- September 8, 2019



September 21- September 27, 2019

2019 Scheduled Aviation Events

Timothy F. Rogers, A.A.E.

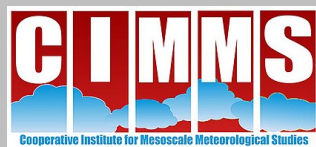
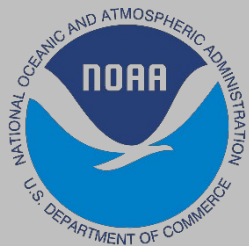


5 Events

Scheduled aviation events at Salina Regional Airport during 2019

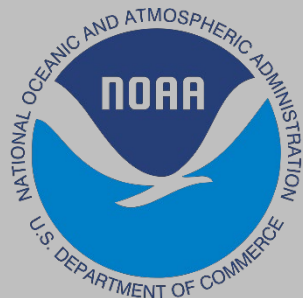
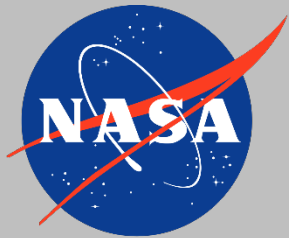


NOAA



- **Project TORUS** – Targeted Observation by Radars and UAS of Supercells
- **Dates** – May 13– June 27, 2019
- **Science** - TORUS aims to deploy a broad suite of cutting-edge instrumentation to improve the conceptual model of supercell thunderstorms (the parent storms of the most destructive tornadoes) by exposing how small-scale structures within these storms might lead to tornado formation. These structures are hypothesized to be nearly invisible to all but the most precise research-grade instruments. But by revealing the hidden composition of severe storms and associating it to known characteristics of the regularly-observed larger scale environment, the TORUS project could improve supercell and tornado forecasts.
- **Media Day/Open House** – May 14, 2019, 11am to 1pm – meet the scientists who work on our planet’s most pressing environmental issues.

NASA



- **FIREX-AQ** – Fire influence on Regional to Global Environments and Air Quality
- **Dates** - August 18– September 9, 2019
- **Science** - Fire growth is driven by weather conditions and is subject to the limitations of weather-based prediction. Fire activity can be predicted on a broad seasonal scale, but climatologies are inadequate to provide the detailed information needed to understand and predict fire impacts. This is especially true for impacts related to air quality, which depend on the intersection of fire emissions with populations and are sensitive to chemical transformations that can result when emissions from fires and anthropogenic sources combine.
- **Media Day and Nasa Social – Date TBD**
- **NASA Social** – Open to all ages. Meet and speak with scientists and engineers, learn about NASA missions, and discover with hands-on science fun!
- **Visit** - <https://www.esrl.noaa.gov/csd/projects/firex-aq/> for more information

Jaded Thunder



- **Dates** - August 1– August 18, 2019
- **Event** - Jaded Thunder is a live fire exercise aimed at synchronizing assorted assets in time and space. This exercise involves conventional military units and special operations forces. The exercise will consist of live day/night fixed wing and rotary wing close air support training and artillery with live fire, which includes asset familiarization and integration. Approximately 900 personnel will be involved in this exercise.

Commemorative Air Force



COMMEMORATIVE
AIR FORCE

- **AirPower History Tour** – National Air Tour of Historic WWII Aircraft
- **Dates** - September 4 – September 8, 2019
- **Event** – Aircraft tours and rides
- **Attending Aircraft** –
 - B-29 Superfortress FIFI
 - B-24 Liberator Diamond Lil
 - P-51 Mustang Gunfighter
 - C-45 Expeditor Bucket of Bolts
 - T-6 Texan
 - Boeing Stearman
- **Visit** – www.airportsquadron.org/salina-kansas for more information

U.S. National Aerobatics Championships



- **Dates** – September 21– September 27, 2019
- **Event** – The U.S. National Aerobatic Championships are an annual event hosted by the International Aerobatics Club. Nearly 100 competitors will compete to qualify for the International Aerobatics Championship.
- **This event is not open to the public**, however the event can be seen from Fossett Plaza, located at the west end of Beechcraft Road.
- **Find U.S. National Aerobatic Championships on Facebook for more information.**

1,225
Visitors

Estimated total visitors
during 2019 scheduled
aviation events



24 Days

The average length of stay
for visitors of scheduled
aviation events.

\$3,857,480

Estimated direct economic
impact of 2019 scheduled
aviation events



M.J. Kennedy Air Terminal Micro-Market Options

Tim Rogers, A.A.E.

Snow Removal Equipment (SRE) Maintenance and Repair Update

Tim Rogers, A.A.E.

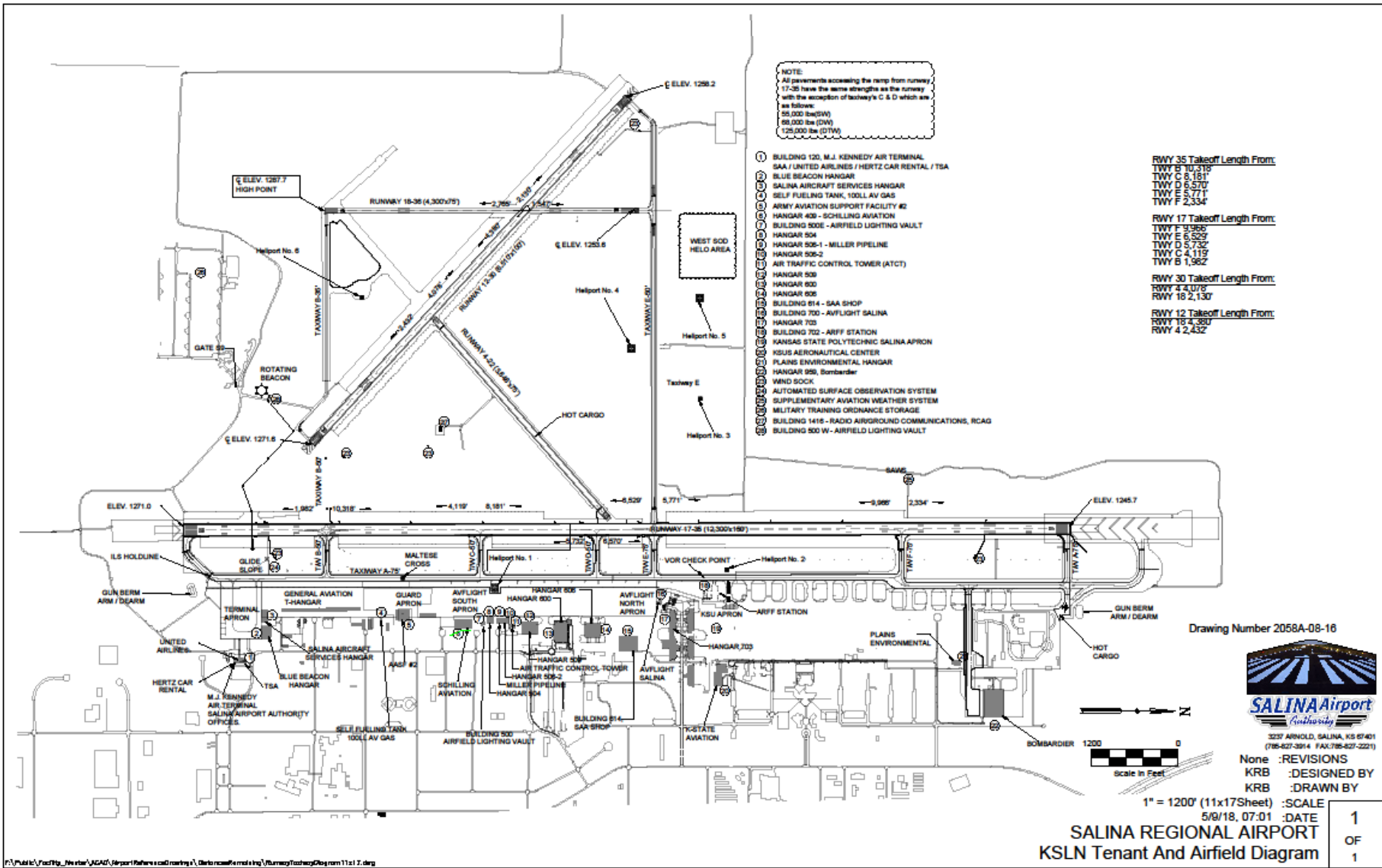


Adjournment

Location Maps

Tim Rogers, A.A.E.

KSLN Tenant and Airfield Diagram





Site 6
6 Acres
Sheet 3

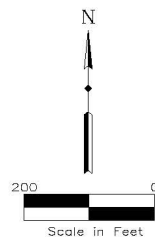
Site 5
10 Acres
Sheet 3

Site 1
9.5 Acres
Sheet 2

Site 2
13 Acres
Sheet 3

Site 3
9 Acres
Sheet 3

Site 4
80 Acres
Sheet 3



Drawing Number 2541-01-19



3237 ARNOLD, SALINA, KS 67401
(785-827-3814 FAX: 785-827-2221)

None : REVISIONS
KRB : DESIGNED BY
KRB : DRAWN BY
1" = 3000' : SCALE
1/11/19, 13:01 : DATE

SALINA AIRPORT AUTHORITY
Lot Development Concepts, 100,000 S.F. Facility Location Map

1
OF
7